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## THE ECONOMIC BENEFITS OF SAFETY AND HEALTH AT WORK IN MICRO AND SMALL ENTERPRISES

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**Abstract:** Socio-economic development and share of the wealth of a country determines the value of the quality of life and health of the population. The right to a healthy and safe workplace is a constitutionally guaranteed right of workers, the economic future of occupational health and safety cannot be seen immediately. Pursuing occupational safety objectives is necessary because of its fundamental benefits.

Micro and small enterprises with effective organization and maintenance of safety and security at work can get numerous benefits. Analysing research on micro and small enterprises as well as direct and indirect economic indicators related to safety at work, and possible strategies and measures that can help enterprises achieve an optimal balance between safety and economic efficiency.

**Keywords:** effectiveness, economic indicators, employees,

### 1. INTRODUCTION

Micro and small enterprises are a significant factor in modern economies around the world. They not only constitute the vast majority of enterprises in the world, but are also a significant source of employment, form the industrial fabric of many regions and cities, contribute to the identity of local communities in both urban and rural areas. (Михайлова О. А., 2018).

Micro and small enterprises are fundamental elements in local and global value chains, they have an important role in promoting income equality and securing the benefits of technological change and globalization. Micro and small enterprises are key actors in building more inclusive and sustainable growth, increasing economic resilience and improving social cohesion.

The effective organization of safety at work is crucial for micro and small enterprises as it not only demonstrates a commitment to social responsibility but also yields significant economic benefits. Despite their size, MSEs play a vital role in the economy, and ensuring a safe and healthy work environment is essential for the well-being of employees and the sustainability of these enterprises. This essay explores how the integration of safety measures in MSEs is not only a matter of social responsibility but also contributes to substantial economic advantages.

The contribution of small enterprises, which refer to employees from 10 to 49, and especially for micro-enterprises where the number of employees is up to 9, increases with the increase in the level of economic development. Microenterprise activity shows the strongest inverse relationship with the size of the informal economy and should therefore benefit the most from economic development. Globally, there is increasing evidence that entrepreneurial activity, especially of an innovative nature, is a leading indicator of the broader economic cycle - enabling not only recovery but also growth in economies around the world (Koellinger, P. D., & Thurik, A. R. 2009).

Micro and small enterprises play an important role in the economy by creating jobs and stimulating innovation (Козлова Е. В 2018). However, they also face special challenges, including organizing and maintaining occupational safety and health. While some entrepreneurs may view such measures as costly, numerous studies show that effective occupational health and safety management can bring significant economic benefits and long-term sustainability. (Маринина О. А., & Невская М. А 2020).

The study highlights the importance of investing in occupational health and safety to increase productivity, reduce health care and compensation costs, and improve company reputation and attract a skilled workforce.

### 2. ANALYSIS OF ECONOMIC BENEFITS IN MICRO AND SMALL ENTERPRISES

Numerous researches on micro and small enterprises from the aspect of safety and health at work carried out all over the world including Europe already in the twentieth century indicate that they give more importance to them in contrast to the researches that are available from the USA and especially in the section of North America, where despite their economic importance and the number of employees they employ, micro and small enterprises attach less importance to these studies.

(Sorensen O.H et al. 2007) studied the impact of enterprise size and ownership relationships on occupational safety in the Danish economy. The research was based on the fact that there are differences depending on the size of the companies, that is, private and public companies, as well as the attitude towards safety at work. They came to the conclusion that the working environment in private companies is far safer in large than in micro and small enterprises. (Sorensen OH et al. 2007)

Considering the number of employees, micro and small enterprises devote less human, economic and technological capacities to safety and health at work, compared to larger enterprises where the number of employees is greater, there is also the possibility of greater involvement and thus have a more effective risk assessment and control of micro and small enterprises.

Micro and small enterprises are in an unenviable position compared to medium and large enterprises in terms of safety and health at work due to the capacity of their operations, which face special challenges to ensure healthy and safe workplaces. (Михайлова О. А.,2018); (Маринина О. А., & Невская М. А 2020).

The readiness to deal with safety and health at work increases significantly with the size of the enterprise (Какаулин С. П. 2007). Safety and health at work are essentially not a priority in the corporate culture of micro and small businesses. Managers who are often owners of micro and small enterprises often have inflexible views and beliefs regarding worker welfare and safety at work(Маринина О. А., & Невская М. А 2020); Joan M. E.,& Champoux D et al.. 2010); (Joan M. E.,& Champoux D et al.. 2001).

In a research conducted in 2003 (Joan M. E., & Champoux D et al.. 2003) analyzing small manufacturing enterprises with up to 50 employees, the factors that managers or owners consider to be the main obstacles to improving the occupational health and safety system were identified. :

- Preventive and production costs;
  - Administration;
  - Insufficient training, education of employees;
- Prioritization of production;
  - Lack of time;
- Lack of resources, i.e. work force;
- The attitudes of the employees;
  - Requirements of employees;
  - Difficult planning;
- Non-profit, irreversible investments in preventive measures (Joan M. E.,& Champoux D et al.. 2003).

The results of a survey conducted in Canada with owners/managers of micro and small enterprises employing less than 50 people showed that a greater number of respondents believed that the main causes of injuries at work were themselves employees, i.e. the human factor. The research identified the main causes of injuries at work:

- Human factor 64%;
- Work characteristics 19%;
- Tools/machines/materials 9%;
- Other (natural death at the workplace) 8%.

The owners who participated in the research have divided opinions when it comes to improving the occupational health and safety system, some believe that more training is definitely necessary, while others believe that financial power and technical expertise are key to improvement, but the results show that greater commitment and investment in occupational health and safety contribute to the overall success of the enterprise.

