



## ► Brief

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# When OSH is Good for Business: A Guidance Note on Using Market Systems Development to Advance Occupational Safety and Health among MSMEs

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## Introduction

When construction of the Golden Gate Bridge in San Francisco began in the 1930s, it was expected that one worker would die for every million dollars spent – the rough benchmark used by the industry at that point in time. Use of basic safety procedures and personal protective equipment (PPE) was more the exception than the rule, and workers would regularly end up severely injured or even fall to their death. In this case, however, mindful of the wellbeing of workers under his supervision, the chief engineer took the matter into his own hands and instituted “revolutionary” workplace safety measures. He commissioned the installation of a rope-and-mesh safety net below the bridge, the use of safety lines and hard hats, and even the use of respirators during riveting to avoid workers inhaling lead-tainted fumes. Altogether, these measures preserved the health and lives of numerous workers, including 19, which had entered the “Halfway-to-Hell Club” when their otherwise deadly fall had luckily been broken by the safety net.<sup>1</sup> Moreover, these measures also ultimately turned out to be good business decisions as they resulted in fewer work accident-related delays as well as greater worker morale and efficiency, which significantly increased productivity and sped up construction.<sup>2</sup>



### Box 1. Potential OSH hazards and risk

The five different types of common workplace hazards include:

1. Biological hazards (e.g. harmful bacteria);
2. Chemical hazards (e.g. pesticides; smoke);
3. Physical hazards (e.g. sharp tools; working from heights),
4. Ergonomic hazards (e.g. prolonged sitting; repetitive muscle movement); and
5. Psycho-social hazards (e.g. emotional abuse; stress).

The risk to a worker’s occupational safety and health associated with these different hazards will inevitably vary. Risk is a function of 1) the severity of danger associated with the hazard (i.e. how consequential the occupational injury or disease is for health) and 2) the probability of being adversely exposed to that hazard. Thus, risk reduction will require addressing one or both dimensions.

<sup>1</sup> <https://info.basicsafe.us/safety-management/blog/3-turning-points-in-the-history-of-workplace-safety>

<sup>2</sup> [Golden Gate Safety \(industriallogic.com\)](#); [Construction - Bridge Construction | Golden Gate](#)

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Unfortunately, should you find yourself on a construction site in a developing country such as Zambia, Myanmar or Madagascar, chances are that these types of safety procedures are rare except among the most advanced and “visionary” companies. In fact, recent estimates suggest that the construction sector is ten times more dangerous in developing countries, than in industrialized ones.<sup>3</sup> Moreover, the gap in levels of occupational safety and health (OSH) risk management between developing and developed countries is common in other sectors as well, particularly in high-risk sectors such as agriculture or mining. Overall, today, the greatest costs of poor OSH practices are borne out in the poorest countries, in high-risk sectors and among the poorest and most vulnerable enterprises and workers.<sup>4</sup>

Against this backdrop, with support from the development community, governments, employers’ and workers’ organizations in developing countries have been increasingly developing OSH support services, and compliance and control mechanisms. While this has led to new OSH policies, strategies and programmes, many countries still lack the infrastructures as well as the institutional and human resource capacity to bring significant and sustainable changes,<sup>5</sup> particularly for Micro Small and Medium-sized Enterprises (MSMEs).<sup>6</sup>

To complement policy-focused OSH work, development projects have been trying out new approaches entailing greater involvement of stakeholders and according greater importance to identifying and developing sustainable and scalable “win-win” interventions to address OSH challenges. One such approach is the market systems development (MSD) approach (see Box 2). While the application of MSD to advance OSH is still in its early stages, various projects and initiatives have been trialling it of late. This brief seeks to highlight key lessons learned from the experiences of some of these projects (see Table 1 below) to help development practitioners better understand how MSD can contribute to promoting OSH. It is divided into three different sections:

► **Section 1 – A snapshot of OSH risk in MSMEs:** We first set-out the context by briefly discussing the breadth and nature of challenges associated with

existing work supporting OSH in MSMEs, and how the MSD approach can contribute to addressing these challenges.

- **Section 2 – Project scope identification:** Here, we look at how projects can select sectors to maximize feasibility and potential impact, and how they can subsequently analyse these sectors with a systemic lens to identify intervention opportunities for better OSH.
- **Section 3 – Project strategy and implementation:** In the last section, we look at the strategies and types of interventions that MSD and other private sector development projects have pursued to achieve better OSH.

### Box 2. What is the market systems approach

A market system is made up of a core value chain (i.e. all the different value adding stages that a product or service goes through, from conception to final consumption) and the many ‘supporting functions’ (e.g. skill development services; financial services) and ‘rules’ (e.g. OSH regulations; safety norms) shaping how well that core value chain works for workers involved. A market systems approach, in turn, seeks to identify, address and remove systemic constraints that inhibit the growth of more inclusive markets / value chains. The goal is impact that is both:

**Sustained.** Projects achieve lasting behaviour change in public and private actors by aligning interventions to their incentives and capacity to adopt new ways of working. Impact continues long after interventions end because actors see organisational value in continuing the new way of working; and

**Scaled.** Since systemic constraints that were previously affecting many market actors are removed, change is replicated and mainstreamed across the sector – rather than being confined to just the actors that the project directly works with.

For more info see the policy brief “[A Systemic Approach for Creating More and Better Jobs](#)” (2019) or the [Value Chain Development for Decent Work Guide](#) (2021).

