

**FOR DEBATE AND GUIDANCE**

## THIRD ITEM ON THE AGENDA

**Occupational safety and health:  
Synergies between security  
and productivity***Contents*

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# 1. Context and definitions

## Context

1. At its 286th Session (March 2003), the Governing Body endorsed the Global Employment Agenda (GEA) within the Organization's broader agenda on decent work.<sup>1</sup> This agenda is the Office's response both to the World Summit on Social Development of 1995 and to the United Nations General Assembly 24th special session of 2000, which called upon the ILO to develop a coherent and coordinated international strategy for the promotion of freely chosen productive employment. The Decent Work Agenda's main aim is to place employment at the heart of economic and social policies, but not just any employment. This paper discusses how improved occupational safety and health (OSH) contributes both to reducing human suffering and also to increasing the quality and quantity of jobs.
2. The Committee on Employment and Social Policy has discussed several of the core elements of the GEA since its adoption. The present paper specifically addresses core element 9, "Occupational safety and health: Synergies between security and productivity".
3. There are strong links between this and other core elements of the GEA:
  - No. 2 (Promoting technological change for higher productivity) – technological advances often improve conditions in the workplace at the same time as they speed up production and improve product quality.<sup>2</sup>
  - No. 5 (Promoting decent employment through entrepreneurship) – relevant and appropriate OSH legislation and its competent enforcement can help to promote innovation and entrepreneurship and enhance decent employment.
  - No. 6 (Employability by improving knowledge and skills) – when OSH is included in education and training programmes, awareness of OSH matters increases, risks of accidents and ill health decrease and the resulting maintenance of workers' physical and mental capacities make them more employable.
  - No. 8 (Social protection as a productive factor) – OSH is an integral part of the concept of social protection; health insurance in the framework of social security systems can aid those who, in spite of best efforts, are harmed by their work, and public and private insurers have a history of working with employers to minimize costs by preventive measures.
  - No. 10 (Productive employment for poverty reduction) – workers deprived of a livelihood by work-related injury or disease are at the same risk of impoverishment as workers without useful skills or workers without markets for their products.
4. In the ILO Programme and Budget for 2006-07, a key part of Strategic Objective No. 3 is the improvement of working conditions and OSH in the formal and informal economy

<sup>1</sup> GB.286/15.

<sup>2</sup> A. Lopez-Valcárcel: "New challenges and opportunities for occupational safety and health (OSH) in a globalized world" (Geneva, ILO, 2002): <http://www.ilo.org/public/english/protection/safework/econo/globchal.htm> .[All references to publications on the Internet were checked between 2-10 January 2006.]

including rural areas.<sup>3</sup> This reflects the ILO's long-standing commitment to protecting workers against disease and injury as embedded in the ILO Constitution and the Philadelphia Declaration. Means of applying ILO principles and standards on OSH in the formal economy are well developed, although constituents still have room for better implementation. However, the centralized regulatory approach that has been effective in formal industrial economies may be less adapted to the informal economy. A demonstration by the ILO and its national counterparts that "safety pays" promises to elicit good practices in workplaces whether or not they are subject to inspection or participating in national insurance schemes. The synergy between OSH and productivity can thus contribute in an important way to the ILO meeting this strategic objective.

## Definitions

5. In economic terms, "productivity" can be defined as "the ratio of what is produced to what is required to produce it" (*Encyclopaedia Britannica*, 15th edition, 1983, Volume 15, page 27; the *Petit Robert*, 1982, page 1537, defines French *productivité* similarly). For example, the Organisation for Economic Co-operation and Development expresses the productivity of national economies in currency units of gross domestic product per hour worked by the employed population. Ideally, greater productivity implies greater efficiency and profitability for enterprises, better product quality at a given price for consumers and enhanced incomes and security for workers.
6. For grammatical simplicity, "enterprise" will sometimes be used in this paper to mean the locus of any productive activity – an individual artisan's shop or a family farm as much as a factory or a commercial corporation or an office in the public administration.

## 2. The economic impact of occupational accidents and ill health

### The global picture

7. The ILO recently estimated<sup>4</sup> that, globally, about 2.2 million people die every year from occupational accidents and diseases, while some 270 million suffer serious non-fatal injuries and another 160 million fall ill for shorter or longer periods from work-related causes. This represents an enormous toll of suffering for workers and their families. Furthermore, the ILO has estimated that the total costs of such accidents and ill health amount to approximately 4 per cent of the world's GDP – a colossal figure that is over 20 times greater than official development assistance. Other organizations have estimated that about 5 per cent of the burden of *all* diseases and injury in established market economies is attributable to work,<sup>5</sup> which corresponds roughly to the ILO's figure. It is also worth mentioning a recent study by the European Commission which estimates that

<sup>3</sup> ILO Programme and Budget for 2006-07, Indicators 3a.1(iii) and 3b.1(ii).

