

## Course Learning Outcomes for Unit VI

Upon completion of this unit, students should be able to:

4. Discuss management's role in safety and health training.
  - 4.1 Identify factors that contribute to the costs and financial benefits of safety and health training.
  - 4.2 Use cost-benefit analysis techniques to support development of a training course or program.

## Reading Assignment

### Chapter 6: Cost Analysis and Budgeting of Safety and Health Training

Adams, S. (2003). Costs drive safety training needs. *HR Magazine*, 48(1), 63-66. Retrieved from <https://libraryresources.columbiasouthern.edu/login?url=http://search.ebscohost.com/login.aspx?direct=true&db=bsu&AN=8833432&site=ehost-live&scope=site>

Morrison, K. W. (2014). The ROI of Safety. Retrieved from <https://www.safetyandhealthmagazine.com/articles/10414-the-roi-of-safety>

## Unit Lesson

### Your Mother Was Right—You Need to Do Your Homework



Click [here](#) to access a video.

The safety manager obviously did not do his or her homework. The job of a Chief Financial Officer (CFO) is to minimize expenses while maximizing profits. Using vague terms and safety platitudes will not provide strong arguments in favor of safety training. An organization's safety program does not directly contribute to profit. It does not "make money," and most organizations see safety as a drain on resources. Not only does the training take time and money to develop and present, but the time employees spend in training is time away from production and the "real" contribution to profit. Even if your organization is not profit-oriented, such as a government agency, there is still only a limited amount of money that can be allocated to safety without impacting the organization's overall mission and function.

There are two financial aspects to safety training: (a) the cost of developing and implementing the training and (b) the cost benefits of providing the training (Altemose, 2012). The first part is a bit simpler to quantify than the second. The numbers needed to estimate the costs for developing and implementing training are usually available from within the organization. Salaries of developers and presenters and salaries of attendees are a part of the equation, and the cost of needed training materials and equipment must also be considered. A bit more challenging is being able to demonstrate how the training will contribute to the profitability of the organization.

## Cost-Benefit Analysis

Safety personnel often use humanitarian reasons to justify safety training; after all, the goal of a safety program is to prevent real injuries and illness to real people—your friends and neighbors. Organizations may agree with the humanitarian reasons, but they cannot lose sight of the profit and loss equations. Any training is a drain on the organization's resources. There is much information available concerning the direct and indirect costs of accidents, but the challenge is making a convincing argument that the return on investment (ROI) for a given safety training program is worthwhile (Occupational Safety & Health Administration [OSHA], n.d.). When describing the benefits of effective safety training programs, the words “reduce” and “avoid” appear often. Training will help reduce worker's compensation rates, presuming that it helps reduce the number of injuries. Effective training contributes to accident avoidance. It is difficult to quantify something that does not happen. If you are a safety professional, can you quantify how many injuries your efforts prevented in any given day?

Management support is often cited as the most important component of a successful safety management system (Manuele, 2014). Organizational safety policy statements, signed by the top manager, set the tone for all safety efforts. Safety training should be called out in these policies as a critical component for reducing injuries. Attendance at safety training by all management levels clearly communicates that safety is a value within the organization. To elicit this support from top management, safety professionals must be effective in selling safety and health training. Understanding and using common business terms is critical to any persuasive presentation—be comfortable with speaking in a language that business managers understand. It is not likely that a safety department will receive all the money for training that is desired. Be ready and willing to compromise. Know which training is most critical for preventing serious injuries in your workplace. Which courses will keep regulators at bay and perhaps help avoid fines? Would it be less expensive to buy a commercial training program? Should a contract trainer be used instead of in-house resources?

## Training Effectiveness

If you are successful in the fight for your safety training budget, do not be too complacent. Budgets are developed annually, and you will likely be asked to provide justification for continuing the training in subsequent years. The factor to consider is effectiveness. Can you show that the training contributed to overall workplace safety? If you have developed and implemented the training in accordance with what has been learned and practiced so far in the course, the answer should be yes. But, once again, you will need to convince managers who see the world in terms of profit and loss. In the next unit, we will examine ways to assess training effectiveness.

## What Management Can Do and How You Can Guide Them

The management team at an organization has a main list of priorities—the items that directly correlate to the organization's success. It is important for management to know that safety practices are also key contributors to an organization's success. If the workers perform in an unsafe manner, injuries will occur, the product or service will suffer, and the organization is likely to decline. So, what does all of this mean? Well, it means that management needs to support the safety and health training. They need to support it in such a way so that employees see that management values the training as well as the safety and health of its employees. If the management team demonstrates their commitment to the training and safety, employees will follow their lead. Conversely, if management does not show support for safety and training, employees are likely to demonstrate the same behavior, which will eventually lead to poor safety and health practices throughout the organization. Before long, the organization will inherit new costs due to poor safety practices.

As a safety manager, it is your responsibility to find a way to communicate with management and provide them with guidance toward their role in the safety and health training program. Management's public support can make a big difference in the success of the safety program.

## References

Altomose, B. (2012). Cost analysis and budgeting of safety and health training. In J. Haight (Ed.), *Hazard Prevention through Effective Safety and Health Training* (pp. 89-104). Des Plaines, IL: American Society of Safety Engineers.

Manuele, F. A. (2014). *Advanced safety management focusing on Z10 and serious injury prevention* (2nd ed.). Hoboken, NJ: Wiley.

Occupational Safety & Health Administration. (n.d.). Business case for safety and health: Costs. Retrieved from <https://www.osha.gov/dcsp/products/topics/businesscase/costs.html>

## **Suggested Reading**

Consider reading the following article to learn more about the cost-benefits of safety training:

Occupational Safety & Health Administration. (n.d.). Business case for safety and health: Costs. Retrieved from <https://www.osha.gov/dcsp/products/topics/businesscase/costs.html>

## **Learning Activities (Nongraded)**

Use the cost and profitability tool on OSHA's website to estimate the cost of accidents at your organization or Carter's Material Handling Equipment Manufacturing Company. For which accidents do you think corrective actions would increase profitability? Are there accidents for which corrective actions would decrease profitability?

<https://www.osha.gov/dcsp/smallbusiness/safetypays/estimator.html>

Nongraded Learning Activities are provided to aid students in their course of study. You do not have to submit them. If you have questions, contact your instructor for further guidance and information.