<sup>3</sup> [ILO Estimates Over 1 Million Work-Related Fatalities Each Year](#)

<sup>4</sup> [ILO Estimates Over 1 Million Work-Related Fatalities Each Year](#); Rantanen, J., Lehtinen, S., Valenti, A., & Iavicoli, S. 2017. A global survey on occupational health services in selected international commission on occupational health (ICOH) member countries. *BMC public health*, 17(1), 1-15. [A global survey on occupational health services in selected international commission on occupational health \(ICOH\) member countries | BMC Public Health | Full Text \(biomedcentral.com\)](#)

<sup>5</sup> Rantanen, J., Lehtinen, S., Valenti, A., & Iavicoli, S. 2017. A global survey on occupational health services in selected international commission on occupational health (ICOH) member countries. *BMC public health*, 17(1), 1-15. [A global survey on occupational health services in selected international commission on occupational health \(ICOH\) member countries | BMC Public Health | Full Text \(biomedcentral.com\)](#)

<sup>6</sup> See [Improving Safety and Health in Micro-, Small and Medium-Sized Enterprises: An overview of initiatives and delivery mechanisms \(ilo.org\)](#)

**Table 1.** (N.B. the projects listed here also cover other countries and sectors that are not listed in this table as they were not under the focus of this research – see footnotes under the projects for more information)

Project	Vision Zero Fund (VZF) <sup>7</sup>	Zambia Green Jobs Programme <sup>8</sup>	Sustaining Competitive and Responsible Enterprises (SCORE) Myanmar <sup>9</sup>	Business Innovation Facility (BIF) Myanmar <sup>10</sup>	Market Development Facility (MDF) 2 <sup>11</sup>
Country	Myanmar	Zambia	Myanmar	Myanmar	Pakistan
Sector(s)	Agriculture	Construction	Manufacturing	Garments	Garments
Donor, Implementor	Funded through a Multi-Donor Trust Fund with contributions from BMAS, BMZ, EU (DG INTPA, DG EMP), France, SIDA, NORAD, DFID, USDOL. Implemented by the ILO as part of its “Safety+Health for All” flagship programme	Funded by the Finnish government and implemented by the ILO, UNEP, ITC, UNCTAD and FAO	SECO and Norad funded programme implemented by the ILO	DFID funded programme implemented by PwC and Asper Consulting Ltd.	DFAT funded programme implemented by Palladium and Swisscontact
Approach	Promoting collective action to reduce the exposure of workers to OSH hazards in targeted global supply chains, informed by OSH focused market systems analysis	Advancing better working conditions including OSH through work at the enterprise level, sector level and policy level	Advancing enterprise productivity and job quality including OSH through the development of a local network of fee-based training service providers	Advancing OSH using the MSD approach, supporting enterprise level OSH upgrading, OSH training markets, and working with lead buyers to strengthen incentives for OSH upgrading	Advancing enterprise performance and inclusiveness of employment while using the MSD approach and paying attention to OSH where it can advance these objectives

7 The Vision Zero Fund is also active in many other countries including Ethiopia, Madagascar, Lao PDR, Colombia, Mexico and Honduras; and it works in other high-risk sectors with integration in global supply chains including garments, textiles and construction. For more information on the project, see: <https://vzf.ilo.org/>

8 For more information on the Zambia Green Jobs Programme, see [Zambia: Green Jobs in the building construction sector \(ilo.org\)](#)

9 SCORE is a long-standing ILO training programme that has been active across the globe and is now entering its fourth phase. For more information on the programme, see: [The SCORE Programme \(ENTERPRISES\) \(ilo.org\)](#)

10 For more information on the project, the other locations where it was active and the other sectors it covered, see: [BIF 2: Business Innovation Facility \(Phase 2\) \(beamexchange.org\)](#)

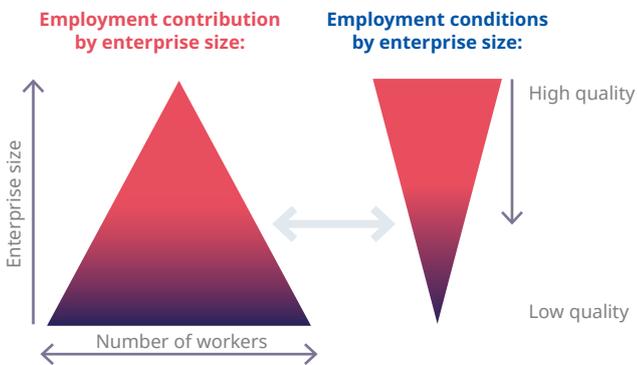
11 MDF is a programme that works in five countries across Asia Pacific and numerous sectors. For more information, see: [Market Development Facility - An Australian Multi-Country Initiative](#)



## 1. A snapshot of OSH risk in MSMEs

MSMEs generally make up the overwhelming majority of enterprises in developing countries and the largest source of employment. On the other hand, these are also typically characterised by weak working conditions, including higher occupational injury and fatality rates.<sup>12</sup> This is notably the case in high-risk sectors (see Box 3), for instance, mining, where accident rates in small-scale operations is routinely six or seven times higher than in larger ones, even in industrialized countries.<sup>13</sup>

**Figure 1** – Employment contribution and working conditions by enterprise size



The determinants of weak OSH in MSMEs, which are especially pronounced in developing countries,<sup>14</sup> in essence, often boil down to four major issues.

**1. MSMEs are often disproportionately constrained by their low financial, human and managerial capacity.** MSMEs notably often have low awareness relative to the importance of OSH; are not familiar

with OSH regulations, information and standards; lack the in-house skills and knowledge to implement OSH measures; lack the financial means to invest in OSH upgrading; and have informal management structures, which complicate the establishment of structured OSH management processes and render OSH upgrading dependent on owner-manager capacity and incentives.

