

Safety and Health in micro and small enterprises in the EU: Final report from the 3-year SESAME project

European Risk Observatory
Executive summary

Authors:

David Walters and Emma Wadsworth, the Cardiff Work Environment Research Centre, Cardiff University; Peter Hasle and Bjarke Refslund, Sustainable Production, Department of Materials and Production, Aalborg University; Monique Ramioul, Research Institute for Work and Society, KU Leuven

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Project Management: Malgorzata Milczarek, Maurizio Curtarelli, (EU-OSHA)

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Foreword

Micro and small enterprises (MSEs) form the backbone of the European Union economy and are seen as a key driver of economic growth, innovation, employment and social integration. About half of the European workforce is employed in MSEs, and effective occupational safety and health (OSH) management in MSEs is essential to ensure both the well-being of workers and the long-term economic survival of these enterprises. Statistics and studies show, however, that the safety and health of many workers employed in MSEs is poorly protected and that ensuring good OSH management in MSEs remains a significant challenge. This problem is acknowledged in the Strategic Framework on Health and Safety at Work 2014-2020, adopted by the European Commission, which identifies enhancing the capacity of MSEs to put in place effective and efficient risk prevention measures as one of the key strategic objectives for safety and health at work.

Responding to the existing gap in OSH requirements and workplace practice, EU-OSHA launched a wide-ranging, three-year project (2014-2017) with the overall aim of identifying key success factors in terms of policies, strategies and practical solutions to improve OSH in MSEs in Europe. The project, commissioned from a group of researchers constituting the Safe Small and Micro Enterprises (SESAME) consortium, aimed to provide support for policy recommendations, contributing to the current discussions on the regulation of OSH in Europe with regard to small enterprises. Moreover, it looked to identify workplace-level good practices in ensuring good OSH management, and to facilitate further development of existing or new practical tools, including the Online interactive Risk Assessment (OiRA) tool.

This summary presents overall findings of the project, which have been analysed with a view to providing support for evidence-based recommendations for the development of more efficient policy programmes and interventions aimed at improving OSH in MSEs. The report seeks to answer some fundamental policy questions concerning what works and what does not, and under what circumstances, taking account of issues such as forms of governance and regulation, enforcement, advisory services, information and education, financial support, collective agreements and the involvement of social partners.



Christa Sedlatschek

Director

Executive summary

This summary provides the final analysis from SESAME, a three-year (2014-2017), theoretically informed, policy-orientated and EU-comparative empirical research project on occupational safety and health (OSH) in micro and small enterprises (MSEs). A team of experienced researchers examined arrangements for OSH and their contexts in MSEs in nine EU Member States, and identified both the key challenges and success factors in terms of policies, strategies and practical solutions leading to improvements in OSH in these enterprises in Europe. The research provides a new, comparative and contextualised understanding of 'what works, for whom and in what circumstances', as well as evidence-based recommendations for the development of more efficient and effective policy programmes aimed at improving OSH in MSEs.

A comprehensive approach to researching OSH in MSEs

The project integrates a comprehensive review of existing knowledge with both secondary quantitative analysis of the Second European Survey of Enterprises on New and Emerging Risks (ESENER-2) and qualitative analysis of data from 162 case studies. It is carried out in four interrelated research phases:

1. In the first phase, 'State-of-play' (EU-OSHA, 2016), the current socio-economic and regulatory context in which MSEs operate was analysed, the state-of-the-art research on OSH in MSEs in the EU was critically reviewed and a focused analysis of the ESENER-2 survey was carried out. This combined approach demonstrates that a substantial proportion of MSEs develop organisational and business strategies that can be characterised as 'low road' — that is, bundles of organisational and business strategies adopted by MSEs in their fight for the survival of their business (a more detailed explanation of the use of this term in the literature and in the SESAME project is given in section 2.2). The limitations in resources, knowledge and recourse to protect workers associated with such low road strategies are among the key factors that explain why workers in MSEs face a greater risk of serious OSH problems than those who work in larger firms. The analysis also revealed clear gaps in understandings of the relationship between intervention, effectiveness, transferability and the wider socio-economic context and regulatory environment in which MSEs operate. These issues informed the approach to the next phases of the project.
2. In the second phase, 'View from the workplace' (EU-OSHA, 2018a), both owner-managers and workers from 162 MSEs in several sectors in nine EU Member States were interviewed to elicit their views on safety and health. The analyses of these qualitative data produced a contextualised and fine-grained understanding of OSH practices, processes and mechanisms in MSEs, acknowledging both the huge heterogeneity of MSEs in Europe and their commonalities. At the same time, they broadly supported the conclusions that emerged from the review of previous research and drew attention to broad categories from which can be drawn certain explanatory types that are useful in understanding key vulnerabilities of both owner-managers of MSEs and their workers. In this respect, it further confirmed how the 'workers' standpoint' is largely absent from OSH-specific research on MSEs and went some way to redress this imbalance.
3. In the third phase (EU-OSHA, 2017a,b), the focus was on the 'Policies, strategies, instruments and tools' used by intermediaries, authorities and OSH institutions to support good OSH practices in MSEs. A comparative analysis of 44 good practices from 12 countries representing different regulatory contexts, systems and approaches to OSH in MSEs was carried out. These practices highlight the variety of strategies, instruments and tools that can effectively improve OSH in MSEs, as well as the wide-ranging potential for impact and learning across borders. In addition, in dialogue workshops and interviews with intermediaries, including employers' representatives, workers' representatives, regulators and OSH advisors, approaches to OSH in MSEs were discussed, and barriers and enablers were identified in order to better understand mechanisms of regulation and governance of OSH in MSEs.
4. While the first three phases of the SESAME project resulted in stand-alone reports, the fourth phase, 'Final analysis', integrates their key findings and presents the overarching conclusions

from the project as a whole. The report describes what has been learned about the nature and context of OSH problems, experiences and practices in MSEs, and the factors that determine them. Taking account of the comparative analyses across the EU countries involved in the study, the concluding policy pointers: identify conditions for improving the effectiveness of regulation and policy programmes; formulate design recommendations for tools and instruments; and suggest possible roles for different stakeholders and intermediaries.

In addition to its systematic EU-comparative dimension, the SESAME project took two further conceptual and analytical perspectives, which distinguished it from much of the previous research on OSH in MSEs. First, the project considered the socio-economic and regulatory environments in which MSEs are situated, with a view to providing a contextualised understanding of OSH in these enterprises. Second, from the outset of the project, it was argued that the perspectives of workers are often missing from much mainstream OSH literature, which primarily addresses the experiences and needs of the owner-managers of MSEs. The project, therefore, also considered the views and experiences of workers in MSEs.

In this executive summary, the key research outcomes of this comprehensive research project are summarised, starting with the socio-economic environments and regulatory contexts in which MSEs are embedded and in which they develop their survival strategies. This is vital to contextualise the complex and diverse realities of MSE owner-managers and workers and to understand their daily experiences and practices related to OSH. This knowledge is in turn essential to carrying out an in-depth and informed assessment of what works, for whom and in what circumstances. Based on this assessment perspectives and recommendations are formulated on how OSH can be improved for workers in these companies.

Low road strategies in a context of fissured employment relations and deregulation

The main approach for this study is rooted in an acknowledgement of a changed socio-economic environment and general deregulatory (or re-regulatory) economic contexts for OSH in many EU Member States, where a large group of these firms are not reached and the new and fundamental challenges these represent to the transfer of sustainable strategies for improvements of OSH, especially for the workers in hard-to-reach MSEs.

