

Workers' Risk Tolerance and Occupational Injuries

Monica Galizzi
University of Massachusetts Lowell

Abstract

This study explores the relationship between individuals' risk tolerance and occupational injuries. We analyze data from a national representative survey of U.S. workers that includes information about injuries, risk tolerance, cognitive and non-cognitive attributes, and risky behaviors. We measure risk tolerance through questions regarding individuals' willingness to gamble on their lifetime income. We estimate zero-inflated count models to assess the role played by such measures on workers' recurrent injuries. We discuss some implications of our results for future research and occupational safety policies. Our results highlight the concurrent and changing role played by individual, work, and environmental factors in explaining recurrent incidents. They show that risk tolerance affects recurrent injuries, although

not in the direction that proponents of the concept of proneness would expect. Our measure of risk aversion shows that individuals who are somewhat more risk tolerant have fewer recurrent injuries than those who are risk averse. But the estimated relationship is U – shaped, not monotonic and, therefore, not easy to predict. At the same time, we find that individuals' "revealed risk preferences" – specific risky behaviors – are related to higher injury probabilities. Demanding working conditions, measures of socio-economic status, health, and safety problems experienced by workers during their youth remain among the most important factors explaining the phenomena of recurrent injuries. So our results contribute also to the important debate about the relationship between health and socio-economic status.

Thursday 22nd October
from 1 pm to 2 pm

Seminar room, 3rd floor, building D1
Campus Luigi Einaudi
Lungodora Siena 100A, Turin