All over the world, companies are increasingly investing in safety at work, especially in prevention, which provides a huge contribution and positive effects in the economy and society, as well as an important contribution to the productivity and competitiveness of companies. (Горѓиев 2018); (Маринина О. А., & Невская М. А 2020).

According to the ISSA7 study on the economics of prevention, for every euro invested annually in an employee, the company can expect a potential economic return of 2.20 euros. For small businesses, even small investments can have a serious result. The benefits of businesses investing in occupational health and safety include, among others, the following:

- absenteeism rates are significantly lower;
- worker morale, motivation and concentration at work are higher;
  - the employee retention rate has improved;
- increased productivity and competitiveness;
  - Compensation claims and insurance costs are reduced, sometimes significantly;
- The relationship with customers and suppliers improves;
- The image and reputation of the company improves;
- The results of retraining have increased;

- Significant savings and job security were realized as a result of the above.

The economic benefits of improving health are also visible.

Improved safety and health at work contributes to increased productivity and efficiency of employees. A safe and comfortable work environment promotes better concentration, reduces the risk of errors and increases overall business productivity. This can lead to increased production, reduced downtime and improved quality of goods or services. (Михайлова О. А.,2018).

### **3. EMPLOYEE WELL-BEING AND PRODUCTIVITY**

Prioritizing safety in micro and small enterprises leads to improved employee well-being and increased productivity. A safe working environment reduces the risk of accidents, injuries, and occupational health issues, promoting the physical and mental well-being of employees. When employees feel secure and protected, they are more likely to be motivated, focused, and efficient in their work. Enhanced productivity results in higher-quality outputs, improved customer satisfaction, and ultimately, increased profitability for micro and small enterprises.

Workers in a healthy work environment feel better and healthier, which in turn leads to reduced absenteeism, increased motivation, higher productivity, and better selection of employees, reduced costs and a better image of the company. ( Цветковик С., & Горѓиев. М.,2020).

#### **3.1. Direct economic benefits**

One of the key direct benefits is a reduction in the cost of medical services and compensation for work-related injuries and illnesses. Preventive measures, such as occupational safety and health training for employees, provision of protective equipment and regular medical examinations, prevent accidents and improve the overall health of the workforce. (Маринина О. А., & Невская М. А 2020). Reducing the frequency of injuries and illnesses lowers medical care and insurance costs and increases employee productivity. (Gorgiev 2018)

#### **3.2. Indirect economic benefits**

Effective occupational safety management comes with a number of indirect economic benefits. These include reducing downtime and layoffs, increasing employee motivation and satisfaction, and improving the company's image. (Bundalevski, S., & Gorgiev 2021) A safe and healthy working environment contributes to increased productivity and quality of work, which ultimately leads to improved financial results and competitiveness of the enterprise (Gorgiev 2018).

#### **3.3. Cost Reduction**

Implementing effective safety measures can help micro and small enterprises costs associated with workplace accidents and illnesses. Work-related incidents can lead to medical expenses, insurance claims, legal liabilities, and lost productivity due to employee absences.

By investing in safety protocols, micro and small enterprises can minimize these risks, preventing accidents and their associated costs. Additionally, maintaining a safe working environment reduces the chances of equipment damage, product defects, and operational disruptions, resulting in fewer expenses related to repairs, replacements, and delays ( Маринина О. А., Невская М. А. 2020).

#### **3.4. Enhanced Reputation and Stakeholder Relations**

A strong commitment to safety contributes to building a positive reputation for micro and small enterprises. Demonstrating concern for employee well-being and adhering to safety regulations enhances the perception of the business among customers, employees, investors, and the wider community (Козлова Е. В.2018) A good reputation attracts and retains talented employees, encourages customer loyalty, and fosters positive relationships with suppliers, regulatory bodies, and other stakeholders. These relationships can open doors to new business opportunities, partnerships, and potential collaborations, strengthening the overall sustainability and growth of micro and small enterprises (Gorgiev. М.,2018).

#### **3.5. Strategies and measures to achieve safety at work:**

For micro and small enterprises with limited resources, it is important to develop effective strategies for good organization of safety at work (Маринина О. А., & Невская М. А 2020). Some of these strategies may include conducting security audits to identify vulnerabilities and developing appropriate action plans, employee participation in enterprise security decision-making as well as security education, partnerships with government regulators and professional associations (Какаулин С. П. 2007).

It is necessary to develop an action plan that will include not only the acquisition of appropriate equipment and training of employees, but also the regular updating of security policies and procedures. It is also recommended to install control and monitoring systems to assess the effectiveness of security measures and make the necessary adjustments. (Михайлова О. А.,2018).

#### 4. CONCLUSION

The effective organization of safety at work in micro and small enterprises is not only an integral factor of social responsibility, but also brings significant economic benefits.

Investments in the safety and security of the workforce help to reduce costs, increase productivity and quality of work, improve the reputation of the enterprise and attract highly qualified employees. Micro and small enterprises should strive to achieve an optimal balance between security and economic efficiency, which contributes to their long-term sustainability and prosperity.

Moreover, a safety-focused approach facilitates access to financing and insurance, enabling micro and small enterprises to grow and thrive in a competitive business landscape. Ultimately, fostering a culture of safety in micro and small enterprises is a win-win situation, benefiting both the workers and the long-term sustainability and prosperity of the enterprises.

Planning and objectives to improve workplace safety and health are often effective investments because they can strengthen and expand existing occupational safety programs, contributing to worker well-being; maintaining their ability to work and enabling them to remain active and productive members of the community, while contributing to the overall well-being of both workers and their enterprises through more efficient and profitable work habits.

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