- 2. MSME investment in OSH is often constrained by weak market incentives.** MSMEs often find themselves in situations where their primary concern is their mere survival, which leads many to forego investment in OSH. MSMEs working in global supply chains, especially in lower tiers, often are subject to cost pressures which sometimes results in downward pressures on working conditions and OSH measures, which may be perceived as costs that can be avoided.
- 3. The policy framework of OSH relative to MSMEs is often weak.** OSH-related national policies including standards, strategies and regulations are often scarce and not adapted to MSMEs, as they often focus on larger businesses. Furthermore, governments often lack adequate resources and capacity to monitor and enforce OSH regulatory compliance.
- 4. OSH-related support services are often scarce and not adapted to MSMEs.** MSMEs often do not have access to safer equipment while private sector markets for OSH support services like training and OSH advisory services are often quite nascent and not targeted to MSMEs. Government provided support services sometimes partly fill this gap but scale is generally limited due to constrained resources.

<sup>12</sup> According to ILO research, in Europe, fatal accident rates are nearly double that of larger companies – and it is reasonable to assume that this gap is even higher in developing countries where reliable data is limited (see [Improving Safety and Health in Micro-, Small and Medium-Sized Enterprises: An overview of initiatives and delivery mechanisms \(ilo.org\)](https://www.ilo.org/public/libdoc/iloorg/2014/05/20140501.pdf))

<sup>13</sup> Mining: A hazardous work. LABADMIN/OSH. 2015 [http://www.ilo.org/safework/areasofwork/hazardous-work/WCMS\\_356567/lang--en/index.htm](http://www.ilo.org/safework/areasofwork/hazardous-work/WCMS_356567/lang--en/index.htm)

<sup>14</sup> [Improving Safety and Health in Micro-, Small and Medium-Sized Enterprises: An overview of initiatives and delivery mechanisms \(ilo.org\)](https://www.ilo.org/public/libdoc/iloorg/2014/05/20140501.pdf)

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### Box 3. A snapshot of high-risk sectors in developing countries<sup>15</sup>

**Construction:** In developing countries, fatal work accidents are typically estimated to be between 3 and 6 times more likely in construction than in other sectors<sup>16</sup> and, overall, approximately one in six fatal accidents at work occur on a construction site.<sup>17</sup>

**Mining:** In most countries, mining remains the most hazardous occupation on the planet, accounting for about 8% of fatal accidents for only 1% of the global workforce.<sup>18</sup> Workers are commonly exposed to toxic chemicals and fumes, risk of collapsing tunnels and use of heavy machinery in cramped settings, leading to hearing loss among other occupational diseases.

**Agriculture:** Agriculture remains the largest source of employment worldwide, and growing industrialization (e.g. mechanisation, use of chemical inputs) of the sector is increasing the number and risks of hazards workers are exposed to in addition to the already difficult working conditions most find themselves in.

**Fisheries:** Workers on fishing vessels operate in perilous conditions due to heavy machinery, often heavy catch, nightly working hours and the added risks caused by weather conditions, operating on a moving object and being on the water.

**Forestry:** Workers in developing countries are often ill-equipped to deal with common safety risks - the regular use of sharp tools, working from heights, trees falling, and even fire.

**Furniture and carpentry:** While fatal work accidents in this sector are relatively rare, severe injuries often occur, notably due to everyday use of sharp tools.

Many development agencies have tried to tackle these challenges to OSH among MSMEs. This work has led to improved government capacity, strengthened OSH support services, better OSH standards and private sector accountability mechanisms or enhanced enterprise financial, human and managerial capacity – all of which have achieved better OSH outcomes. However, weak financial sustainability as well as weak technical and institutional sustainability of interventions remain major challenges to sustainability of impact.<sup>19</sup>

So how does MSD fit in the picture? While MSD projects have traditionally focused on job creation and income generation, an increasing number have been paying mind to other job quality aspects, notably OSH.<sup>20</sup> In parallel, ground-breaking global OSH initiatives such as the Vision Zero Fund have sought to leverage MSD methodology, notably its analytical lens, and tailor it specifically to address systemic OSH constraints. Although these efforts are still in early stages, MSD appears to hold significant potential for improving OSH among MSMEs.

Indeed, adopting the MSD approach can help with several imperatives of tackling OSH challenges. Constraints and drivers of OSH improvements within value chains are diverse and complex, and sometimes interlinked. It is thus necessary for projects to adopt a holistic view and to unpack the constraints and incentives of businesses and workers to improve OSH but also of support actors to enable this endeavour. Furthermore, sustainably tackling constraints to better OSH also often warrants combining interventions at the workplace level with work at the market and policy level, which are traditionally all-too-often led in isolation. Lastly, considering that OSH is one of a handful of Decent Work deficits for which there is often a business case, projects may seek to leverage this to reach wide numbers of MSMEs.



