



Confederation of Indian Industry

BUSINESS CASE FOR SAFETY



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FOREWORD

It has been estimated that over 2.3 million casualties arise globally each year among workers as a result of accidents or diseases caused by occupations. These work-related issues are of concern to businesses. Apart from untold misery and suffering caused to workers and their families due to occupational illness and death, such disasters are believed to cost about 4 per cent of global GDP each year.

In India too, the rate of accidents at the workplace has been increasing over the years. Laws have been formulated for safety, health and working conditions in certain industrial sectors such as factories, mines, etc., but organizations in other sectors remain outside their purview. The Ministry of Labour developed the National Policy on Safety and Health and Environment at place of work in 2009.

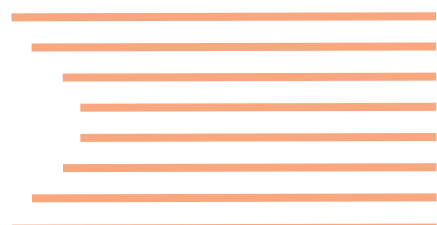
Recognizing its impact on normal business activity and the community, workplace safety and health has moved beyond the regulation regime to become a key business strategy. Leading business organisations have attached high importance to industrial safety as part of their boardroom agendas. However, the issue needs to be disseminated to a larger audience to include firms of all levels. The report Business Case for Safety reflects CII's commitment to this and has been prepared through a dedicated task force that deliberated on all aspects of the issue.

This report points out that occupational illnesses include both direct costs – such as medical expenses and employee compensation – as also indirect costs related to workplace disruption, loss of productivity, and impact on reputation and morale. Outlining various real-life experiences, the report emphasizes that preventive measures bring high benefits to the organization.

Safety considerations need to be incorporated in business strategies during the formulation stage in order to ensure maximum preparedness. It should be part of the entire planning and design process, and be continuously monitored for best outcomes. Companies need to learn from each other and imbibe best practices, while encouraging their supply chain participants to also engage in safety and health of their workers. This needs to be continued even during times of slow growth, so as to ensure that workers are protected at all times.

I believe this report will serve to generate new thinking and initiatives on occupational safety and health. CII would continue to disseminate awareness on this important issue for the nation.

Jamshyd N Godrej
Past President – CII
Chairman & Managing Director
Godrej & Boyce Mfg. Co. Ltd



MESSAGE

Safety is an abiding need for workplace harmony and betterment. An organization that cares for its workers' health and safety is able to derive better productivity outcomes. In hazardous occupations, safety must be a prime consideration for companies.

CII is pleased to present its report on '**Business Case for Safety**'. This report was prepared after a consultative process guided by a Task Force, and studying multiple aspects of the safety imperative for businesses.

Today, enterprises must go beyond post-incident management of accidents and health issues to address safety on an ongoing and continuous basis as a preventive measure. By lowering workplace absence through added safety and illness prevention strategies, employers can enhance morale and get better employee engagement. This is essential even from a humanitarian perspective and greatly adds to the brand value of the enterprise.

As part of its overall commitment to Quality Management and better workplace practices, CII has been cognizant of safety and health strategies which we believe should be an integral part of designing business strategies. The 5S practice includes safety as a strong pillar, and has been propagated in enterprises through CII's training and advisory services.

The Report takes this effort to the next level by emphasizing safety as a strategy to be pursued for overall business excellence and employee engagement. Its insights and recommendations will prove valuable to disseminate the need for greater interventions in safety & health and to also guide companies in evolving strategies for the purpose. CII looks forward to working with companies in ensuring safety of their workers.

I thank Mr Anil Verma for chairing the Task Force and to all the members involved in the process for sharing their perspectives & ideas on best practices for this important initiative.

Chandrajit Banerjee

Director General

Confederation of Indian Industry



BUSINESS CASE FOR SAFETY

Introduction

Occupational accidents and diseases remain the most appalling human tragedy of modern industry.

Occupational safety has been the concern of mankind since time immemorial. Early stone age man also used certain tools for protecting himself from the adverse effects / impacts of the vocation he was engaged in. In ancient Indian scriptures like the Mahabharata also, we find references to such protective gears as 'Kavach' and 'Kundal'. The industrial revolution of eighteenth century brought in different kinds of hazards associated with industrial production and related activities. The extreme frequency and the severity of adverse effects of these hazards on the workers during this period led social reformers and philanthropic organizations to think of corrective measures including movement for legislative action by the governments of the time.