<sup>4</sup> "Decent work – Safe work", Introductory report to the XVIIth World Congress on Safety and Health at Work, 2005 – [www.ilo.org/public/english/protection/safework/wdcongrs17/intrep.pdf](http://www.ilo.org/public/english/protection/safework/wdcongrs17/intrep.pdf) .

<sup>5</sup> C. Murray and A. Lopez: "Global burden of disease" (WHO/Harvard School of Public Health, 1996).

the costs of occupational accidents in the EU15 (15 European Union Member States) in the year 2000 was €5 billion a year.<sup>6</sup>

8. While the vast majority of accidents go unreported, a major catastrophe has a devastating effect on the enterprise itself, its workers and the community. Following the Bhopal accident (1984), a total of over 20,000 people have died as a result of the injuries they received and the accident has so far cost the owners about US\$500 million in compensation.<sup>7</sup> Thankfully, such incidents are rare, but for every similar major incident there are literally millions of smaller accidents that, taken together, have an equally devastating social and economic impact, locally and nationally.

### Impact at the enterprise level

9. Box 1 shows some of the so-called “direct” and “indirect” costs of accidents and ill health. Although enterprises may not have to bear all these costs immediately, the costs will have to be borne by others, which produces an inflated value for the productivity of the enterprises that are spared the costs, and degrades the performance of the economy as a whole.

Box 1 Examples of direct and indirect costs of occupational accidents and ill health at enterprise level	
<b>Direct costs</b>	
■	Disruption to business and ongoing lost production from worker absence.
■	Worker's lost wages and possible costs of retraining for a different job.
■	First aid, medical and rehabilitation costs.
■	Insurance costs and possibly higher future premiums.
■	Costs of compensation.
■	Any fines or legal proceedings following the accident/case of ill health.
■	Replacing or repairing any damaged equipment.
<b>Indirect costs</b>	
■	Management time in subsequent investigation, perhaps jointly with the enforcing authority (e.g. labour inspectorate) and other administrations.
■	Costs of retraining someone else for the job, and possible recruitment of replacement worker.
■	Poorer long-term worker employability because of injury.
■	“Human costs” – loss of quality of life and general welfare.
■	Lower motivation to work and workforce morale, increased absenteeism.
■	Poorer enterprise reputation and client and public relations.
■	Damage to the environment (e.g. from chemical incidents).

10. The total cost of an accident or case of ill health is often underestimated because some of the costs are external to the enterprise where the victim was employed, and because some

<sup>6</sup> “Statistical analysis of socio-economic costs of accidents at work in the European Union, Final Report”. European Commission. Luxembourg, July 2004.

<sup>7</sup> Bhopal Information Center – [www.bhopal.com/irs.htm](http://www.bhopal.com/irs.htm) .

internal costs may be difficult to quantify or go unrecognized.<sup>8</sup> The indirect costs especially can be very significant and, although some are very hard to quantify, such as loss of reputation after a poor safety record, they are certainly very real.

11. Absenteeism from accidents or ill health is of growing concern, because of psychosocial factors such as work-related stress as well as other forms of ill health or accidents. It is now estimated that an average of 5 per cent of the workforce is absent from work every day, though this may vary from 2-10 per cent depending on the sector, type of work and management culture.<sup>9</sup> Work-related infectious diseases, such as HIV/AIDS, can also have an enormous impact on an enterprise's productive labour force, through lost skills and experience and a reduced supply of labour.<sup>10</sup>

### Impact on injured workers

12. The economic (and human) burden on injured workers and their families is very great. Only a small fraction of the world's workforce is covered by compensation systems, so most workers receive no income during absences from work. Workers suffering long-term disability may also lose important skills and thus find it harder to find future work or at least to continue in the work for which they have been trained. The rate of participation in the labour force for disabled workers is about two-thirds that of non-disabled, and only half of the likelihood of being in a full-time job. While the ratio of disabled workers' earnings to those of the non-disabled has varied over time, in the case of developing countries it falls further for workers with a few years' education. It can reach figures such as one-third of the wage of comparable non-disabled persons.<sup>11</sup> Although rehabilitation reduces long-term absences after injuries and hastens a return to productive work, it is generally to be found only linked to compensation systems.

