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The economic dimension of occupational health and safety

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Editorial – economics of occupational safety and health

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The economic dimension of occupational safety and health

In the latest call for proposals as part of its seventh framework research agenda, the European Commission was seeking “a collaboration and support action for the economic dimension of occupational safety and health (OSH)”. This might seem slightly cryptic and bureaucratic language. What is meant is that the European Commission has an interest in promoting the economic aspects of OSH. The interest is so substantial that the pan-European institution wants to devote some of its precious research resources to this area. As a result, three consortia of researchers received a grant to organise activities (ie, www.ecosh.eu, www.rower-eu.eu, www.abdn.ac.uk/haw). One of these – the EcOSH consortium consisting of Finnish, Dutch, and Polish researchers – organized three workshops to improve our understanding of the economics of OSH. The topics were OSH interventions and corporate performance, the economic evaluation of such interventions, and the economic incentives for their implementation. In this issue of the *Scandinavian Journal of Work, Environment and Health*, you will find some of the results of the workshop on the impact of OSH interventions on corporate performance.

Not being an economist, I have always been easily inclined to think that economics is just the science of money and money making. So the economics of OSH would be the same as health and safety translated into monetary terms. In particular, the US literature’s emphasis on the immediate return on OSH investments did not make the concept more alluring to me (1). However, over the course of the project, I learned that this is an unproductive, oversimplification of the economic aspects of occupational health. These aspects are diverse and warrant a distinct focus that should be called the economics of OSH just as health economics is a unique vocation. So what should the economics of OSH entail?

Firstly, there is a need to ask a range of research questions related to the promotion of health and safety in the workplace. For example, at the societal level, we need to ask why the labor market cannot remediate health and safety risks at work (2). If the market cannot ensure health and safety at work, what kind of incentives do we need for employers to guarantee safe and healthy workplaces? Even though we are inclined to think that regulation is the best solution, there is evidence that it is not effective if it is insufficiently implemented (3). Are monetary incentives better than regulation in enhancing health and safety in the workplace? We do not really know and, therefore, we need more, and better, research to solve these problems.

Secondly, of course the economics of OSH include research into the costs of occupational diseases, injuries, and disabilities and their impact on corporate performance (4, 5). It is not very difficult to calculate that it costs both the employer and society a lot of money to pay an individual’s salary when he or she is not productive because of an illness. What is much more interesting to know is how we can effectively prevent the causes of such illnesses and how much we then benefit from this prevention in monetary terms.

Thirdly, most decisions about investments in healthier and safer workplaces are taken at the corporate level. How can we provide decision-makers in companies with the best information on the cost-effectiveness of OSH interventions so that they get the most value for their money? While an increasing number of cost-effectiveness evaluations are available, they are often difficult for employers to interpret because they have taken the societal perspective in calculating costs. It is also difficult to translate their results to other countries and social security systems (6). It is often argued that we should improve efforts to communicate the business case for OSH measures in order for management to increase their take-up (7). Therefore it is important to know what is a good business case and how does the business case relate

to other incentives and cost-effectiveness studies? You will find some of the answers to these questions in this issue (8). We also need incentives inside firms for supervisors who are directly responsible for safe workplaces. Some argue that it would help to make the costs of ill-health and injuries visible in a company's book-keeping system at the departmental level (9). This is not common practice and requires knowledge and insight into a firm's accounting system, which is an economic specialty in itself.

Then, economics can help us with questions such as how can we most efficiently deliver occupational health services to firms and workers that need them most? This is an area where there is hardly any research and countries have opted for very different solutions, which vary from regulation requiring employers to hire occupational health services to a completely free market (10).

The economics of OSH, therefore, require interdisciplinary research with the input of health, business, and labour economists, respectively, in addition to accountants, occupational health professionals, and researchers. At the moment, there is no common language that all specialists immediately understand and the differences are still big. An economist is not familiar with a prospective cohort study while an occupational health professional does not understand what is meant by a panel study. As a result, interdisciplinary collaboration remains difficult. It requires the determination of both economists and occupational health specialists to work together and complement each others' specialties. I believe that the EcOSH project has been an important step in increasing this understanding and collaboration.

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