Appalled by the devastating conditions due to the impact of the very fierce first World War, the world leaders signed the Treaty of Versailles in 1919. As a result, **International Labour Organization (ILO)** came into existence with the objective of protecting the rights of working class. Occupational safety and health is one of the important areas for action of ILO. Several Conventions, Recommendations and Codes of Practices have been formulated on this subject. The member states are obliged to give effect to the provisions of these standards by adopting them in the most appropriate manner including through framing of rules and regulations. Several countries have now framed Occupational Safety and Health legislations in order to secure safety and health of employees at workplace by the employers.

Over the years, workplace safety and health has not remained a compliance issue but it has become an imperative for sound management of business. As part of triple bottom line, it has secured a place in the agenda of board meetings of a few organizations. However, we need to scale it up to a major extent. This document on “**Business Case for Safety**”, through its illustrative value propositions, is aimed at engaging top managements and seeking their commitment to workplace safety and health.

Leadership sets the tone at the top and makes all the difference and this is done by role modelling and demonstrating visible commitment to safety, setting directions and holding leaders themselves and others accountable on matters of Safety. It has been widely seen that where leadership commitment to safety is forthcoming, the culture of safety starts to seep in at a much faster pace. While there are many ways and indicators on how leadership commitment can be demonstrated, the most important ones are: (a) integrating safety into business planning and decision making (b) taking safety considerations in design stage itself (c) promoting the sharing of lessons learnt of major incidents & (d) not dropping focus on Safety even during a downturn in business.



THE GLOBAL CHALLENGE

As per the latest estimates released by ILO, about 2.3 million deaths occur across the globe for the reasons attributed to work. The work-related diseases account for 2 million deaths, whereas occupational accidents result in 350,000 deaths. Annually, about 317 million accidents are occurring at workplace the world over. The annual cost of this is about 4% of global Gross Domestic Product. (1)

The workplace factors are also known to have caused the world's largest industrial disasters, to name a few:

Seveso Disaster, Italy (1976)



Chernobyl Nuclear Disaster, USSR (1986)



Flixborough, UK, 1974



Flixborough Disaster, UK (1976)



Bhopal Gas Tragedy, India (1984)



Another case of a fire and explosion in the depot of an oil company was one of the biggest disasters. The fire continued for 11 days completely paralyzing economic activity in the surrounding areas.

11 employees were killed and about 300 persons were injured with immediate direct loss (inventory loss) of Rs. 500 crore to the company.

It is estimated that the industrial and commercial establishments in a 5 km radius of the plant lost about Rs 1800 crore due to complete shutdown of economic activities in the area.

Over 500,000 people were evacuated, affecting their livelihood and comforts of living and causing enormous strain on the administrative machinery.

(1) <http://ilo.org/global/topics/safety-and-health-at-work/lang--en/index.htm>

GLOBAL ACTION

The International Labour Conference (ILC) held in 2003 adopted the conclusions of its 91st session as a global strategy on Occupational Safety and Health (OSH). The strategy identifies the building and maintenance of national preventive safety and health culture, and the application of a systems approach to the management of occupational safety and health at both national and enterprise levels, as the two fundamental pillars. In order to ensure that a higher level priority is given to OSH in the national agenda and to foster political commitments, ILC Convention (No.187) on Promotional Framework for Occupational Safety and Health was adopted by ILC in 2006.

The XXVIII World Congress on Safety and Health held in 2008 at Seoul, South Korea had a special summit for high ranking government officials for deliberating on the global action on OSH. As a result, these 50 high-level decision makers from 25 countries signed the Seoul Declaration. The declaration called for the recognition of safety and health as a fundamental human right and sought commitment at all levels on building and maintenance of national level preventive safety and health culture.

The United Nations General Assembly in September 2015 adopted a universal, integrated and transformative agenda for Sustainable Development called The 2030 Agenda. Safety and health is part of at least two of total **17 Sustainable Development Goals (SDGs)**.

Goal #3:

Ensure healthy lives and promote well-being for all at all ages.

Goal #8:

Promote sustained, inclusive and sustainable economic growth; full and productive employment and decent work for all.

The G7 Summit 2015 held in Frankfurt, Germany identified safety and health in global supply chains as a priority concern. The Summit set up “Vision Zero Fund” in cooperation with ILO for funding the OSH prevention efforts of enterprises in certain identified sectors having global supply chains.

