

## Seminar: ‘Micro and small enterprises in Europe: How can we make sure they are safe, healthy and productive places to work?’

28 June 2016, Brussels

In 2014, the European Agency for Safety and Health at Work (EU-OSHA) launched a 3-year project to help improve occupational safety and health (OSH) outcomes for all micro and small enterprises (MSEs) across Europe. The project was commissioned to the group of researchers that make up the ‘SESAME’ (Safe Small and Micro Enterprises) consortium. The overall aims of this project are to provide support for evidence-based policy recommendations and to identify key success factors in terms of policies, strategies and practical solutions to improve OSH in MSEs in Europe, facilitating development of new or existing practical tools.

This first phase of the project, which produced a report on the ‘Contexts and arrangements for occupational safety and health (OSH) in micro and small enterprises (MSEs) in the EU’, available at: <https://osha.europa.eu/en/tools-and-publications/publications/contexts-and-arrangements-occupational-safety-and-health-micro/view>, reviewed up-to-date knowledge on OSH in MSEs, in order to identify what is currently known and what the knowledge gaps are, including the degree of existing OSH arrangements and outcomes, as well as contextual issues such as the regulatory environment and available support.

The seminar was intended to raise awareness of the work conducted in this first phase of the project, as well as to obtain feedback from a range of key informants and interest groups. The first part of the seminar consisted of opening statements from **Christa Sedlatschek**, Director of EU-OSHA, and **Stefan Olsson**, a Director of the Directorate-General for Employment, Social Affairs & Inclusion of the European Commission (DG Employment). This was followed by a presentation of the first findings of the SESAME project by the research team. Finally, a panel discussion with representatives of European social partners, the Commission, national labour inspectorate and the research team took place, with the opportunity for the audience to ask questions.

The seminar was moderated by **William Cockburn**, Head of the Prevention and Research Unit of EU-OSHA.

The seminar was covered live on Twitter with the hashtag ‘#healthyMSEs’.

### Opening statements



The seminar was opened by **Dr Sedlatschek** who reminded the audience of the importance of the project not only for the Agency, but also for the work of the European Commission and for Europe in general. She outlined the context in which MSEs operate, with them representing a significant source of economic growth, employment and social inclusion, employing half of all European workers. She recalled the need to integrate the well-being of workers and the sustainability of these companies in the European agenda, and the need to focus on the improvement of working conditions in MSEs.

In addition, she presented the aims and objectives of the SESAME project, which are:

- 1) to provide evidence-based support for policy recommendations;
- 2) to identify good examples, in terms of strategies and interventions, facilitating the further development of practical tools (such as the Online Interactive Risk Assessment (OiRA));
- 3) to identify determinants for OSH in MSEs, which operate in the dynamic world of work and the economy.
- 4) She concluded by outlining the contribution of SESAME to EU discussions on future OSH, and how this will help to provide a solid research base for future policy decisions.



**Mr Olsson**, Director of Employment and Social Legislation, Social Dialogue (DG Employment), began by making a statement about the European Pillar of Social Rights. This initiative was launched by President Juncker and aims to identify a number of essential principles common to EU Member States, focusing on their needs and challenges in the fields of employment and social policies. It comprises a broad consultation, which began in March 2016, on social principles, the *acquis* and processes that take place at EU level, but also at national and regional levels.

The Commission prepared a blueprint of what such a pillar could look like, with 20 sections covering various areas of social rights, including safety and health at work. A key element in this assessment, relevant to OSH, relates to available data. Currently, there are insufficient data to support or reject assumptions made in relation to OSH regulation and its impact. It is, therefore, difficult for stakeholders to make evidence-based decisions.

Mr Olsson also highlighted the fact that MSEs cannot be regarded as a homogeneous group. Rather, their heterogeneity and complexity should be acknowledged in order to address different impacts and strategies, and especially different needs. The question is how, at both European and national levels, social partners and other stakeholders can help MSEs to deal with issues such as psychosocial risks, musculoskeletal disorders, etc., which also fall under risk assessment regulation. He concluded by outlining the next pressing key challenge, which is to find a balance between legislation, support and understanding the business needs of MSEs.

## ‘Healthy and productive MSEs’: understanding challenges, looking for solutions (SESAME project)

**Professor David Walters** (Cardiff University) presented the first findings of the SESAME project. He introduced his lecture by providing a brief profile of MSEs in the EU. He underlined their massive presence and the growth of the number of MSEs in the last decade, but, at the same time, pointed out their proportionally lower contribution to value added, labour productivity, innovation, etc., and the weak level of unionisation in MSEs.



