

# Safe work protocols can increase the likelihood the business will fail

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There are conflicting predictions on the relationship between worker safety and organization survival. New research in the INFORMS journal *Management Science* finds organizations that provide a safe workplace have a significantly lower chance of survival because it costs to be safe.

The study, "The Tension Between Worker Safety and Organization Survival," conducted by Mark Pagell, Mary Parkinson, Michalis Louis and Brian Fynes of University College Dublin, Ireland, Anthony Veltri of Oregon State University, John Gray of The Ohio State University and Frank Wiengarten of Universitat Ramon Llull in Spain, looked at 100,000 organizations across 25 years in the state of Oregon.

"A safe workforce is burdensome and costly for employers," said Veltri, a professor in the College of Public Health and Human Sciences at Oregon State. "As the amount of work increases and buffers or slack decreases, productivity increases, but so does the likelihood of accidents and other harm to workers. Organizations that do not provide a safe workplace gain an economic advantage by avoiding burdensome costs and being more productive."

Classical economics suggests that [safety regulations](#) exists because organizations would not provide a safe workplace on their own volition. Organizations that do get inspected could conclude that the fines for noncompliance are miniscule compared to what it costs to have a [safe environment](#). Safety regulations and policies are intended to prevent harm at work. But the implications are whether it is profitable to provide

a safe workplace.

"Workers in unsafe environments engage in self-protection and are not motivated to improve the organization's operations," said Veltri. "While workers in safe environments do not have to dedicate resources to [self-protection](#) and can be motivated to engage in improving the organization's operations."

This shows that [safety](#) provides a necessary condition to leverage [human capital](#) into the development of unique capabilities and long-term competitive advantage. This research linking regulation to proven safety indicates that the impact of an inspection is short-term and that inspections do not improve safety in the long term.

Short-term survival or survival in the immediate future may be enhanced by not taking on the costs of providing a safe workplace. For instance, decreasing costs by eliminating safety training. However, over the long-term, the same organizational conduct could increase the severity and frequency of claims, and destroy rather than build human capital.

"The results predict that for most organizations, enhanced survival will conflict with the goal of protecting the workforce," concluded Veltri.

**More information:** Mark Pagell et al, The Tension Between Worker Safety and Organization Survival, *Management Science* (2020). [DOI: 10.1287/mnsc.2020.3589](https://doi.org/10.1287/mnsc.2020.3589)

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