G 7 Leaders Declaration:

We shall take action to promote better working conditions by increasing transparency, promoting identification and prevention of risks and strengthening complaint mechanism. We recognize the joint responsibility of governments and business to foster sustainable supply chains and encourage best practices.

The World Bank Board of Executive Directors in August 2016 adopted a new Environmental and Social Framework (ESF) to ensure protection for people and the environment in Bank financed investment projects. The Framework introduces comprehensive labour and working condition protection; an over-arching non-discrimination principle; community health and safety measures and a responsibility to include engagement throughout the project cycle. The framework is expected to go into effect in early 2018. (2)

In addition, several other international and multilateral organizations such as UNEP, Global Compact, WHO and World Economic Forum have also taken up the issue of safety and health as part of their global agenda.

(2) <http://www.worldbank.org/en/news/press-release/2016/08/04/world-bank-board-approves-new-environmental-and-social-framework>

OCCUPATIONAL SAFETY AND HEALTH CHALLENGES FACED BY INDIA

In India, the magnitude of OSH issue can be gauged from the fact that 176.84 lakh employees (persons insured with Employee State Insurance Corporation (ESIC)), were reportedly exposed to employment injury during 2014-15, registering about 4% increase over the previous year. The average duration of temporary disablement arising out of employment injury also increased from 41.99 days in 2013-14 to 47.2 days in this year.

The rate of compensated accident injury per thousand workers employed in non-ESIC factories during 2012(3) was 2.56. In Ports and Docks not covered under ESIC scheme, the rate of accident was 1.39. Based on the rate of accidents per thousand workers employed in different types of establishments under the Employees Compensation Act, 1923 published for 2012, and the estimated employment in that sector, total work related accidents have been estimated as below (4):

	Rate of accident (per 1000 persons)	Estimated employment (millions)	Estimated Injuries
Factories	2.56	50.74	129,894
Mines	4.79	2.95	14,130
Ports and Docks	1.39	0.05	74
Building and construction	0.73	44.00	32,120

Within the framework of the Indian Constitution, the Government of India has enacted laws regulating safety and working conditions at factories, mines, ports and docks and construction sites. The machinery with statutory as well as advisory powers for enforcement of these laws have also been created. These sectors employ only 7% of the total working population of the country. Unlike many developed countries as well as some of the nations in the Asia Pacific region, other predominant sectors such as agriculture, small factories, commercial establishments, small construction companies, offices, hospitals and educational institutions are still outside the coverage of workplace safety and health laws. As a result, national profile on OSH is not available.

The Ministry of Labour declared a National Policy on Safety & Health and Environment at place of work in February 2009. The policy is applicable to all branches of economic activities in the country. The policy aims at achieving continuous reduction in work related injuries and illnesses. It contains action programmes relating to strengthening of enforcement; encouragement of statutory compliance; enhancement of awareness; skill development; fostering research & development; improvement in data collection and development of national standards.

(3) Latest available published data

(4) The Employees Compensation Act of 1923 published for 2012

BUSINESS CASE FOR SAFETY

Why Safety

The National Policy on Occupational Safety and Health is about providing health and safety measures in different work environments and is also concerned with the well-being and welfare of the people engaged in the organizations. Every work exposes an individual to a number of hazards like dangerous machinery, manually handled load, electricity, toxic chemicals & wastes, risk of fire, mental stress, to name a few. All this may seem obvious but this is very important because management of safety and health not only protects the employees but also enhances productivity and profitability. Occupational Safety and Health is very important to companies particularly for the following 3 reasons:

1) Humanitarian

It is the moral responsibility of the company to safeguard and protect employees from any kind of harm at the workplace and it is the duty of the organizations to provide best care to its employees. Families expect their loved ones to go out to earn a livelihood and return home safely. The grief, the pain and the suffering of the people who have had their health affected due to work conditions or are injured while working for their companies, is not only felt by the employees of the companies but the effect is passed on also to their family members.

2) Legal

This relates to the compensatory, punitive and preventive effects of laws that protect the safety and health of workers. The legislations require all organizations to ensure the safety, health & welfare of employees and to conduct all their activities such that they do not cause any harm to the workforce.