Micro and small enterprises account for nearly 99 % of enterprises in the EU and employ nearly 50 % of EU workers. While their importance in economic and employment terms is widely recognised, the analysis set out in this summary shows that a range of socio-economic developments has resulted in a growing structural vulnerability, forcing a large proportion of MSEs to take a low road organisational and business strategy in order to survive. One key trend is the lengthening of global value chains, where MSEs are prone to be situated in dependent and less powerful positions than their larger counterparts and to experience the consequent shift of risks and costs from larger operations on to their own. The related pressure on working conditions contributes to the growth of precarious work and a more vulnerable workforce in terms of unsecure contracts, loss of wage benefits, unpaid overtime and OSH risks. The increasing complexity of organisational interdependencies further implies a growing disconnection between the employment contract, employment regulation and managerial control, captured under the term of fissured employment relations. As a result of these developments, MSEs face a general lack of resources for OSH prevention and adequate OSH management, and the workers employed in these firms are likely to experience poorer working conditions, lower job quality and proportionally greater risks to their health, safety and well-being.

These trends pose new and fundamental challenges for regulators, in particular to reach the companies in the most vulnerable positions in the economy. The institutional differences between the structure, organisational operation and legal contexts of labour inspectorates in different countries are significant. Nevertheless, despite a general decline in resources for inspection in many Member States, as well as a political context that favours a lifting of the so-called regulatory burden on businesses, new initiatives have been deployed to improve their influence over MSEs, often in collaboration with the social partners or other stakeholders.

Understanding OSH workplace practices from the perspectives of owner-managers and workers

Case studies carried out in 162 MSEs operating in several sectors in nine EU countries provide a rich account of the practices and experiences of both owner-managers and workers. These data provide clear insights into both the complexity and heterogeneity of MSEs and their shared characteristics. The separate focus on the standpoints of workers, as well as of owner-managers, contributed to a better understanding of the complex mechanisms that explain why employers and workers often appear to share perceptions of OSH risks and the way these should be addressed. This is of particular importance in relation to both the smallest firms and those MSEs that are forced into low road business strategies.

Resource scarcity is a common feature of MSEs; it has many dimensions and affects both owner-managers and workers. Its extent is often dependent on the decisions on how production and service delivery are organised that are taken by more powerful actors in the wider economies and business relations in which MSEs are involved. For owner-managers in MSEs, however, it comprises a lack of managerial resources; a low level of general managerial knowledge; scarce access to financial resources; vulnerability in relation to their larger and stronger customers and suppliers; and limited technological resources. With respect specifically to OSH, it boils down to low levels of understanding concerning OSH requirements; limited time and attention paid to them; a lack of attention to learning how to improve arrangements; and a failure to regard such improvements as potentially efficient and cost effective. But workers in MSEs also have poor resources, matching those of their employers, which hinder risk control and impact on their own safety and health. For many these include more precarious labour market positions and employment contracts; comparatively lower education and skills; and, of course, poorer formal voice and representation structures and opportunities.

The importance of this matched resource scarcity is also apparent in a second common feature of MSEs: the shared assessment by workers and owner-managers of risks and preventive measures, making them prone to neglect even high accident risks, as they do not have the personal experience of accidents, and also less obvious risks, including psychosocial risks. In addition, they share a tendency to overestimate their knowledge and level of control of OSH risks. This shared assessment has multiple causes, including the spatial and social proximity and the informality that characterise these workplaces. The fact that owner-managers and workers often work side by side may open up possibilities for workers to be socialised into sharing the company perspective concerning OSH and other matters. This in turn leads to jointly held notions that reliance can be placed on 'common sense' as a way of dealing with risk. However, as the analysis presented here shows, this is likely to result in either underestimation of, or failure to identify, risks and means of effectively managing them. In addition, of course, it acts to shift the burden of responsibility for doing something to address workplace risk from the employer, who is legally responsible for this, to employees, who have to work with these risks. All of this occurs without any significant alteration in the balance of power between workers and their employers, leaving workers, who may already be in precarious employment relationships, with a sense of responsibility for their own safety at work but without the means to protect themselves effectively. Informality further results in an ad hoc approach dominating the organisation of work and arrangements for OSH, while current regulatory approaches to the latter arguably require a basic level of formalisation. Informality may also imply that formalisation of the relations between owner-managers and workers is deemed unnecessary (and even counter-productive), despite the understanding from much previous research that formal arrangements to represent workers on OSH are important in supporting more systematic OSH management. The findings presented in this summary suggest that approaches to informal or formal workers' participation need to acknowledge these specificities in MSEs, both in the forms of participation advocated and in their content.