<sup>15</sup> To learn more about OSH in the high-risk sectors covered here but also in low-risk sectors, visit <https://www.ilo.org/safework/industries-sectors/lang-en/index.htm>

<sup>16</sup> See also [https://www.ilo.org/safework/areasofwork/hazardous-work/WCMS\\_356576/lang-en/index.htm](https://www.ilo.org/safework/areasofwork/hazardous-work/WCMS_356576/lang-en/index.htm)

<sup>17</sup> ILO. Good practices and challenges in promoting decent work in construction and infrastructure projects, Issues paper for discussion at the Global Dialogue Forum on Good Practices and Challenges in Promoting Decent Work in Construction and Infrastructure Projects, ILO Sectoral Policies Department (Geneva, 2015). [Good Practices and challenges in Promoting Decent Work in Construction and Infrastructure Projects \(ilo.org\)](https://www.ilo.org/public/libdoc/iloorg/2015/05/WCMS_356576/lang-en/index.htm)

<sup>18</sup> ILO. Mining: A hazardous work. LABADMIN/OSH. 2015: see [http://www.ilo.org/safework/areasofwork/hazardous-work/WCMS\\_356567/lang-en/index.htm](http://www.ilo.org/safework/areasofwork/hazardous-work/WCMS_356567/lang-en/index.htm)

<sup>19</sup> [Improving Safety and Health in Micro-, Small and Medium-Sized Enterprises: An overview of initiatives and delivery mechanisms \(ilo.org\)](https://www.ilo.org/public/libdoc/iloorg/2015/05/WCMS_356576/lang-en/index.htm)

<sup>20</sup> As shown in a review of 18 MSD projects (selected from a sample of 100 projects given that had documented changes in job quality), safety at work was found to be among the most regularly addressed aspects of job quality following “income and benefits”. See: ILO (2017), “Market Systems and Job Quality: What Do We Know and What Can We Do About it?”, retrieved from: [https://www.ilo.org/empent/Projects/the-lab/WCMS\\_645377/lang-en/index.htm;long-version.available.at/http://marketshareassociates.com/wp-content/uploads/2017/08/Market-Systems-and-Job-Quality.pdf](https://www.ilo.org/empent/Projects/the-lab/WCMS_645377/lang-en/index.htm;long-version.available.at/http://marketshareassociates.com/wp-content/uploads/2017/08/Market-Systems-and-Job-Quality.pdf)



## 2. Project scope identification

So where can a project start using the MSD approach to address key OSH outcomes? The key is to integrate a systems lens into the upfront analysis of a project. This starts by selecting the right sector to intervene in, analysing that sector to identify and understand the core constraints to better OSH, and identifying intervention opportunities that draw on the analysis to address the root causes to those constraints. Below, we summarize some of the existing guidance on sector selection and market analysis, and provide additional pointers as to how these can be used to better consider OSH for workers in MSMEs.

### 2.1 Selecting sectors / sub-sectors

Sector selection provides projects a key opportunity to identify a high potential sector which gives the project better opportunity for promoting and achieving OSH outcomes from the outset. Here, we can distinguish between two major strategies for sector selection, namely: 1. Selecting sectors where there are high OSH deficits to address these; and 2. Selecting sectors that have low OSH deficits to support economic transformation towards safer sectors (e.g. selecting aquaculture over fisheries in Myanmar, where the latter often harbours horrific working conditions).

In any case, to make sense of these possibilities and ultimately edge closer towards the right decision, a key area to bring both MSD and OSH lenses into the selection process is through the sector selection criteria. While identifying such criteria will depend on the project context and objectives, mainstreaming OSH into the traditional MSD framing criteria – which relate back to “relevance”, “opportunity” and “feasibility” – is an important step.<sup>21</sup> Here projects may choose to consider:

- **Relevance to the target group:** The likelihood of suffering from a fatal or non-fatal occupational accident

or disease, and the severity of such events, are often significantly greater in certain sectors (e.g. construction) than in others (e.g. office work). Thus, for a job quality or specifically OSH focused project seeking maximum impact, selecting a sector where there are high OSH risks affecting many intended target beneficiaries can be crucial. Here, projects should also keep in mind that women and other target groups may face different OSH challenges (see also section 2.2 below).<sup>22</sup>

- **Opportunity for inclusive growth:** Certain sectors have more potential to grow in a way associated with better OSH, for instance, sectors where product quality is important, or that target high-end market segments, and where better working conditions also lead to higher productivity to create a win-win.<sup>23</sup> Also, growth in certain sectors such as construction and agriculture tend to promote firm growth and maturity to larger businesses, which both allows these firms to invest in OSH and exposes them to enforcement. And lastly, as mentioned previously, certain sectors with lower OSH risks may offer potential for inclusion of target group members currently working in high-risk sectors.
- **Feasibility of project intervention:** Projects must also consider whether they can actually do anything about sustainably addressing OSH risks during the project lifetime. For feasibility, the criteria should consider the existence, capacity and incentives of local institutions to provide OSH related support services to target enterprises or implement OSH policy. Similarly, a project should also consider the strength of the business case for improving OSH so it can determine if it can lead private sector development interventions to improve OSH. Although research shows that the business case for better OSH does exist in many contexts, in others this is simply not the case.

<sup>21</sup> For more guidance on traditional VCD sector selection see section 2 of the [VCD guide](#) or [guidelines for value chain selection](#). For more guidance on OSH tailored sector selection criteria (not framed according to the three overarching criteria), see [implementer's guide OSH](#).

<sup>22</sup> See also [Vision Zero Fund approach to gender equality – Vision Zero Fund \(ilo.org\)](#)

<sup>23</sup> Pg. 6. Mueller, B. & Man-Kwun, C. Wage Labour, Agriculture-Based Economies, and Pathways Out of Poverty: Taking Stock of The Evidence. LEO Report #15. April 2015. Prepared for ACDI/VOCA with funding from USAID/E3's Leveraging Economic Opportunities (LEO).