3) Economic

There is a direct effect on the economic front due to decrease in work related accidents and ill health by way of reduction in direct & indirect cost. Efficient safety and health management increases the productivity of a business. Accidents, ill health and diseases related to work, hinder normal operations and add to the operating cost of the company. Over and above, these incidences lead to stress and strain on other employees and can lead to more such mishaps. The medical and the insurance costs arising due to such accidents or health related issue are borne by the companies.

SAFETY — A HUMAN RIGHT

During the last 2-3 decades, particularly after globalization, the subject of labour protection and safety and health of the working class has attracted attention of the world leaders. The Decent Work Agenda of ILO also recognizes Occupational Safety and Health as a fundamental Human Right.

Human resource is the prime mover of any organization. Employees not only give the time value of their efforts but their knowledge, competency, attitude and behaviour also contribute to the intellectual property, brand equity, reputation and culture of the organization which is difficult to quantify. The cost of human resource (capital) is about 70% of the total operating expense of the organization. As per the “Intangible Asset Market Value Study” by Ocean Tomo, the Intellectual Capital Merchant Bank in USA, approximately 87% of the S&P 500 market value was attributed to intangible assets in the year 2015. Employee knowledge forms the major part of intangible assets of the companies. Therefore, any loss or damage to this resource is sure to have adverse effect on the overall performance and value of the organization. (5)

Economic cost studies related to injuries and illnesses have revealed that an organization’s share of total (direct and indirect) cost is far less than the combined share of cost to the injured and the community. Apart from medical cost, rehabilitation cost and loss of earnings, the injured worker bears the lion’s share of the total economic cost on account of long-term disability, reduced work ability & capacity due to partial disability, premature retirement, dependence on others for day-to-day activities, long-term medical cost etc.

In the case of an accident, the injured person goes through traumatic experience, which many times the victim is unable to forget and come to terms with. The suffering and pain of the injured cannot be compensated at all by way of relief and/or monetary compensation. Apart from the injured, family members also experience economic, physical and mental hardships. Sometimes, these hardships continue for a long time jeopardizing the basic structure, relationship and the welfare needs of the family. In the event of the death of the victim, the earning capacity of the family is drastically reduced.

(5) Intangible Asset Market Value Study by Ocean Tomo

CASE OF A DOCUMENT COLLECTION EXECUTIVE

In January 2013, 23-year-old Arjun who worked as a document collection executive, met with a major road accident when his bike was hit by a 4-wheeler. This happened while he was returning to the document hub office on his motorcycle after collecting documents from the customers' office. Arjun was wearing a full faced IS marked helmet but for some reason had failed to secure the chin strap. Therefore, as a result of the impact, his helmet came off his head and he had severe head injuries. He took his last breath in the local hospital hours after the accident.

Arjun, the sole bread winner of the family, was survived by his old retired parents, 6 sisters (2 married and 4 unmarried). He had married only 4 months before this unfortunate day of accident. His wife, 22 year old Renuka, was the recent induction into this large family. Arjun was very disciplined in his work and had dreams to settle his family by putting in hard work. While losing a young son was a big shock for the parents, what Renuka had to go through was really sad. Her whole life had changed - she was banished from her family and the villagers criticized her as if she was responsible for the accident. It took nearly a year for her to get a job and then finally being accepted by Arjun's family. This shows that an unexpected event on the road taking away the life of a bread winner, causes a lot of hardships to the family.

CASE OF AN OPERATOR IN A STEEL PLANT

An operator in a large steel company was manually pushing an empty aluminum injection coil cage from a floor above into the steel ladle which was filled with molten steel with temperature around 1300 deg. C and kept at the ground floor. While pushing it through an open gate, he fell into the steel ladle, along with the empty aluminum injection coil cage and within seconds, his body was completely burnt in the molten metal.

When the sad incident was narrated to his wife, she was inconsolable and demanded to see the body of her husband. While it was explained to her by the management that this was a rather unusual accident where the body was not available, she insisted on seeing the body and kept asking the concerned authorities to search for it in all areas of the plant. It took quite some days for her to realize that not only had her husband fatally met with an accident but also that his body was not available for the last rites. It took time to come to terms with this reality.

SAFETY — A STATUTORY OBLIGATION

The Constitution of India guarantees protection to its citizens at their place of work. The provisions under Article 24 which relate to prohibition of employment of children below 14 years in any factory or mine or engaged in any other hazardous employment; Article 39 which relates to health and strength of workers and Article 42 which relates to just and humane conditions of work and maternity relief are directly related to ensuring safety of working population in the country. The Supreme Court of India has upheld the right to safety and health at work as 'right to life' under Article 21 of the Constitution.