### Impact at the national level

13. The same factors affect national economic development and productivity. Although governments may pay for some medical services or for sickness benefits, the cost to public health budgets and insurance is ultimately borne by society as a whole, and high rates of accidents and cases of ill health eventually have an impact on national productivity. The United States National Safety Council estimates that, for every work-related death that occurs, many non-fatal injuries are suffered, so that the cumulative cost of all the accidents that are implied by a single recorded fatality, including employers' uninsured costs, is US\$28,700,000.<sup>12</sup> Major environmental damage from industrial accidents also has an impact at the national level, as well as at the enterprise level, as several nuclear and more recent chemical incidents have shown.

<sup>8</sup> P. Dorman: "The economics of safety, health and well-being at work: An overview" (Geneva, ILO, 2000), <http://www.ilo.org/public/english/protection/safework/papers/ecoanal/ecoview.htm> .

<sup>9</sup> "Decent work – Safe work", Introductory report to the XVIIth World Congress on Safety and Health at Work 2005", op. cit.

<sup>10</sup> ILO: *HIV/AIDS and work: Global estimates, impact and response*, Geneva, 2004, pp. 11-12.

<sup>11</sup> P. Dorman, op. cit.

<sup>12</sup> <http://www.nsc.org/lrs/statinfo/estcost.htm> .

14. Several countries have estimated the overall costs of work-related accidents and ill health to their national economies.<sup>13</sup> While these estimates vary, partly because of different national recording criteria, there is broad agreement with the ILO's global estimate mentioned above. In countries where there is less social protection and palliative medical care, the long-term effects on economic development are likely to be relatively worse than elsewhere, but little research has so far been carried out to confirm this.

### 3. Productivity and occupational safety and health

15. With a global focus on the need for productive employment, it is necessary to examine the contribution that good conditions of OSH and working conditions generally make towards reaching such a goal. Just as occupational accidents and ill health are clearly bad for productivity, the opposite is also true: providing safe and healthy working conditions actually makes enterprises more productive. Good safety and health is good business.
16. This does not mean that the highest possible levels of OSH can be the same under all conditions. It may not always be economically feasible to provide the same technical solutions in developing countries as in highly industrialized ones, but a balance can be struck to offer a high degree of protection for all workers. To this end, there are a number of productivity assessment tools that can be used to assess the economic benefits of OSH measures.<sup>14</sup>

#### At the enterprise level

17. OSH regulations and their enforcement remain the fundamental basis for protecting the health of workers. However, the growing interest in corporate social responsibility (CSR) and the UN Global Compact have highlighted the important contribution that voluntary measures can make within wider business agendas. Enterprises pursuing a CSR/Global Compact agenda have started to pay more attention to reducing accidents and ill health, realizing that at the same time they can improve employee motivation, morale and productivity. To demonstrate the productivity benefits of OSH at enterprise level, the United Kingdom's Health and Safety Executive (HSE), the national tripartite OSH institution, collected the experience of over 20 major enterprises in *Business of health and safety*<sup>15</sup> where workers were fully involved and consulted at all stages of the initiatives. For example, a large paper company, in concert with its workers' trade unions, invested £175,000 in management consultancy and training related to OSH and soon reaped a benefit of £500,000. The overall results of the case studies are summarized in box 2.

<sup>13</sup> See for example, *Inventory of socioeconomic costs of work accidents* (2002) and *Economic impact of occupational safety and health in the Member States of the European Union* (1998), both from the European Agency for Safety and Health at Work, Bilbao: <http://agency.osha.eu.int/publications/reports/>.

<sup>14</sup> See, for example, M. Oxenburgh et al.: *Increasing productivity and profit through health and safety* (CRC Press, 2004) and *Economic appraisal of preventing work accidents at company level*, European Agency for Safety and Health at Work, Bilbao, 2002: <http://agency.osha.eu.int/publications/factsheets/28/factsheetsn28en.pdf>.

<sup>15</sup> *The business of health and safety – Case studies* (Health and Safety Commission, 2004): <http://www.hse.gov.uk/businessbenefits/casestudy.htm>.