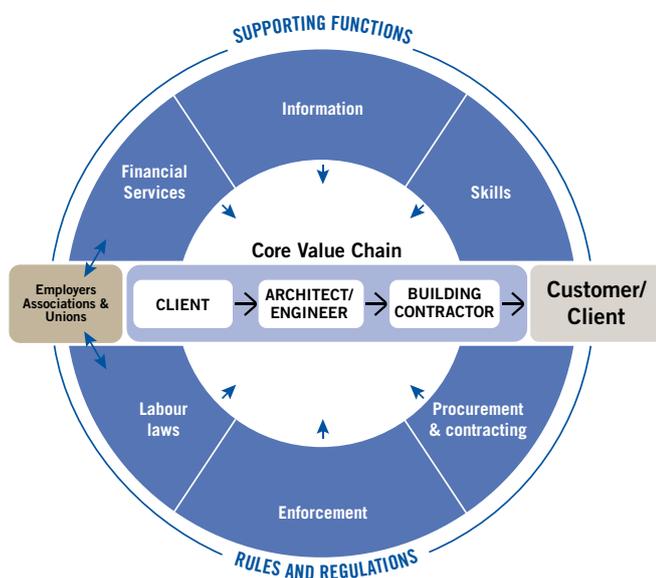
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To kick off the analytical process, projects should initiate an OSH-aware mapping of the focal value chain and the market system surrounding it (see Figure 2). This should enable projects to quickly identify:

- The different stages of the value chain
- The nature and breadth of OSH risks present
- Key supporting functions and rules and regulations
- Key actors in the system and their interplay

**Figure 2:** The building construction market system in Rwanda (source: [Market System Analysis - Rwanda: Laying a foundation for better working conditions \(ilo.org\)](#))



With this information in hand, projects can move onto the nitty gritty of investigating key constraints to better OSH and their root causes as well as identifying potential intervention areas. Below, we look further into this 'value chain analysis' stage following 'value chain mapping'<sup>28</sup>, and some of the key elements to consider along the way.

### OSH risks and their relationship to other Decent Work deficits

A key dimension to consider from the outset of analysis is how OSH is related to other decent work deficits. For example, OSH deficits may lead to loss of income or job loss if an injury or sickness adversely affects working ability (e.g. a hand injury will likely incapacitate a furniture maker) or even outright discourage participation in the sector. Moreover, OSH deficits may be rooted in other DW deficits. Weak social dialogue at the enterprise level, for instance, may limit workers' ability to discuss – or often do anything about – OSH risks they encounter. Informality and instability or seasonality of employment may also prevent

workers from accessing training opportunities relevant to OSH that are otherwise available for formal workers; put these workers outside of the reach of regulatory enforcement mechanisms, which are often set up for formal employees; and hamper efforts to “institutionalize” OSH within an enterprise<sup>29</sup>. As such, better understanding these relationships can help take advantage of potential synergies as well as prioritize OSH risks that can have multi-pronged impacts on Decent Work (see Box 6).

#### Box 6. MDF supporting OSH & Women Economic Empowerment in Pakistan

When MDF was working in the shoe making sector in Pakistan, its primary objective was not OSH itself but rather enterprise development with a particular focus on inclusiveness of women. When it conducted its market analysis, it found that though employers considered women workers more productive, their numbers remained very low given that acquisition and retention of women workers was a major challenge.

In investigating this further, MDF found that social norms around women working outside the home were compounded by norms-based misconceptions around women's safety in and around the workplace. These concerns related mostly to women working the night shift and commuting across town to the workplace, both relating to the possibility of abuse by men. As such, while garment sector jobs were considered good job opportunities by women, these jobs also entailed various perceived gender-specific psycho-social OSH hazards – in and around the workplace – which disincentivised their participation.

Recognizing these constraints, MDF partnered with garment factories to implement gender-sensitive HR training, to set up sex-segregated facilities in factories (e.g. even simply just a women-only bathroom), and to organize shuttles that could transport women safely to and back from the factory. As a result, at a relatively low cost, partner factories saw their number of women workers significantly increase and, accordingly, their productivity per worker increased as well. MDF's lead partner even saw its exports triple and become the first shoe sole exporter in the country.



<sup>28</sup> Given that the value chain mapping process is fairly straightforward and there is ample guidance on this step, this will not be delved into any further.

<sup>29</sup> ILO. 2017. Food and agriculture global value chains: Drivers and constraints for occupational safety and health improvement: Volume One: Perspectives from relevant research areas ([wcms\\_593280.pdf \(ilo.org\)](#))

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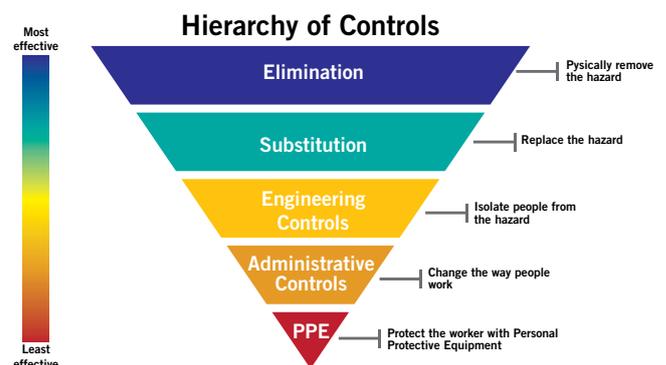
**OSH control measures and constraints to their adoption**

In order to ultimately narrow in on key intervention areas to promote better OSH, projects must first gain an understanding of what control measures exist to address identified OSH hazards and their respective risk reduction potential (see Figure 3). Projects may then proceed to investigating what are the constraints that prevent enterprises from accessing and implementing identified control measures. These ‘enterprise-level’ constraints will typically relate to multiple dimensions such as weak financial, human and managerial capacity to access and implement OSH solutions, low awareness relative to OSH, or weak (perceived) financial incentives to adopt OSH control measures.