"Occupational accidents and diseases remain the most appalling human tragedy of modern industry and one of its most serious forms of economic waste. Therefore, we hold that right to health, medical aid to protect the health and vigor to a worker while in service or post retirement is a fundamental right under Article 21, read with Articles 39(e), 41, 43, 48A and all related Articles and fundamental human rights to make the life of the workman meaningful and purposeful with dignity of person."(6)

The Government of India and where appropriate, State Governments have enacted legislations related to safety and health at work. These include The Factories Act, 1948; The Mines Act, 1952; The Dock Workers Act, 1986; The Building and other Construction act, 1996, which are the enactments applicable to four different types of places of work. The Environment (Protection) Act, 1986 and the Rules framed thereunder; The Explosive Act, 1884 and relevant rules; The Petroleum Act, 1934 are some of the legislations relating to safety aspects of handling certain substances. The Boilers Act, 1923; The Dangerous Machines Act, 1983 and The Indian Electricity Act, 2003 and the relevant rules and regulations are the enactments covering safety related to use of certain types of equipment. All these statutes provide for penalties in the form of imprisonment and/or fine for contravention of the provisions to the employer or occupier / manager. For example, the Factories Act prescribes imprisonment up to seven years and/or fine up to Rs two lakh.

There have been several instances in India where for violations of provisions relating to safety, the managements of establishments have been punished very severely.

(6) Supreme Court of India in CERC Vs Govt. of India and Others

CASE OF PANDAL FIRE IN A STEEL PLANT

In 1989, the occupier and manager of a large steel plant were prosecuted for the death of 60 people and for severe injuries to 113 persons on account of a major fire that broke out in a pandal erected within the premises of the plant.

The company was made to pay a total compensation of Rs 6.97 crore by the Supreme court.

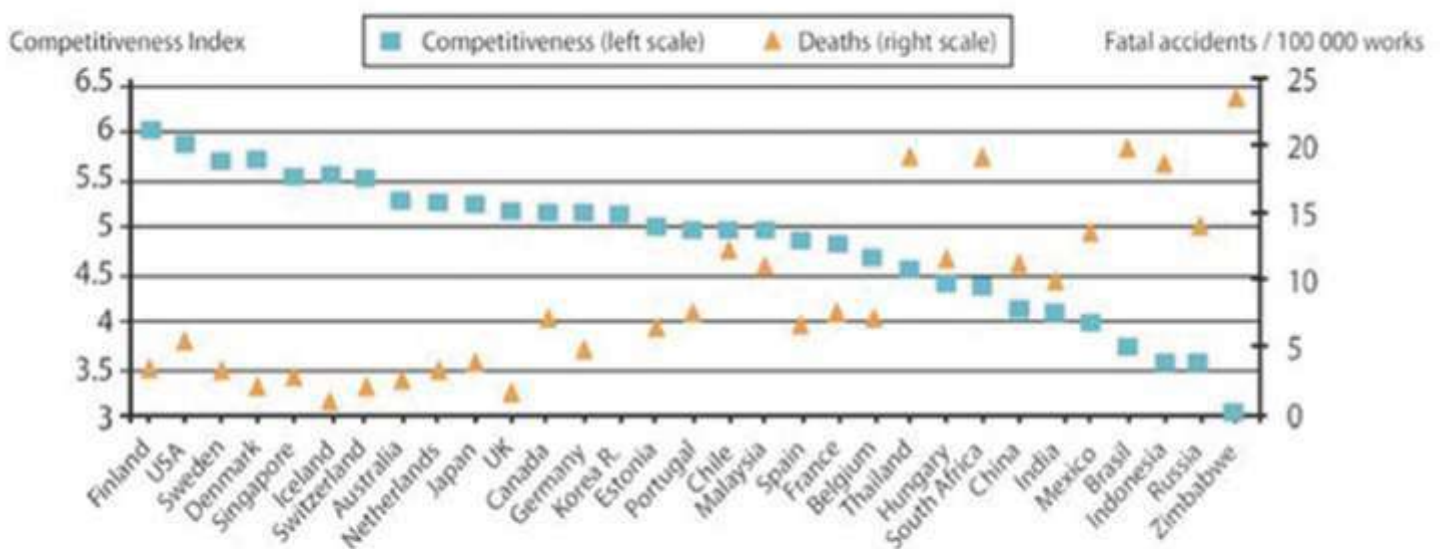
CASE OF FIRE IN A CINEMA HALL

In 1997, in a fire accident involving death of 59 and injuries to 100 people in a well-known cinema hall, the owners were sentenced to imprisonment for 2 years besides paying compensation/fine to the tune of Rs 100 crore.