## Box 2

*The business of health and safety – Case studies*, Health and Safety Commission,  
United Kingdom: Summary of benefits

By taking positive steps to preventing accidents and ill health, several business benefits were gained over periods of one or more years, including:

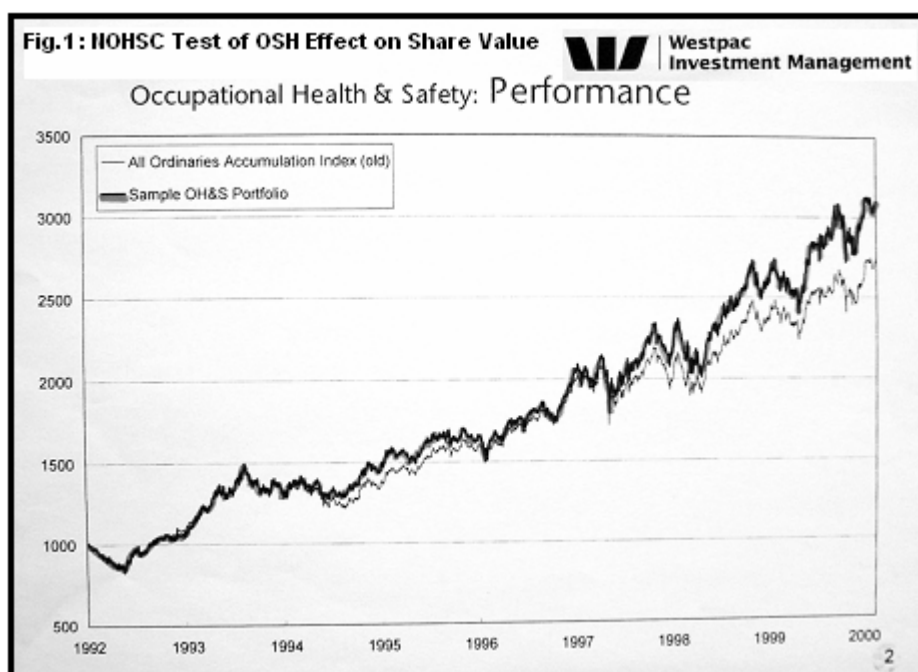
- Absenteeism rates were very greatly reduced.
- Productivity was clearly improved.
- Very significant sums of money were saved through better plant maintenance.
- Compensation claims and insurance costs were considerably reduced.
- Client and supplier relationships were improved and company “image” and reputation were enhanced.
- Contract pre-qualification scores were increased.
- Employees were happier, with higher levels of morale, motivation and concentration at work.
- Employee retention was improved.

- 18.** The economic benefits of health promotion have also been the subject of research, for example in Germany, the United States and Australia. A German study showed that health promotion programmes – with an emphasis on prevention – reduced absenteeism very significantly as well as reducing medical costs.<sup>16</sup> In a recent survey of chief financial officers of United States corporations, the Liberty Mutual Insurance Company’s Research Institute for Safety found that increased productivity was the most frequently cited benefit of workplace safety.<sup>17</sup>
- 19.** Without prejudice to the concept of tripartism, it is important to note the differences of interest between the managers of corporations and the shareholders who are the real owners of the enterprise. ILO instruments and programmes tend to focus on the former as representatives of the employer dimension of business, but the latter as investors are also affected by the economic aspects of OSH. If OSH is good for business, it should be good for the stock market value of corporations. To test this hypothesis, in 2002, the National Occupational Health and Safety Commission of Australia composed a hypothetical portfolio of shares in corporations that had good OSH records and compared the evolution of its value with the performance of the Australian stock market as a whole;<sup>18</sup> figure 1 shows that safety clearly added value:

<sup>16</sup> J. Kreis and W. Bodeker: “Health-related and economic benefits of workplace promotion and prevention”, <http://www.enwhp.org> and follow the link to “Work health”.

<sup>17</sup> <http://www.libertymutual.com> .

<sup>18</sup> D. Else, personal communication.



20. The argument is sometimes put forward that while the “good safety is good business” principle may be valid for developed countries and the formal sector, it is unrealistic to give the same priority to OSH in many developing countries where the informal economy (which shows both a high level of accidents and diseases and a lack of preventative safety and health culture) is particularly important. However, there is now evidence to show that OSH is just as important to productivity under these circumstances. Even simple measures such as good housekeeping, maintaining safe electrical installations and providing good lighting helps greatly to reduce workplace risks<sup>19</sup> and enable workers to concentrate on production.
21. An example is the ILO Moradabad Brassware Programme, India, where working conditions in poor artisanal units were greatly improved by the introduction of simple and inexpensive measures.<sup>20</sup> The risks of injury and ill health from poor lighting, excessive metal fumes and other risks were reduced and product quality and output were improved.
22. Another example from the informal economy comes from the Centre for the Improvement of Working Conditions and Environment (CIWCE), Lahore, Pakistan. Following a risk assessment of the local home-based carpet-weaving industry, a new ergonomic loom was developed which resulted in major health improvements for adult carpet weavers. Their income increased by up to 100 per cent as they became healthier and more productive. This resulted in a reduction of child labour in the sector as the families became less dependent on children’s work.<sup>21</sup>
23. Multinational enterprises have had a major influence on working conditions in the factories of their exporters in developing countries. This is well illustrated in the export garment

<sup>19</sup> *The economics of health, safety and well-being – Barefoot economics: Assessing the economic value of developing a healthy work environment* (Geneva and Tampere, ILO and Ministry of Social Affairs and Health, Finland, 2002).

