

# **Workplace Safety and Employee Engagement**

## **Abstract**

Work-related injuries continue to be a major financial issue for employers, particularly within the multi-family housing industry. While American workplaces are becoming safer, the cost of on-the-job injuries continues to rise, according to the latest findings of the Liberty Mutual Workplace Safety Index. The financial burden of serious work-related injuries and illnesses was \$48.6 billion in 2004 (Liberty Mutual, 2006). Insurance companies estimate indirect costs to exceed four times the actual costs. This stems both from the direct costs (such as medical costs) associated with work-related injuries, as well as the indirect costs of lost work time, replacement workers and administrative costs. These factors, as well as low morale that sometimes accompanies high injury rates, can also contribute to decreased productivity (Blumberg, 2006).

This paper presents a case study of a U.S.-based full-service real estate firm which dramatically reduces its number of on-the-job injuries. The company's efforts to alter its corporate culture to promote safety are discussed, and the specific strategies that were implemented are outlined. Data on the company's workplace accidents, including financial information, is presented, along with the measurable results of the company's efforts to reduce injury claims.

## **Introduction**

Employee absenteeism, whether injury-related or not, causes disruption in day-to-day business operations, and is one of the most expensive hidden costs an organization faces. These costs include: lost productivity; overtime paid to other staff members; payments to temporary workers hired to fill in; decreased productivity for workers having to put in extra hours; and decreased employee morale which leads to further problems in productivity and turnover (Blumberg, 2006). According to the Bureau of Labor Statistics, an alarming 4.3 million full-time employees miss at least one day per week, which is over five percent of the total workforce (Blumberg, 2006). In the real estate sector, including property management companies, employees miss an average of six days of work per year as a result of work-related injuries (Bureau of Labor Statistics, 2006). Unplanned absences cost American employers between \$60,000 and \$3.5 million each year (CCH, 2005).

Human resource professionals view unscheduled absenteeism as a serious problem in their organization and do not expect significant improvement in the near future (CCH, 2000). Mitchell (2001) observes that the direct costs of absenteeism are a significant component of total payroll expense. Many employee benefit plans often indemnify workers from incidental absence and short-term illness. However, productivity suffers due to unscheduled absenteeism, especially when compounded by employee turnover.

This paper examines workplace safety particularly within the multi-family housing sector. A case study approach is used to demonstrate how one company reduced workplace accidents and improved its overall financial performance through adoption of a corporate culture change centered on safety. New strategies for improving employee engagement are discussed and measurable results of the company's successful efforts are presented.