SAFETY – A BUSINESS CASE

Safety and competitiveness

As per the latest study undertaken by ILO, in order to establish the relationship between the competitiveness of different countries and their accident rate, it has been found that the countries with the best records on accidents at work, are also the most competitive.



Source: ILO Safe Work and World Economic Forum

At the organization level also, companies with good financial performance and enjoying good valuation on the stock market have good safety performance.

In 2013, ITC was adjudged one of the 10 most competitive companies in India by Nomura, the International Brokerage Firm. The company has been consistently achieving reduction in loss time accidents from 2012-13 to 2015-16. Out of its total 44 units, 28 have achieved 'Zero Lost Time Injury' status for the last 3 years.

Cummins India, the second most competitive company, is part of Cummins Worldwide Inc. which has received Robert W. Cambell Safety Award from National Safety Council, USA in 2014. It has also been declared as one of the most ethical companies in 2015 by Ethisphere Institute. Cummins achieved reduction in incidence rate of accidents per 100 employees from 0.65 in 2013 to 0.57 in 2015.

Construction projects of L&T, ranked 12th in ET 500 list, have been bagging NSC's Sarvashreshtha Suraksha Puraskar (Golden Award) consecutively for the last 3 years.

BUSINESS INTERRUPTION

As per the Global Claims Report 2014 published by Alliance Global, one of the largest insurance corporations in the world, the losses due to business interruption caused by accidents are 32% higher than the direct cost of such accidents in terms of property damage. It has also predicted that business interruption is likely to be costlier in future on account of global supply chains, use of information technology in production and control, increasing cyber threats, etc.(7)



Case of a Commercial Building collapse

In 2013, a multi-storey commercial building collapsed due to a structural failure. The search for the dead ended almost a month later, with the death toll going up to 1,129. Approximately 2,500 injured people were rescued from the building alive. It is considered the deadliest accident in history, as well as the deadliest accidental structural failure in modern human history.

The reputation of the owners of the premise was destroyed. Orders were put on hold and many vendors even declared that they would not continue to deal with those who neglected basic safety standards.

The widespread use of extended supply chains in the developing world, involving multiple third parties and difficulties in authenticating standards, meant that retailers from the developed countries did not adequately understand their exposures in distant geographies resulting in huge monetary loss to vendors.

(7) Global Claims Report 2014 published by the Alliance Global



Case of Fire in an Auto-ancillary Unit

One of the auto-ancillary companies was gutted after a major fire broke out. A portion of the building collapsed later, while some other parts developed cracks. The Root Cause (as stated in official media) was that the fire started from a short-circuit in the material dispatch area. A worker's version said that an industrial LPG cylinder inside a moulding machine exploded minutes after the fire started, causing it to spread faster.

As a consequence, one major automobile manufacturer had to temporarily suspend manufacture of cars at its 2 facilities thus taking a loss of production to the tune of approx. 10,000 units.

INITIATIVES

Mahindra & Mahindra's Safer Supply Chain Initiative

Mahindra and Mahindra, a leading automobile manufacturer, has undertaken Suppliers Risk Assessment and Capability Building Programme.

Under the programme, cross-functional teams comprising members from manufacturing, purchase, quality, safety and environment have been formed.

Tailor-made training programmes are designed and conducted by National Safety Council to enhance their capability in the areas of statutory compliance, safety, health and workplace environment.

The cross-functional teams conduct risk assessment of suppliers on regular basis. Risk Assessment of suppliers is undertaken as a scheduled ongoing activity.