Next, projects can narrow in on the ‘systemic constraints’ that underpin observed weak capacity and incentives to adopt OSH control measures (i.e. enterprise-level constraints) among many enterprises. These ‘systemic constraints’ will typically lie in underperforming supporting functions and/or inadequate rules and regulations, which influence the level of supply of targeted OSH upgrading solutions, the incentives for businesses to pursue these and the level of barriers to accessing them (see Table 2 below).

Accordingly, projects focused on improving OSH outcomes generally work both at the workplace level and at the institutional level, with public authorities as well as support service providers and other market actors that can support better OSH (e.g. lead buyers).

**Figure 3:** The Hierarchy of Controls (extracted from ILO. 2018. *Occupational Safety and Health in Global Value Chains Starterkit - Guide for Implementers.*)



Source: NIOSH.

**Table 2.** Common underperforming supporting functions and rules and regulations underpinning weak OSH among MSMEs in developing countries

Supporting functions	Rules and regulations
<p><b>Supply and marketing of safer technologies:</b> Local supply of safer technologies and of PPE is often underdeveloped and adoptee enterprises may even not be aware of their existence and benefits or unable to purchase them due to weak access to finance.</p> <p><b>Information on OSH risks and solutions:</b> Collection and dissemination of evidence relative to OSH risks and solutions is often lacking, leading to weak OSH awareness among enterprises and even hampering targeting and marketing efforts of support service providers.</p> <p><b>OSH training and advisory services:</b> OSH support services like training and advanced OSH advisory services often do not serve MSMEs who need them but cannot afford them. Government provided support services sometimes partly fill this gap but scale is generally limited due to constrained resources and/or appetite, leaving scores of enterprises without access.</p> <p><b>Certification of product and process standards:</b> Certification of product and process standards associated with better OSH that enable entry into higher value markets is often too expensive for MSMEs. Moreover, the payoff of certification is not necessarily clear as access to markets where such standards warrant a premium is often weak.</p>	<p><b>OSH related regulatory frameworks:</b> OSH related regulatory frameworks are often inadequate and generally not adapted to MSMEs while OSH standards and information are typically complex and difficult to comprehend for MSMEs.</p> <p><b>Inspection and enforcement of OSH regulation:</b> OSH inspection is often scattered and infrequent, and penalties are small and rare. Weak labour inspectorates, corruption, and challenges related to covering such as large and sparsely dispersed group of enterprises typically constitute major challenges.</p> <p><b>Safety culture and norms:</b> Few enterprises have strong, proactive safety cultures or any kind of institutional mechanism serving as (dis)incentives for workers that are (un)compliant with OSH measures. In effect, employers and workers often disregard OSH risks<sup>30</sup> and forego OSH solutions, even if readily available (e.g. workers not using helmets at their disposal) and despite recognizing the risks.</p>

30 Zohar, D., & Erev, I. (2007). On the difficulty of promoting workers’ safety behaviour: overcoming the underweighting of routine risks. *International Journal of Risk Assessment and Management*, 7(2), 122-136.



### 3. Project strategy and implementation

Having narrowed the project scope to the right sector and identified key intervention areas, projects ultimately need to translate analysis into an informed strategy and then put strategy into action. Intervention strategies are evidently context specific. Nonetheless, the below looks at how MSD and private sector development projects can support better OSH outcomes through promoting both changes in the market system and the business case for better OSH in MSMEs.

#### 3.1 Working at different levels of the system

A key component of MSD projects is that they typically work at different levels of the market system. Below we look both at some of the strategies that have been used at the level of supporting functions and relative to rules and regulations.

#### Supporting functions

Many SMEs struggle to get reliable OSH technologies and services for two principal reasons: they are too costly or are simply not on offer. Against this backdrop, projects have used different strategies to strengthen the supply of OSH support services and lower barriers to access:

- **Supporting “market entry” of supporting service providers from different sectors and/or different geographical areas, and possibly from within the value chain.** Supporting “market entry” is a common feature of OSH focused projects, notably when it comes to training, as they often work with skills institutions (e.g. TVET institutions) to develop curricula on OSH, which often does not exist or is inadequate. This may also be especially relevant for technology-based OSH solutions, which are often imported, and outside of the financial reach of MSMEs. The EELA project for example worked with metal works manufacturers in Bolivia to create a previously absent local supply of affordable brick

kiln upgrading technologies that had potential to reduce black carbon emissions and thus improve the health of kiln workers.<sup>31</sup> Another example is that of MDF, which supported a 3D printing company in Fiji to manufacture face shields amid a shortage in the supply of masks to the country during the COVID-19 pandemic. Lastly, projects may also promote service provision by value chain actors (e.g. processors or lead buyers) that have a stake in supplier performance and also often have capacity to help these improve.

- **Bundling OSH support services with enterprise development support**

**services that are in higher demand.** To do this, a project can work with training institutions, consultancy firms and networks that offer these more traditional enterprise services focused on productivity (e.g. Kaizen and lean manufacturing consultancies, etc.) and support them to integrate OSH modules into their service offering.

- **Supporting better marketing and sales capacity of fee-based OSH services.** For fee-based OSH support services, a major issue is that the messaging and marketing around the services do not speak to enterprise pain points. To mitigate against this, projects should consider supporting them to improve their marketing and sales capacity, or even selecting partner private sector trainers and service providers who can sell the service and know enterprise incentives for operational change. The ILO SCORE project in Myanmar, which develops networks of trainers to deliver productivity focused training to SMEs (including a module on OSH), selects trainers with both technical ability and sales capability. As a precondition to participating in the training, trainers must first make a sale of their consultancy services.

