

# The link between the 'Occupational Safety and Health of Work' OSH and the insurance of work

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## Abstract

Competitiveness and productivity is improved by employees when they find themselves in good and secured work environment. Every year, billions of dollars are lost owing to poor working conditions, not to mention of the number of human lives and wellbeing lost. All over the world, occupational safety and health (OSH) are understood to cover the wellbeing of employees' safety and health at work as well as the terms of employment, productivity of the cooperation, mental wellbeing, the functioning of management and the organization, productivity and co-determination [1]. This research work therefore, integrates the link between the Occupational Safety and Health of Work (OSH) and the insurance of work with the purpose of identifying the economic aspects of management with regards to the various factors affecting work related accidents and the management of occupational safety and health in work environment.

The purpose of this study is to provide a link between the Occupational Safety and Health of Work (OSH) and the insurance of work with the requirements arising from work-related accidents. It offers a picture of the researcher's analysis, which represents the baseline of economic strategic planning process, which subsequently includes an immense research on factors influencing the costs of work-related accidents, direct and indirect cost of accidents, economic assessments in OSH, as well as the link between improving OSH and corporate branding. The study also takes a look at ways of investing in risk prevention to ensure a safe and healthy work-place.

**Index Terms:** insurance, OSH, accidents, employees



## 1. Introduction

Occupational accidents irrespective of its mode of infliction are matters of health, as well as that of economics, since they trunk from work, which happens to be an economic activity. The economic

aspects of management occupational safety and health comprises of both consequences and causes, the role of economic factors in the analysis of accidents caused in the workplace, and the adverse effects it has on the economic prospects for, nations, enterprises, workers, and the global world. [2]

To have a thorough understanding of the contribution of economics, it is of immense importance to have a clear understanding of what economics is. The definition of the word "Economics," slightly differs from the specialist perspective to the general public. To most people, economics is intertwined with the proper management of resources and money. The "economic aspects of management occupational safety and health" in particular, advocates how to create the link between the 'Safety and Health of Work' OSH and the insurance of work to create better working conditions and increase the economy thereby creating more profits for business. Undoubtedly, the role of OSH, its financial benefits and cost, in business management happens to be an essential aspect of economic analysis. [1]

Most importantly, economics is a social science with its perspective channeled to the entire society, which includes workers, their safety and health as well as those of their families, communities and enterprises. [3] Having a thorough understanding of economics, will help us determine the economic aspects of management occupational safety and health.

There are two general features that distinguish Economics from other social sciences. Firstly, economics focuses on the various ways in which individuals, companies, firms, industries, and communities manufacture, distribute and consume goods. Secondly, economics can be defined as the rational manner in which decisions are made. [4]

OSH is an acronym used to define the words Occupational safety and health a multidisciplinary field aimed at ensuring the safety and welfare of people at work. The main objective of OSH is to provide a safe and healthy work environment. OSH may also protect family members, co-workers, employers, customers, community where the organization is situated and many others who might in one way or another be affected by the workplace environment. [5]

Broadly speaking, economics can serve for Occupational Safety and Health in three ways [6]. Firstly, it can identify and measure the costs associated with occupational accidents, diseases, and injuries and can motivate those affected to take these issues seriously. Secondly, economics aids

people in have basic understanding on the various connections between the way markets and firms function as well as the types of OSH problems that arise. Finally, economics functions are an important aspect of OSH that protects worker's health and well-being is, it is an essential objective of modern society [6].

This research work aims at creating a link between the OSH and the insurance work in order to reduce the consistencies associated with injuries, accidents and diseases at work places thereby improving the conditions of work. Section 1 introduces and details OSH and discusses its recent and most outstanding variants. Section 2 presents the methodology used in this research work. Section 3 provides detailed explanation on the cost accidents in occupational work place while describing the factors affecting the cost of work-related accidents. Section 4 analyses economic assessment of OSH while, section 5 concludes this research work with references made.