NICER GLOBE - A RESPONSIBLE CARE® INITIATIVE OF INDIAN CHEMICAL COUNCIL (ICC)

Nicer Globe is driven by expectation under Responsible Care® on safe transportation, under which, ICC coordinates participation of chemical companies, associations and transport & warehouse service providers on this initiative. Resources of member companies and other agencies for chemical emergency response are harnessed under this initiative to provide a pan-India emergency response network offering services as under:

- Single window GPS-based vehicle tracking customized for chemical transportation with easy access to MSDS, TREM Card and alerts on speed, route, night drive deviations and more
- 24X7 Emergency Response Call Center
- “Points of Interest” displays information on interactive map of fire & police stations, hospitals & ambulances, cranes, chemical companies and emergency experts.
- Gate Check Tool & CORSA “Certificate of Road Safety Adherence” for evaluation of transporter, vehicle and driver.
- Facilitates Journey Risk Management by providing access to route data and photographs
- Forum for community awareness and education in chemical emergencies.

REPUTATIONAL RISK

According to a study by ‘World Economics’, on an average, more than 25% of a company’s market value is directly attributed to its reputation. In the global survey on reputation risk carried out by ‘Forbes Insight’ in 2014, almost 88% of the executives explicitly focused on reputation risk as a key business challenge. Reputation risk is driven by wide range of business risks including safety, health and environment and the actions of vendors and suppliers. In a highly connected world, where reputation can be globally attacked by just a few key strokes, it is considered as a priceless asset. Reputational problems have the largest impact on a company’s revenue and brand value.

In 2014, nearly 24,000 pounds of methyl mercaptan¹ was released inside a unit of a large chemical manufacturing facility. The release resulted in the fatalities of three operators and a shift supervisor inside the manufacturing building. The four employees died from a combination of asphyxia and acute exposure to toxic chemicals. Effective measures were not taken. The process where the incident took place was located within a building that had no documented design and appeared to serve no essential manufacturing purpose. The accident saw a sharp decrease in the share price of the company.

IMPACT ON THE BOTTOM LINE

Occupational accidents and illnesses are known to cause a drain on resources at three levels: personal level, company level and community or national level. For organizations, the direct cost of accidents is only the tip of iceberg. These direct costs include:

- Employee compensation
- Medical expenses
- Medical leave
- Property loss
- Legal expenses
- Fines imposed by authorities

Direct costs are most obvious and visible whereas indirect costs are overlooked by considering the accident as one of the rare event type. Some of the elements of indirect costs are:

- Workplace disruption
- Production down-time
- Loss of productivity
- Worker placement cost
- Training in safety
- Increased insurance premium
- Delays in project/ schedules
- Administrative time
- Accident investigation
- Implementation of corrective measures
- Loss of reputation and business
- Loss of employee morale

It is estimated that the indirect cost of an accident may vary from 5 to 50 times of the direct cost. Therefore, considering the total cost, it is prudent practice and strategy to invest in prevention.

Based on the studies undertaken on economic losses due to occupational injuries and diseases at national level, the country-wise loss statistics are given below.

USA (2007)	USD 250 billion
UK (2013/14)	GBP 14.46 billion
Australia (2012/13)	AUD 61.8 billion (4.1% Of GDP)

Case 1:

In an engineering industry, an accident occurred in machine shop wherein the contractual workman sustained crush injury to his finger while working on a radial drill machine. The hand glove got entangled with rotating drill bit. The injured person was away from duty for one and a half months. The direct cost (hospitalization and compensation) incurred by the company was Rs. 1.4 lakh. The indirect cost to the company was Rs. 4.7 lakh. The ratio of direct cost to indirect cost was 1: 3.5.

The machine guard on drill machine was provided. The cost incurred on provision of new guard was Rs. 10,000 only. The percentage of prevention cost to total cost of accident was 2.1%.

Case 2:

In another instance, while removing a component from press machine by hand, the operator's fingers pinched between tool and die. The injured person was away from work for two months. The direct cost (hospitalization and compensation) of accident was Rs. 1.8 lakh and the indirect cost was Rs. 4.35 lakh. The ratio of direct cost to indirect cost was 1: 2.5.

The machine was modified for safe operation by incurring Rs. 30,000 only. The percentage of prevention cost to the total cost of accident is 5.3%.

PREVENTION PAYS

Many times, managements are reluctant to incur expenditure on prevention efforts. However, several studies have revealed that this expenditure is a long-term investment which will yield benefits in future. International Social Security Association (ISSA) conducted Return on Prevention study in 19 countries to assess the extent of monetary benefit of investing in prevention efforts by companies. As per the results of the study, return on prevention is assessed at 2.2 when expressed as ratio between the monetary benefits and the costs associated with the prevention. It simply means by spending one rupee in prevention measures, the company is likely to receive two rupees back in the form of benefits such as reduction in medical cost, absenteeism, production disruption, quality problems, legal and statutory costs etc. and improved reputation, employee morale, productivity, industrial relation etc.