“One approach is to package it all together; to emphasize that we are going to improve your business and that OSH is a part of that”

Jon Bird, ILO SCORE Myanmar project manager

31 See EELA: [Energy Efficiency in Brick Kilns in Latin America \(beamexchange.org\)](https://www.beamexchange.org) and p.14 of [Brief: Market Systems Development and the Environment \(ilo.org\)](https://ilo.org)

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This work to stimulate the supply of OSH support services can substantially benefit from having a clear business case (see section 3.2 below). Furthermore, in any case, when developing supporting functions, projects should work to develop local, good enough solutions that are within the financial and human capacities of both MSMEs and the support service providers (see Box 8). Work here also requires building in a solid foundation of surrounding services related to OSH support, namely financial support to access OSH training or technology, local marketing of these products and services, or provision of after-sale services such as machinery maintenance or repair.

### Box 7. Key success factors in addressing OSH among MSMEs

While different approaches to promoting OSH are context specific and thus difficult to compare on the same footing, research suggests certain factors are key to project success.<sup>32</sup> The most successful OSH support programmes that target MSMEs are those that promote OSH solutions that are: low cost or preferably free of charge; easy to access; action-oriented; and tailored to the specific needs of these enterprises. Moreover, some of the key attributes of successful approaches to promoting these solutions include:

- Knowing the local context;
- Promoting interventions that make good business sense;
- Link safety to productivity to engage local actors and motivate MSME owners and managers to improve OSH conditions; and
- Using of intermediaries (both tripartite and private actors) / building a network of experts and intermediaries on OSH that can sustain itself.

## Rules and regulations

While most MSD projects typically focus on working with the private sector, there is a clear recognition that addressing challenges in the rules and regulations and working with the public sector can have a significant impact for projects that work on job quality.<sup>33</sup> This is particularly notable for OSH, where one of the most important factors is the strength of OSH related rules and regulations, which strongly influence incentives for OSH upgrading, especially in the absence of a solid business case.

In developed countries, generally, the threat of inspection on OSH regulations is realistic and violations can come with sizeable consequences, making OSH compliance a powerful business incentive. However, in many developing countries, weak inspection, enforcement and safety norms (and even corruption in some cases) often make for weak regulatory incentives such that, in certain cases, only the most blatant violations give rise to sanctions. In effect, most MSMEs simply avoid OSH regulations or respond to these as “minimalists”.<sup>34</sup>

### Box 8. Leveraging grassroots capacities: Developing a sorting table prototype in Southern Shan State's ginger sector

In the agriculture trading warehouses of Aungban, Myanmar, where ginger transits before it is sold in the city's wholesale market, working conditions are harsh. Material handlers and packers, usually men, perform backbreaking work, moving heavy bags of produce by hand through narrow warehouse alleys, while ginger sorters, usually women, operate in poorly lit spaces, squatting on the floor all day, in constant contact with dust and other contaminants. This also presents a business concern as up to 30% of inventory commonly goes to waste due to poor handling and unhygienic conditions.

Recognizing these challenges, the ILO VZF project saw that simple technological upgrades – namely a sorting table and a trolley to transport produce – could potentially deliver vast improvements. Wasting no time, the project hired local engineers to develop prototypes, aiming not for the perfect solution but rather for one that could scale considering it could be made locally, at a low cost and manufacturers would have an extra incentive to improve their product as well as market it to warehouse owners. Next, to secure proof of concept, it rolled these out in a couple warehouses, where the products, especially the sorting table, drew significant interest as it enabled quicker and more hygienic sorting and less strain on workers. As a result, pilot factories not only adopted the sorting table but also indicated they would like to buy more, and adapt these to better fit the specificities of their warehouses.

For projects, addressing weak threat of inspection and enforcement typically involves strengthening capacity of labour inspectorates and supporting OSH policy development, which are essential to improving OSH in the long run but are both typically quite lengthy processes. Another way projects may support stronger regulatory incentives is by **introducing OSH requirements within other regulatory instruments** so that there are other entry points for OSH regulation and control:

- **Including OSH in public procurement.** Working with public authorities to include OSH and other job quality requirements as criteria for awarding public tenders or even simply enabling participation in these and other publicly regulated markets can substantially increase the incentive of interested enterprises to pursue compliance with OSH regulation (see Box 9).
- **Building OSH requirements into strictly monitored and enforced rules.** There are often rules that are in practice more strictly monitored and enforced compared to OSH. Thus, working to build in OSH requirements into these rules presents an additional way to strengthen inspection and enforcement of OSH (see Box 10).

32 [Improving Safety and Health in Micro-, Small and Medium-Sized Enterprises: An overview of initiatives and delivery mechanisms \(ilo.org\)](http://www.ilo.org/publications/eng/counterparties/2017/08/Market-Systems-and-Job-Quality.pdf)

33 ILO. 2017. Market Systems and Job Quality: What Do We Know and What Can We Do About it? [https://www.ilo.org/empent/Projects/the-lab/WCMS\\_645377/lang-en/index.htm](https://www.ilo.org/empent/Projects/the-lab/WCMS_645377/lang-en/index.htm); long-version available at <http://marketshareassociates.com/wp-content/uploads/2017/08/Market-Systems-and-Job-Quality.pdf>

34 [Improving Safety and Health in Micro-, Small and Medium-Sized Enterprises: An overview of initiatives and delivery mechanisms \(ilo.org\)](http://www.ilo.org/publications/eng/counterparties/2017/08/Market-Systems-and-Job-Quality.pdf) p.23

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### Box 9. Leveraging the power of registration and public procurement

In Zambia, in order to bid for public tenders, construction contractors first need to register with the National Construction Council (NCC). As a result, in addition to building the government's inspection capacity, the Zambia Green Jobs Programme also worked extensively with the NCC to increase its awareness of the importance of OSH in the sector and to build its OSH monitoring and training capacity.