A third key feature impacting on OSH performance in MSEs is related to the lower institutional pressure under which these firms generally operate. This is the result of their lower visibility to, and level of contact with, regulatory enforcement; their lower vulnerability to public media attention; and their generally more limited governance contacts. Because coercive institutional pressure typically provides the point of departure for addressing OSH issues in MSEs, and also forms the basis for much of the action of the intermediaries working with them, the role of regulatory enforcement is fundamental, as discussed further below.

A final common element demonstrated in this summary is the importance of understanding the specific 'identity' of the owner-manager in (especially the smaller) MSEs. An owner-manager is simultaneously an entrepreneur, craftsman and family person. They identify themselves as a decent person taking care of their workers and also demonstrating this to their stakeholders. This strong identity may even act as one of the reasons for resistance to traditional risk assessment, as listing risks can be seen as an indirect criticism implying negligence of their employer responsibility.

Drivers and barriers in regulation and governance of OSH in MSEs

Throughout the different research phases, the aim was to identify and analyse the drivers and barriers for an effective OSH strategy in relation to MSEs, the difficulties of reaching these firms and the specific institutional and regulatory contexts in which they are embedded. To this end, a broad definition of regulation was adopted, including not only instruments and processes of public regulation, but also public-private regulatory mixes, supply chain regulation and new forms of work and employment processes, as well as the roles of various actors such as government and regulatory inspection, advisory services, social partners, collective agreements, insurance organisations and so on.

A first conclusion of this analysis is that, whatever regulatory mix is implemented, a well-developed and credible regime of public regulation is the essential foundation on which all other actors and processes build. The need to strengthen and sustain state systems for regulation and inspection in all Member States, ensuring the enforcement of regulatory requirements on OSH in all workplaces, is one of the key recommendations of this study. This recommendation is all the more important because there is reason for concern that this public regulatory foundation is at risk as a result of the decline in available resources and a general trend of deregulation.

The analysis of current policy and regulatory contexts presented here identifies some important and positive trends and developments that impact on the extent to which OSH can be effectively improved in MSEs. At the EU level, the importance of recent initiatives and statements that may support the specific structures of vulnerability of MSEs and their related poor OSH performance is highlighted. However, attention is also drawn to policy developments that are contradictory and difficult to reconcile with this explicit awareness of the situation in MSEs, such as the overall economic orthodoxy and deregulatory trend, and the decline of resources in regulatory inspection of MSEs in all Member States. Hence, MSEs generally still get low priority in terms of inspection and support.

Despite this observation on the somewhat ambiguous and even contradictory role of public regulation, the findings point to the important contributions of a variety of institutional actors to improving OSH in MSEs through the application of a host of programmes, interventions, advice, guidance and practical tools. In the third phase of the SESAME project, 44 examples of good practices were critically reviewed, and the specific contexts and conditions under which they were able to contribute to the improvement of OSH in MSEs were assessed. This identified a number of factors that contribute to the success of such initiatives, including their specificity, ease of use, access and availability to MSEs. However, their success, in terms of impact, transfer and sustainability, is strongly related to the ways in which such initiatives and interventions are framed by regulation and the regulatory enforcement strategies of national authorities. In this respect, the findings strongly emphasise the importance of the regulatory context of initiatives to support OSH in MSEs, especially in relation to their coordination or orchestration, sustainability and transfer, if effective and widespread impact is to be achieved.