VODAFONE'S 9 ABSOLUTE SAFETY RULES

Vodafone India Limited (VIL) firmly believes in the core value of Health & Safety for the business and the people. The Health and Safety journey/scope involves not only the employees but also members of the supplier employees and channel partner staff that work in the interest of VIL on a day to day basis. Based on its philosophy of Risk based approach, VIL has framed 9 Absolute Safety Rules (ASRs) as a part of its India operations. These rules cover 4 important risk areas i.e. Road Safety, Electrical, Working at Height and Underground operations. These 9 ASRs are included as a part of Code of Conduct and compliance to these are an integral part of conditions of employment as well as contracts and agreements. The focused implementation of these rules has led to more than 340 lives saved whereas major/fatal injuries have been prevented and the bread winners of the family are safe. The sharing of these 'lives saved' stories in various forums has created a proactive culture of Celebrating Safety and goes a long way in making the employees and other individuals believe in the Health and Safety Agenda of VIL.

ACCELERATED LEARNING PROGRAMME (ALP) IN SAFETY AT GODREJ & BOYCE

Godrej & Boyce management strongly believes that the frontline supervisors and managers play a very important role in OHS performance of the company. ALP was started in collaboration with National Safety Council. Till date, more than 200 line managers have been trained under this course. A total of 32 safety projects have been implemented on shopfloors resulting in financial benefits to the company. In one such project 'Safety Measures in Jig Room', implementation of engineering controls eliminated all accidents while working on Jig Machine.

Benefits of improved safety were observed at the Security Solutions Plant. Earlier during manufacturing of Safes, material handling activity accounted for one third of the total production cycle and most of the handling was done manually by the operators, due to which the chances of injuries/accident to workers were high. Also, manual welding and grinding operation led to generation of dust and fumes on shop floor. To overcome above issues, new Safe assembly line was installed with robotic welding, automatic/powered safe handling systems and improved ventilation. The total cost of installation of the new line was Rs. 7.65 crore.

The benefits achieved were that there was no reportable accident & non reportable accident for the last two years. Material handling techniques were improved. There was reduction in risk of injury and improved ventilation as well as quality of air. Productivity and Quality of Safes was improved, with a total saving achieved per year of Rs. 2.40 crore. The payback period of the investment was 3.12 years.

RECOGNITION

Company specific occupational safety and health aspects and performance find place in several other globally accepted corporate governance reporting. Indicators LA 5 to LA 8 (OSH aspects) in GRI sustainability report (as per guidelines G 4) require reporting of information relating to employee safety and health such as participation, collective bargaining, accident injuries & diseases, and high risk occupations.

Several research studies have demonstrated that companies with strong corporate social responsibility policies and practices are sound investments. As a result, Sustainable, Responsible and Impact investing (SRI) is gaining popularity. Sustainable investors using active share ownership and engagement encourage more responsible and forward-thinking corporate practices. These investors have helped persuade numerous publicly held companies to issue detailed reports on sustainability, address poor labour and human rights conditions in their global supply chains, disclose health, safety and environmental risks, etc.

As Sustainable Investing Grows, Funds Discard 'Bad' Companies (8)

CONCLUSION

We have discussed in this publication the various benefits that management of Safety and Health brings to the business. It is about time that management and business owners see the topic of employee Safety and Health beyond the lens of compliance.

For any cultural agenda to sustain in the business and make progress, a visible Safety Leadership culture and proactive commitment from the Top Management is imperative. This calls for a change in the mindset of measuring Safety performance. It is important to ensure that a wider focus is given and it goes beyond mere measurement of lag indicators.

By focusing on lead indicators and making the right investment during the design stages in Safety and Health, companies benefit by earning positive returns in terms of employee satisfaction, higher shareholder acceptance, marketability in international markets and corporate governance, which in turn helps improve the bottom line.

In conclusion, all businesses and industries should strive to ensure that each and every employee, supplier, contractor engaged in the business goes back to his/her family safely and is able to enjoy with loved ones.

As a call for action, we would recommend that this change in mindset should happen by reviewing the existing practices in Safety and Health and correcting them to ensure that they are more forward looking and proactive.

Therefore, it is important that apart from Cost, Quality, and Productivity, Safety is also an integral part of any decision-making process.

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