**Dr Jan Vang** (Aalborg University) stressed the distinction between opportunity-driven entrepreneurship, that is, companies taking advantage of business opportunities with access to resources, and necessity-driven entrepreneurship, that is, for instance, companies founded by entrepreneurs that are excluded from the labour market and need support. The proportion of necessity-driven companies varies from country to country, from about 10 % of MSEs in Sweden to approximately 40 % in Croatia. He continued by outlining some of the policy contexts in which MSEs are embedded, and commented on the implications of a shift

from a demand-side to a supply-side focus in economic policies, and the liberalisation of restrictions to enhance growth, diversity and entrepreneurial capacities.



After his introduction, **Professor Walters** discussed the outcomes for OSH, and stressed that reported data are generally limited to the formal economy, and, also, that OSH outcomes are generally accepted as being under-reported in the case of MSEs. Moreover, he said that it was well known that many MSEs form part of the so-called undeclared economy, and that the boundaries between the experience of the precariousness of work in these settings and in a substantial number of MSEs in the formal economy are often blurred, with poor data for both. He concluded that, although evidence is far from complete, a comparison of available data is sufficient to indicate that OSH performance is relatively poor among MSEs.

One of the obvious reasons for the poorer OSH outcomes in MSEs than in larger enterprises is the often weak arrangements for OSH in MSEs. Professor Walters illustrated this by using secondary analyses of the European Survey of Enterprises on New and Emerging Risks (ESENER-2) dataset. These analyses showed, for example, that fewer MSEs report the use of OSH services (e.g. occupational health medicine, safety engineering, ergonomic advice, etc.) than their larger counterparts. The same was apparent with regard to the use of OSH information (from employers' organisations, trade unions, labour inspectorates, etc.): use of such information was reported to be lower among MSEs than among medium-sized and large companies. ESENER-2 data also show that micro enterprises are much less likely than others to carry out risk assessments. The data analyses, therefore, systematically demonstrate that preventive arrangements are far less evident in MSEs than in larger workplaces.

It was also highlighted that, although the general trends among countries are consistent, there are, at the same time, significant national differences in these findings. Given the strong association between indicators of OSH management and the way 'things are done' in larger organisations, Professor Walters questioned whether or not such indicators were entirely appropriate for measuring the extent of arrangements for OSH in MSEs, and pointed out that the qualitative literature confirms that MSEs are managed differently from larger organisations and are, in addition, a heterogeneous group. He suggested that perhaps looking only at the compliance of MSEs with a specific OSH management approach in itself paints a somewhat incomplete picture of arrangements for OSH in MSEs, and that this should be borne in mind when drawing conclusions from such data.

Professor Walters offered some reflections on the research literature on the regulation and the compliance of MSEs. He emphasised that the 'general and multifaceted lack of resources' determines poor OSH in MSEs and the finding that conventional regulatory approaches to OSH may not be entirely appropriate or effective for MSEs. Although there are indications of an emergent set of regulatory/compliance strategies, which have the potential to address the challenges faced by MSEs, so far, there is little evidence for their success.

With regard to strategies and tools to support better OSH arrangements in MSEs, although some reliable descriptive findings concerning interventions exist, contextual determinants of the effectiveness of these and other interventions are rarely studied. Knowledge of the sustainability or transferability of interventions is, therefore, also quite limited. Furthermore, most research on OSH focuses on the situation of owner-managers, with limited consideration of the experience of workers and what determines this experience. The influence of the regulatory and economic contexts in which all this takes place are also rarely included in evaluations of the effectiveness of interventions.

Finally, Professor Walters indicated that little attempt has been made to evaluate or analyse national or EU policies in relation to OSH in MSEs. He outlined the need for a more informed comparative empirical analysis, and a more integrated overview of past and present research on OSH in MSEs, in order to match policy analysis with macro-level quantitative data analysis and micro-level qualitative analysis. He indicated that the report presented at the seminar represents the first step in this direction, and that the SESAME project would continue to build on this.

Therefore, to conclude his presentation, Professor Walters briefly outlined the next steps of the SESAME project. These will include an exploration of 'the view from the workplace', which will involve the collection and analysis of data on owner-managers' and workers' experiences of OSH from 160 cases of MSEs in nine different countries, and an investigation of the effectiveness, sustainability and transferability of a range of strategies and tools to support OSH in MSEs.