Typologies and design recommendations to effectively improve OSH in MSEs

From an analysis of the nature and contexts of the problems of OSH in MSEs, several typologies were identified, which provide a basis from which to assess why strategies and instruments for supporting OSH in MSEs can be expected to work, as well as for whom and in what circumstances. While the heterogeneous experience of safety and health at work in MSEs is acknowledged, the aim of constructing typologies was to better reflect some elements of commonality within them that have implications for the design of programmes, actions and instruments with which to intervene effectively

in improving OSH in these firms. The typologies were constructed around four criteria: (1) national characteristics, (2) the business practices of the owner-managers of MSEs, (3) company size and (4) the sector in which MSEs operate.

This approach made it possible to classify MSEs, for example according to their business practices and reactions to OSH regulation and other forms of support. On that basis, 'avoiders,' 'reactors' and 'learners' were identified as distinct groups that differ substantially in terms of risk approach, OSH knowledge and relations to different OSH actors and regulators. All of this, of course, has implications for the tailored design of actions and strategies of support. It was found that many of the good practices identified in relation to OSH interventions succeeded in reaching out to MSEs that had a reactive approach (that is, reactors). This type of MSE rarely initiates preventive actions of its own accord and is unlikely to search for information or support; instead it is dependent on intermediaries, customers or peers suggesting actions. However, it was observed that avoiders can take an interest in improving their work environment, in particular if the timing of the intervention is right and the service or improvement is made attractive to them, such as when it is free of charge or where OSH improvements can be associated with improvements in productivity. More generic important aspects in terms of design criteria were also identified, such as dialogue-orientated approaches and working with trusted intermediaries and peers.

All three types of MSEs also react differently to institutional pressure. Here it was again confirmed that coercive mechanisms, which may come in the form of regulatory inspections or OSH requirements from customers in the supply chain, are especially important for the lowest OSH-performing enterprises (the avoiders). However, coordinated or orchestrated approaches, combining coercive pressure with normative pressure and so-called mimetic mechanisms (by peers) and practical, easy-to-transfer examples, are also important for MSEs in the longer term.

The research confirmed that sector specificities and physical and organisational characteristics are an important influence on both the OSH risks prevailing in a sector and the way in which such risks are managed. The key point here is that sector tailoring is much more important for MSEs than for larger firms because the latter will often have dedicated OSH staff who can translate general OSH regulations and information into the specific requirements of the firm, whereas MSEs are dependent on intermediaries to do so. Hence, it is necessary to use terminology and language appropriate to a particular sector, and quite often a particular subsector, for owner-managers and their workers to make sense of OSH support.

Critical discussion of policy options

The last part of this final analysis seeks to answer some fundamental questions for policy, concerning what works and what does not and under what circumstances, in relation to improving OSH outcomes in MSEs. It involves a discussion of the implications of the foregoing analysis for policy options that takes account of issues such as forms of governance and regulation, enforcement, advisory services, information and education, financial support, social dialogue, collective agreements/social partners and so on. The conclusions are as follows:

- From an analysis of policies and programmes practices were identified that seem to be particularly apt to respond to the recent socio-economic developments and the specific position MSEs occupy economically. These include strategies to exploit the relations identified within supply chains to benefit the support of arrangements for OSH in MSEs situated in their lower tiers as suppliers of services or goods, such as supplier certification, systems of joint liability, public procurement regulations, regulations to limit the number of subcontracting tiers and systems of embargo of non-compliant organisations.
- Institutional support for the drivers of good practice on arrangements for OSH in MSEs requires the engagement of constellations of regulatory actors present in the social and economic environment occupied by MSEs, rather than the initiatives of single actors. Regulatory inspectors, trade union representatives, professional practitioners, representatives of a trade, social insurance or sector-level organisation, the agents of both public and private regulation, and other actors can have a much stronger impact by a coordinated orchestration of their activities. This task is often initiated by the regulator.