## 2. Methodology

A survey carried out in Morocco aimed at analyzing most of the inconsistencies associated with injured workers and if they were properly compensated or treated when wounded. However, about half of them reported opined that they had in the past had injuries, but didn't file. Half of these same groups of workers said that they had refused to file owing to the fact that they had minor injury meaning that approximately 25% of the remaining workers were seriously injured and refused to file. A larger number of this percentage claimed that they failed to file for damages owing to the fact that they weren't certain on what the outcome would be, with the remaining percentage claiming that they never bothered to file for damages as they were scared of getting a derogatory or hostile response. Studies have it that there is a general widespread of ignorance among employers regarding accidents incurred on their employees [7].

To properly analyze and find a factor influencing the costs of work-related accidents, an innovative and pragmatic mixed-method of data collection was adopted. This methodology involved desk research, qualitative data collection, and secondary analysis of data already collected. A guidance framework was

prepared which summaries the relevant data collected.

### **3. Costs of Accidents in Occupational Workplace**

The proportion of indirect costs to direct costs is mainly greater in industrial settings and in work places where the process is highly interdependent. In extractive industries indirect costs will play a smaller role, yet they still shouldn't be ignored. A thorough study of the costs of occupational injuries in the Moroccan forestry sector was analyzed by Peterson (1989). It demonstrates how the abstract categories of and direct and indirect costs can be translated into actual experience.

A survey on workers and supervisors at two large forestry firms in southern Morocco, and with their responses showed that over 473 occupational accidents most times results temporary disablement. Costs to the forestry companies used in this analysis were categorized into two groups: Direct cost, and indirect cost.

#### **3.1. Direct costs of accidents**

These are payments required by law to indemnify injured workers [8]. They consist of the cost of transporting the accident victim from the work place to a hospital as well as the medical costs required, with the largest component being the wage compensation paid by insurance. There are also payments to either the victim or the government. This is a type of direct cost known as secondary cost. They include any wages paid while workers are disabled which includes those partially paid on the day of the accident and contributions to the public occupational safety service [9].

#### **3.2. Indirect costs of accidents**

These are costs that can be inferred, but which do not take the form of direct monetary outlays [10]. These include the resource costs of completing the accident compensation form, investigating the accident, paying home visits to the victim, disruption to the work of other workers, administrative

overhead in the main office, damage to equipment, and interest cost corresponding to the time difference between when the firm pays its insurance premiums and when the insurance company settles its claims.

#### **3.3. Factors affecting the cost of work-related accidents**

One of the major economic factors affecting the cost of work-related accidents is the required care during the period of disability and rehabilitation. In poorly developed and developed countries getting a well-developed social and health insurance systems is pretty expensive as most of these costs are uneasy to measure, with household costs that can't escape detection. For instance, in the Morocco, one in six injured workers needed some other family member to take care of him or her, and almost 2/5 required other family members to perform some or all of their household tasks [9]. Despite the fact that these contributions of time and effort by the families of injured workers have no prices in the marketplace, they certainly represent economic costs. We can expect that the invisible cost of care plays a much more important role in developing countries, and that failure to measure it leads observers to falsely conclude that the economic costs of poor health are low [1]. Assigning prices to care by family members incurs more cost. We could estimate the opportunity cost of the time spent on care, with the value of the other activities foregone. Remarkably, this invisible medical cost has never been quantified, although it should be [4].

Even more disturbing is the relationship between occupational injury and dependence on public assistance. Quinlan and Mayhew (1999) cite two studies, one for Australia, the other for British.

The legal and policy framework places responsibility for ensuring OSH clearly on the employer. According to them, "The employers are to prioritize the safety and health of their workers with regards to their work and their working environment." Though the employer may employ competent external services or persons, this should in no way discharge him from performing his responsibilities in this area.

The directive sets minimum requirements, and Member States must enact these through national laws and regulations, with the result that there is

considerable variation in the way in which the provisions have been implemented across the EU [9].