## Towards efficient policies and good practices: panel discussion

### Presentations by the panel participants

**Francisco Jesús Alvarez**, from DG Employment, recalled that MSEs are a focus of attention for the European Commission, not only because of their economic value, but also because of their social importance, including in relation to OSH. Political interest with regard to OSH is growing, not only in the frame of the Social Pillar, but also in relation to the implementation of the EU Strategic Framework on OSH for the period 2014-2020, available at: <http://ec.europa.eu/social/main.jsp?catId=151> in which there are significant references to MSEs. The need to facilitate compliance for MSEs, including the provision of financial and practical support for the implementation of practical tools, is one of the seven strategic objectives of this OSH Strategic Framework. Europe provides funding for the development of tools aimed at MSEs, such as OIRA, a web platform that provides sectoral risk assessment tools.

Finally, Mr Alvarez mentioned that, in addition to DG Employment, the Directorate-General for Internal Market, Industry, Entrepreneurship & SMEs of the European Commission (DG Grow) is also following this project through the Enterprise Europe Network (EEN), a European initiative that aims to provide innovation and business support to small and medium-sized firms.

**Mats Ryderheim**, from the Swedish Work Environment Authority and a member of the SLIC Enforcement Working Group, reminded the audience that taking care of OSH should be the core business of owner-managers. This is also a request made by many clients. He emphasised the importance of the social partners and their collaboration with regard to OSH. He also recognised the limited resources of labour inspectorates, which prevents them from visiting all companies, and forces them to make decisions about which sectors and companies to visit. Finally, he stressed the importance of focusing not only on physical, chemical and biological risks, but also on emerging risks, such as psychosocial risks and musculoskeletal disorders. A guide for labour inspectors on fostering occupational safety and health culture in small businesses published by the European Commission and SLIC in 2015 was also mentioned.



**Liliane Volozinskis**, from the European Association of Craft, Small and Medium-sized Enterprises (UEAPME), emphasised the high proportion of MSEs in Europe and their importance not only economically, but also in terms of the role they play in social cohesion. MSEs are often well established at the local level and employ local people. She emphasised her appreciation of the SESAME project's focus on MSEs, since a consideration of aspects specific to these companies is often missing from European debate.

She pointed out that it is important to ‘think small first’ and to have an understanding of MSEs in order to improve legislation and support. A number of actions and considerations to be taken in this regard were given:

- support from business organisations, social partners, labour inspectorates and insurance companies;
- more tools dedicated to MSEs;
- a simplification of the legislation;
- an emphasis on the key role of intermediary bodies;
- resources dedicated to OSH and the sharing of successful practices at local level;
- awareness raising, starting at school in the education system;
- a shared commitment from employers and workers;
- a sector-specific approach.

**Esther Lynch**, from the European Trade Union Confederation, emphasised the enormous diversity among MSEs in terms not only of size and sector, but also of business models. As an illustration, she described the model of ‘pop-up restaurants’ in the catering sector; it is predominantly young people that start such enterprises, but these young people are largely ‘invisible’ as regards regulatory, monitoring and support structures. This raises the crucial issue of a lack of infrastructure in terms of social security and adequate insurance for such ‘invisible’ workers.

## Panel discussion

**Igor Antauer**, Secretary General of the Association of Employers in Craft and Small Business of Slovenia, repeated the importance of risk awareness. He reiterated that MSEs are a ‘different species’ from large companies, and that things should be simplified. He also pointed out that raising awareness must start with the education system. He mentioned that OiRA is a great tool, but suggested that managers do not have the time to use it themselves. Rather, they tend to pay someone to use it for them, but then, often, do not make use of the results.



**Jesús Alvarez** agreed that implementation at the national level is sometimes unnecessarily complex, and that everyone is aware of the need to simplify and reduce unnecessary regulatory burdens for companies. The European Commission made this a priority. **Ms Volozinskis** stressed that it is best to avoid exemptions, because MSEs want to remain in the labour market, and contractors ask them to follow the rules. She pleaded for simplification, but not for exemptions. Finally, **Ms Lynch** argued that regulation has to be ‘smart’. Member States should embed OSH requirements within a business.

**Károly Gyorgy**, International Secretary of the National Confederation of Hungarian Trade Unions, underlined the responsibility of authorities, especially with regard to prevention. He agreed with the suggestion of integrating basic OSH education into school programmes. He argued for more support for the European Safety Federation for OSH. **Mr Ryderheim** emphasised that labour inspectorates cannot manage alone and encouraged a collaboration with trade unions.

