



Small enterprises – Accountants as occupational health and safety intermediaries

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ABSTRACT

Small enterprises face serious occupational health and safety challenges. The occupational risks are high and resources to control the risks are low. There is an ongoing search for ways that authorities and professional bodies can efficiently reach out to small enterprises with preventive measures. It has been suggested in the literature that accountants could act as intermediaries on health and safety. A pilot project was carried out in Denmark to test this possibility. State-authorized accountants were invited to training seminars to give them the necessary health and safety knowledge to provide advice to small enterprises. 164 accountants participated in the seminars and 74 accountants replied to a follow up questionnaire about their experience of advising their small enterprise clients about health and safety. Most of the accountants had actually given health and safety advice and for most of them it was a positive experience. However, they also faced constraints due to the relatively minor role health and safety played in their agendas with their clients and their own limited knowledge about health and safety even after taking part in the training seminars. This study concludes that it is possible for accountants to act as health and safety intermediaries, but that institutional support for the training activities is important to secure a broader application of this approach.

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1. Introduction

There is an ongoing discussion in the occupational health and safety community about small enterprises – especially those with less than 50 employees. It is generally recognized that these enterprises constitute a special problem with regard to prevention of occupational injuries. Small enterprises have a more hazardous work environment (Fabiano et al., 2004; Sorensen et al., 2007; Stevens, 1999; Walters, 2001). One of the key explanations for this situation is connected to management. Small enterprises are typically dominated by a combined owner–manager who is very often the sole person responsible for all or most activities not directly related to production. The owner–manager has to deal with sales, production planning, human resources, billing, and much more (Down, 2006; Goffee, 1996). The main focus for the owner–manager is the survival of the company, and for natural reasons health and safety will be a minor focus due to limited resources – both in term of money, manpower and knowledge about health and safety (Eakin, 1992; Hasle and Limborg, 2006). It is difficult for authorities, advisors and other intermediaries to reach the small enterprises with preventive measures (Champoux and Brun, 2003; Hasle and Limborg, 2006; Walters, 2001). The cost of reaching out to the large

number of small enterprises, the volatile and informal character of many small enterprises, and their limited capacity for absorbing external information are some of the major constraints.

Regulators and researchers have therefore looked for innovative approaches which could open the doors to small enterprises (Eakin et al., 2000; Walters, 2001). There has been special interest in intermediaries outside the traditional health and safety system who might have easier access to the small enterprises. Among the ideas put forward have been chambers of commerce, local authorities, various public business advisory services, and collaboration between the labour market parties (see an overview in Walters, 2001). One frequent suggestion has been the use of accountants. Almost all small enterprises receive services from an accountant, and the accountant could therefore be a window for contact to many small enterprises. A number of authors have suggested this possibility (Bibbings, 2003; Hasle and Limborg, 2006; Jensen et al., 2001; Lamm, 1997; Walters, 2001).

This paper is about the results from a pilot project in Denmark, which gave state-authorized accountants basic knowledge of the responsibilities of small enterprise employers with regard to health and safety, and subsequently followed the accountants' experiences in using their new health and safety knowledge. We start the paper by reviewing the discussion about accountants as health and safety intermediaries for small enterprises, and continue with a discussion of the particular role accountants play

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for small enterprises. After that follows a description of the materials and methods, and analysis of the empirical results. We conclude with a discussion of the opportunities for the further development of accountants as health and safety intermediaries.

2. Past research about accountants as health and safety intermediaries

The discussion about accountants as possible health and safety intermediaries started with an article in *Safety Science* by Felicity Lamm (1997). She had carried out a pilot Survey among New Zealand chartered accountants, followed later by a Survey in New South Wales and Queensland, Australia (Lamm, 1999, 2000). Although the studies had relatively few participants and low response rates, the data from these countries clearly indicated that accountants at that time were already giving their clients advice on employment matters, including health and safety. This happened more frequently in New Zealand than in Australia. Another interesting aspect was that most of the accountants giving advice on health and safety had no prior training on the matter even though the New Zealand Society of Chartered Accountants' Code of Ethics clearly requires accountants to secure their competence before giving advice (see p. 157 in Lamm, 1997). Lamm concludes by arguing that the close relationship between small enterprises and their accountants could be used for more qualified health and safety advice, if communication between accountants, the health and safety authorities and the educational system could be increased.