### Box 10. Leveraging actionable regulatory frameworks: Integrating OSH in the building code in Rwanda

In 2018, an ILO market systems analysis found that, in practice, most of Rwanda's construction contractors had never been inspected for OSH, and thus, few came close to complying with OSH standards. On the other hand, it also found these same contractors were rigorously inspected for compliance with building regulations and standards on three separate occasions per building contract. So contractors were inspected, but just not for OSH. Realizing that the barriers for working through traditional OSH inspection bodies may be too high, the ILO project that had commissioned the MSA decided to work with the functioning inspection arm on building standards and bring OSH into it. To do this, the project worked to change the Rwanda Building Code – the code for which contractors were inspected and thus worked to comply with – to adopt provisions that would enhance on-site working conditions, principally OSH. After changing the code, the project then worked with the Rwanda Housing Authority to strengthen the inspection process to ensure that the new standards were effectively inspected.

## 3.2 Making the business case for OSH upgrading

Many SMEs view investment into OSH as yielding little benefit to their business. Moreover, while most business owners would like to reduce OSH risks and keep their

workers safe, they are often capital constrained and feel the need to prioritise their limited funds for other business needs. Thus, identifying and promoting a business case for OSH, should it exist, might offer opportunities for quick-wins for MSD

“Understanding drivers is absolutely critical – we can't just throw OSH technical training at businesses and hope it sticks. There needs to be an underlying driver for them to improve their OSH”

Jon Bird, ILO SCORE Myanmar project manager

projects seeking to promote sustainable OSH practice change. Moreover, project may also find opportunities to strengthen the business case for MSME OSH adoption.

### Identify the economics driver for better OSH

The business case for better OSH, though context-specific, will typically derive from an association of better OSH with one or more business benefits, including lower risk to assets and productive capacity, increased productivity, and access to more stable or lucrative markets (see Box 11). Thus, making the business case for an OSH practice change will typically entail demonstrating that investment into that change can deliver on one or more of these benefits.

### Box 11. The major economic drivers of OSH

**Reduced risk of losing enterprise assets and productive capacity:** Arguably, the strongest business case for OSH is to reduce the risk of temporarily or permanently losing valuable physical assets and human resources. This risk will be especially important in industries with risks of worker incapacitation or even deaths or destructive events such as fires or explosions, which can incur business costs to resolve as well as reduce productive capacity.

**Increased enterprise productivity:** Another major motivator for better OSH is increased enterprise productivity. Investing in making the workplace safer can have a significant impact on worker productivity. Workers that are and feel safer are more motivated, less prone to absenteeism and less prone to “presenteeism.”<sup>35</sup> Better OSH can also improve employee recruitment and retention as it is associated with greater job satisfaction.<sup>36</sup> Moreover, more productive, modern technology and machinery is often much safer and can promote better OSH.

**Access to more stable and lucrative markets:** Access to established high-value markets where working conditions such as OSH is a necessary or valued condition for entry can be a powerful driver of OSH upgrading. Lead buyers in high-end markets sometimes condition entry into their supply networks on adherence to labour practices that often include minimal OSH requirements.

**Diminished reputational risks:** For MSMEs, reputational risks that arise from poor OSH practices are small in most cases. However, for multinationals and other large firms, poor OSH practices including within their supply chains, can lead to diminished license to operate in local communities or consumer pushback and even calls for boycott.

<sup>35</sup> Hemp, P. 2004. *Presenteeism: At Work—But Out of It*. Harvard Business Review.

<sup>36</sup> Haslam, C., O'Hara, J., Kazi, A., Twumasi, R., & Haslam, R. (2016). Proactive occupational safety and health management: Promoting good health and good business. *Safety science*, 81, 99-108. <https://core.ac.uk/download/pdf/191758526.pdf>



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buyers may create their own sets of rules and standards for their suppliers and even provide them training to facilitate compliance.

- **Work with BMOs and cooperatives.** Business membership organizations and cooperatives may constitute key partners as they can: 1. Act as intermediaries enabling access to higher value markets; and 2. Support and ensure compliance with standards

within the supplier network. For example, in its work to support adoption of organic and GAP standards in the ginger sector in Southern Shan (which reduced use of pesticides among other OSH improvements), the VZF worked closely with producer groups as they could supply sufficient quantities to interest premium buyers and could also provide training and monitor compliance among member farmers.



### Conclusion

The challenge of improving OSH among MSMEs is substantial and will probably take years if not decades to address adequately. However, new innovative approaches such as MSD appear to offer potential to accelerate this transition, helping identify how to sustainably strengthen the OSH system as a whole and broadening the narrative surrounding OSH leveraging the fact that OSH is also in many cases good for business. Nevertheless, for MSD to hold its promise, OSH must be considered and integrated at the different stages of the project cycle including

project design, analysis and implementation, while using existing MSD tools and principles. Moreover, this also requires finding the right balance between traditional MSD and traditional OSH thinking. This may imply certain departures from the norm, for instance, investing in sufficiently understanding OSH risks, incentives and costs; recognizing that better OSH often needs to be bundled with economic incentives for the private sector to drive and pursue it; and recognizing that rules and regulations are often key as there is often no business case for better OSH.

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