- A strengthened emphasis on the regulatory inspection of MSEs is important not only to secure the enforcement of existing regulation and introduce improvement in the workplaces that are inspected, but also to help institutionalise required OSH standards, so that other private/public OSH actors have enforced regulation as a platform for their own activities.
- Successful intervention policies emphasise direct and personalised contact with MSEs, whether through labour inspections or other forms of inspection by public authorities addressing issues such as food safety or tax, or through engagement with the representatives of intermediaries from unions, trade organisations, insurance bodies or preventive services.
- Owner-managers and workers in MSEs favour easily applicable and transferable solutions, and can better implement sector-adapted solutions than approaches aimed at MSEs generically. Discussing businesses' and workers' needs in MSEs at the sector level, for example via tripartite institutions, may be a way to achieve this.
- Better integration of OSH into the sector-specific education system and labour market education is one way to increase knowledge and awareness.
- Programmes that are free of charge to MSEs have a broader reach and uptake. It is therefore vital to consider how to fund policies and secure stable and sustainable funding. In some countries, contributions-based insurance programmes are a means to achieve this.
- Stakeholders' acceptance of policies is an important aspect of the institutionalisation and efficiency of OSH standards. The involvement of trade unions and employers' organisations in the development of policies that can reach out to MSEs gives those policies a better chance of being widely accepted in society and thereby also within MSEs.
- Making the outcome of collective bargaining and tripartite regulation generally applicable or giving a legal status to collective bargaining are strong mechanisms to overcome underrepresentation of MSEs in social dialogue structures.
- The lengthening of value chains implies a growing need to reach further upwards in the value chain in order to engage with the actors and processes that contribute to fissured employment relations that occur at workplace levels. Effective representation of workers' interests in OSH may be beyond the capacities of institutions of representation situated at workplace levels in smaller firms, especially in lower tiers of supply chains, but it may not be beyond the capacity of representation at higher levels or at the sector level.

As a final conclusion, the importance is emphasised of the explicit acknowledgement in several EU initiatives and statements of an OSH policy that specifically targets MSEs and a recognition that it is important to also address the new trends in work (as defined earlier), even if the methods of effective implementation and monitoring of progress may remain unclear to date (see, for example, the Social Pillar, the EU Strategic Framework 2014-2020 and the EC Communications on the Social Pillar and safer and healthier work for all). It is acknowledged that the Senior Labour Inspectors' Committee (SLIC) provides a forum for the exchange of information and strategies on labour inspection in the EU and is actively engaged in doing this, with the challenges of securing improved OSH in MSEs high on its agenda. However, at present levels of investment both in SLIC and in the regulatory and enforcement capacities in many EU Member States, it is hard to see how regulators at the national level will be able to effectively implement the demands made of them in recent EU policies. Therefore, the further conclusion, which seems inescapable, is that in many Member States more resources need to be devoted to these challenges, as well as to support concerted actions at the EU level. It should be borne in mind that the size of investment is likely to be comparatively small. It is in fact dwarfed by the cost to productivity and the public purse resulting from current levels of preventable harm to workers in MSEs across the EU as a whole. Therefore, such investment would serve to reduce the present pattern of inequality in the distribution of workplace risk by enterprise size, while achieving savings to the economy through supporting more effective preventive strategies to manage OSH risks, regardless of enterprise size.

The European Agency for Safety and Health at Work (EU-OSHA) contributes to making Europe a safer, healthier and more productive place to work. The Agency researches, develops, and distributes reliable, balanced, and impartial safety and health information and organises pan-European awareness raising campaigns. Set up by the European Union in 1994 and based in Bilbao, Spain, the Agency brings together representatives from the European Commission, Member State governments, employers' and workers' organisations, as well as leading experts in each of the EU Member States and beyond.

European Agency for Safety and Health at Work

Santiago de Compostela 12, 5th floor
48003 Bilbao, Spain
Tel. +34 944358400
Fax +34 944358401
E-mail: information@osha.europa.eu

<http://osha.europa.eu>



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