Walker and Tait (1999) studied the role of business networks, including accountants, for health and safety management in small enterprises. Unlike the example above, none of the accountants interviewed had given advice on health and safety. However, interviews with representatives from the chartered accountants' associations indicated an interest in giving health and safety advice, although they preferred an information-oriented approach rather than giving actual fundamental health and safety advice. James and Baldock (2004) found that less than 30% of small enterprises use external sources for information about health and safety and that the most frequent source was the health and safety inspector, which 15% of the firms used as an information source. Accountants appeared at the list as the sixth most frequent information source, but with a rather low percentage (1.6% of small enterprises).

Since then, several authors have recommended that ways to advance the role of accountants in health and safety advice should be found (Bibbings, 2003; Gervais, 2006; Hasle and Limborg, 2006; Jensen et al., 2001; Vickers et al., 2005; Walters, 2001). Some authors explicitly indicate the lack of knowledge among accountants (Jensen et al., 2001; Lamm, 1997) and the lack of tools and educational materials (Bibbings, 2003) as key constraints.

3. Accountants and small enterprises

From a health and safety point of view, the benefits of using accountants as intermediaries seem clear – provided they have the necessary competence in health and safety. They have contact with almost all small enterprises and usually the relationships are stable, which suggests relatively close and trusting relationships (Bennett and Robson, 1999). It is also proposed that because accountants provide a necessary expertise this puts them in a potentially strong position to influence small enterprises (Kirby and King, 1997). The question is then whether health and safety advice is an issue which fits in with the accountants' own understanding of their business, so we will now turn to a discussion of accountants and their relationship with small enterprises.

Most small enterprises are served by independent accountants or accountants from small accountancy firms with less than five

employees (Gooderham et al., 2004). In spite of the relatively close relationship, there seems sometimes to be a mismatch in expectations between accountants and small enterprises (Dyer and Ross, 2007; Kirby and King, 1997). Many small enterprise owner-managers believe that accountants and other business advisers do not understand the world of small businesses and do not give advice that is sufficiently practical (Dyer and Ross, 2007; Mole, 2002). Dyer and Ross (2007) suggest that business advisers, such as accountants, are trained in a rational approach which does not fit the more direct, emotional approach of small enterprise owner-managers. One major concern for accountants is to build strong and trusting relationships with their small enterprise clients (Robson and Bennett, 2000), and the issue of health and safety must therefore fit into this priority if it is to be received positively by accountants.

The accountants' role as the most important adviser for small enterprises has also been noticed by public authorities and researchers looking for means to assist small enterprises. One area of interest has been to examine the importance of accountants for the business development of small enterprises and how this role can be strengthened, possibly by expanding the type of advice from narrowly financial advice to broader business and management advice (Bagchi-Sen and Kuechler, 2000; Doving and Gooderham, 2008; Gooderham et al., 2004; Marriott and Marriott, 1996). To some extent, accountants are already involved in various advisory services outside the accounting service. Most accountants not only give advice on matters related to finance and economy but are also expanding into a broader field. For instance, in a Norwegian Survey approximately one quarter of the accountants provide advisory services in management, organization and HRM, which shows that a considerable number of accountants provide services outside a narrow scope of traditional financial accounting (Doving and Gooderham, 2008).

Health and safety can benefit from this trend towards expansion into new fields of advice on issues which in one way or another have economic consequences for the firms. However, some constraints can also be expected. It will be a priority for the accountants to maintain the relationship of trust and it will therefore be important for the accountant to have the necessary qualifications and to raise health and safety issues in a way that will seem a natural extension of accountancy advice.

4. The Danish context

The objective of the project was to test whether Danish accountants would be interested in advising small enterprises on occupational health and safety. A reform of the Danish health and safety regulations in 2004 introduced new obligations which could be a financial burden, especially for small enterprises. A compulsory affiliation to an occupational health service was replaced by the possibility of labour inspectors ordering a firm to use an authorized health and safety adviser if a company commits serious infringements of the legislation (Kabel et al., 2007). The cost for an occupational health and safety adviser could easily run up to €13,000, a substantial amount for a small enterprise with just a few employees. In some cases, this could be added to a fine of around €2600.¹ The threat of having such costs imposed can be considered a potential burden for the firm. The risk of costly obligations and fines could be considerably reduced by ensuring that all legal requirements for health and safety procedures are met, including risk assessment (in Denmark, termed workplace assessment (Jensen et al., 2001), a safety organization (if >9 employees), and hazardous materials safety data sheets.

¹ www.arbejdsmiljoviden.dk/Aktuelt/Magasinet_Arbejdsmiljo/Magasinoversigt/2004/10/Boder%20til%20faerre%20arbejdsgivere%20i%202003.aspx.

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