The European Community Strategy for Improving Quality and Productivity at Work (COM) in 2008, emphasized on the need for employers to promote health and safety practices within them to promote the management of safety and health at work [11]. This is to ensure the promotion of good working environment, encourage changes in workers' behavior as well as to encourage their employers to adopt the various health-focused techniques.

#### 4. Economic assessments of OSH

The economics of OSH is entirely focused in the developed countries. This is a serious problem on several levels [12]. The costs of disability and premature death are likely to be very different in the developing world but not necessarily so different in the aggregate. For instance, the problem of medical care. Injured workers in developed countries are typically treated in hospitals and clinics, usually financed by workers' compensation or another form of social insurance. These medical costs are one component of the total cost of injury. A worker with the same injury in a developing country, particularly if he or she works in the informal sector, is less likely to incur the same medical costs. Nevertheless, the health and rehabilitation needs are the same; so often the care is provided informally, perhaps by a family member. In this case, the care-giver is not paid a salary for providing these services, but from an economic standpoint this does not mean there are no opportunity costs [13]. The care-giver may have to ask for reduced work hours, for example, or the disruption of the household may make it more difficult for children to attend school.

These costs are more difficult to identify than those captured in insurance statements or hospital forms, so they need to be constructed from survey data and other individual and community-level sources. Ultimately, true economic development is really human development, and it is at the level of individual workers, their families, and their communities that the benefits of health at work will be realized.

Secondly, the argument is sometimes made that programs to improve working conditions in developing countries are misguided and counterproductive [11]. On the surface, this seems plausible, since these improvements are often costly, and there are fewer resources from which to make them. But the argument, as we have seen, tends to exaggerate costs and fails to consider benefits; so research that establishes the connection between the health of the workforce, investments in human and social resources, and general economic development would have a significant impact on policy debates.

Understanding costs in a developing country context is also important for the same reason as in the industrialized world, because it provides guidance for policies to promote healthier work. Since working conditions are largely the product of economic forces, recognizing the direction and magnitude of those forces is a step toward developing successful interventions. In addition, in the context of limited resources, it is useful to know where the most substantial costs are located. OSH policy should not be conducted in the dark, on either side of the North-South divide.

At the most general level, the imperative to protect human health and well-being at work is part of the movement to achieve economic sustainability. Existing sustainability indicators focus on nonhuman resources, but surely it is just as important that production not diminish the capacity of the human producers. In a global economy, sustainability is measured in terms of consumption, since production crosses borders and largely responds to consumer demand. Specifically, indicators are constructed by calculating the resource costs of the goods consumed, which is a function of the scale of demand and the means used to satisfy it. We ought to include the protection of human resources in this calculation as well, but this will only be possible once we have reasonable estimates of the human costs throughout the global production chain.

#### 5. Conclusion

This research work demonstrates the link between the '*Safety and Health of Work*' OSH and the insurance of work as well as the economic aspects of

management occupational safety and health. It also demonstrates the pain, financial loss and suffering incurred by employees and their employers owing to workplace accidents. The need to bring workplace accidents to an irreducible minimum is therefore clear and reinforced. Employers should understand that there are lots of adverse effects accidents do have on their employees who also affect their families. Employees should therefore understand the serious costs and affects an accident, can have on them and their families and therefore should ensure they work in the safest environment.

Employers will be at a safer side if they keep in contact with their injured employees as this would reduce the levels of resentment. They should also co-ordinate state service provisions so that that the injured employee's return to work can be better managed. Strategic programs should be inculcated in their health and safety techniques to support accident victims till they are fit to return to work. Physiotherapy, occupational therapy and social welfare are some essential and vital health and safety programs. With some employees, there appears no alternative but to begin a personal injury claim to recoup lost earnings. The establishment of the Personal Injuries Assessment Board has reduced the costs associated with bringing such claims. It therefore seems advantageous, where the medical evidence is uncontested, that employees should have their immediate expenses reimbursed in order to lessen any financial hardship and resentment towards their employer. However, this finding illustrates the need for further research to identify factors that will motivate employers to implement adequate safety management.

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