In reaction to the first part of the discussion, **Professor Walters** stressed the importance of a holistic approach to developing better prevention in MSEs. He agreed that awareness of OSH among owner-managers and workers in MSEs is limited, and that better education related to risk awareness is important, but suggested that it might be a long time before the effects of greater attention to education would be seen in practice. Furthermore, although he acknowledged that the regulatory responsibilities of owner-managers in MSEs must be clear and understandable, he pointed out that the notion of a ‘regulatory burden’ was frequently contested in the research literature. He observed that there was, in fact, very little evidence to suggest that a simplification or reduction of regulation would provide a solution.

From the evidence emerging from the MSE cases being studied in the SESAME project, Professor Walters noted that drivers of good practice are not necessarily the same in all companies, and suggested that it is, therefore, necessary to determine what these drivers are, how they might be applied and in which contexts they will operate most effectively in order to improve OSH arrangements and their outcomes. The literature suggests that MSEs generally exist within a nexus of influences, including both public and private regulation, and the better performers among them often draw their licence to operate from compliance with elements of this nexus. We need to better understand what is most important for determining such compliance and be a lot 'smarter' with regard to ensuring the wide uptake of such influences. Professor Walters also stressed that strategies to improve compliance and prevention in MSEs occur against a background of the growing outsourcing of risks. It was pointed out that, again, there is a need to explore the effectiveness of 'smarter' combinations of public and private regulation in which, for example, leverage within the business relations in supply chains could be used to incentivise and influence support for OSH in MSEs in dependent supply chain positions.

**Riccardo Viaggi**, Secretary General of the European Builders Confederation, pointed to new regulations such as on reduction of workers' exposure to crystalline silica that will be difficult for many enterprises to comply with and will lead to greater costs. He referred to examples of 'bad' regulation, related to asbestos removal and exposure to silica dust, that put pressure on costs. Mr Viaggi raised the issue of 'cowboys' that exert downwards pressure on compliant companies by constantly trying to undercut costs and fair competition. He concluded by emphasising the responsibility of clients, who also put pressure on costs.

**Mr Alvarez** replied to the above by stating that smarter and better regulation can be challenging, but recently there have been some good examples of such regulation. Consultation takes into account the interests of MSEs. **Ms Lynch** repeated that workers need more protection, not less. **Mr Ryderheim** referred to the situation in the construction industry, in which the workers of subcontracted companies are still dependent on the contractor's OSH management systems. He emphasised the importance of collective agreements, such as in Sweden, which are complementary to the labour inspectorate.

**Ms Volozinskis** argued that risk assessment is essential for ensuring that the correct measures are taken. She added that the potential for risk should be taken into account and that low-risk companies should have fewer burdens. The specificities of a sector should, therefore, be considered.

**Professor Walters** concluded by confirming that we need smarter solutions which take account of a better understanding of work-related risks in MSEs. Referring to the presentation, he repeated that we must take the heterogeneity of MSEs into account and acknowledge that the huge variation among MSEs makes effective policy-making very challenging. He concluded by highlighting the hope that improved knowledge drawn from research projects, such as SESAME, will help to better address these challenges.

## Closing remarks

Concluding remarks were made by **Dr Sedlatschek**, Director of EU-OSHA, who highlighted some of the points discussed during the seminar.

Firstly, she reiterated the importance of understanding the wider context in which an enterprise operates, such as regional aspects, and the 'think small first' approach, and that not only size, but also the sector and the motivation behind starting the business ('needs' versus 'opportunity'), should be taken into account.

Secondly, Dr Sedlatschek emphasised the importance of further investigating the drivers and pressures to comply with OSH standards, and the fact that these should be embedded in other systems. She gave the example of the OiRA tool, which has been very successful in France where MSEs receive a reduction in their insurance fees if they use a risk assessment tool. It is, therefore, important to determine which drivers work for which MSEs.

Thirdly, she referred to the use of a supply chain approach, and that this should be based on good practices at a regional or sectoral level as, for instance, in Germany, where there is an obligation for subcontractors to comply with standards in order to get a contract.

Finally, she stressed the importance of social dialogue involving trade unions, employers' representatives, governments and associations that represent MSEs. Such organisations should remain on board and also discuss the next steps within this project.

Dr Sedlatschek concluded by pointing out the importance of the next phases of the project, which will explore the challenges for the owners and workers of MSEs through face-to-face interviews and identify good practice examples of policies, strategies and interventions that focus on improving OSH in MSEs.