<sup>20</sup> *Casting a new die – The Moradabad Programme for Enterprise Development and Productivity Improvement* (New Delhi, ILO, 2004).

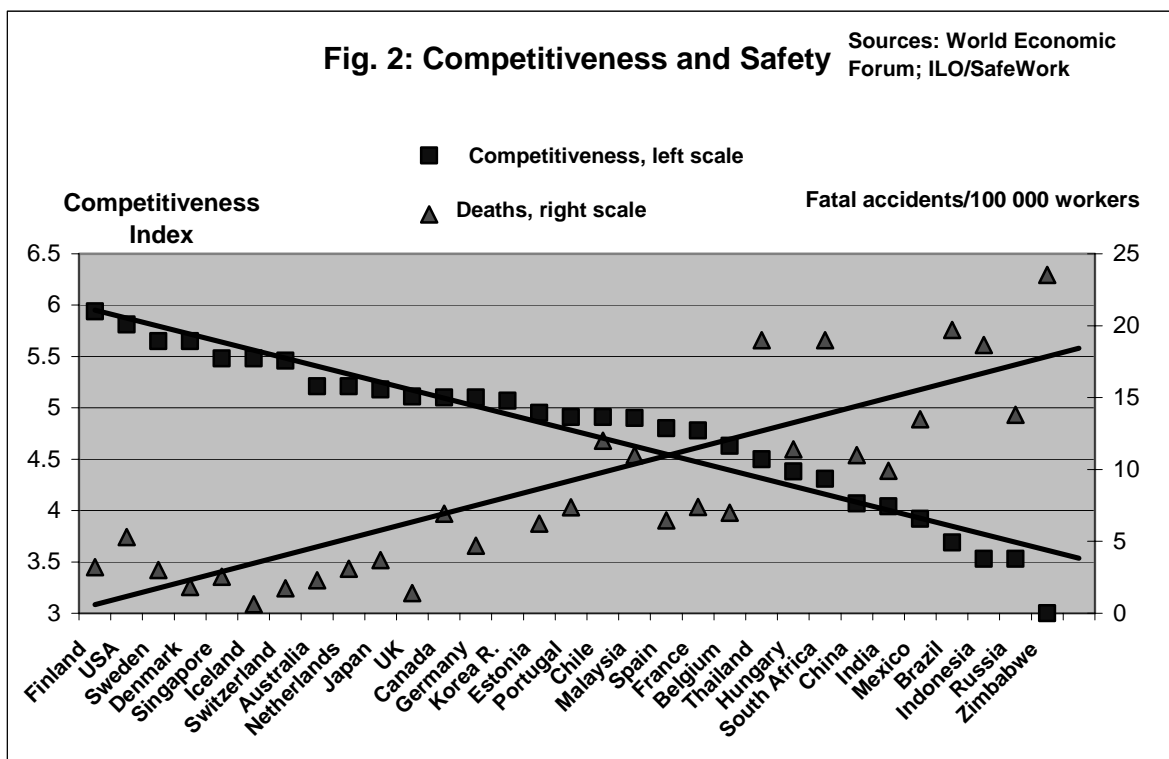
<sup>21</sup> ILO: *World of Work*, No. 55, Dec. 2005, pp. 36-37.



sectors in Cambodia<sup>22</sup> and Haiti,<sup>23</sup> where OSH conditions have been significantly improved in order to meet buyers' requirements. Productivity was also improved and worker turnover and absenteeism reduced. In the automotive industry, Volkswagen recently began an initiative in South Africa, Mexico and Brazil in collaboration with the authorities, to improve OSH conditions in the workplaces of their many suppliers. Suppliers in South Africa have already attended training courses, and Volkswagen and the labour inspectorate are monitoring conditions in their workplaces.

**At the national level**

24. Similar productivity benefits from good conditions of OSH accrue at the national and even regional levels. Data from the World Economic Forum and the Lausanne International Institute for Management Development (IMD), coupled with data from the ILO, also indicate there is a strong correlation between national competitiveness and the national incidence rates of occupational accidents,<sup>24</sup> as figure 2 shows.



25. One of the most important impacts of economic integration and the liberalization of international trade is in the harmonization of standards. For example, product safety standards have been harmonized at regional and international levels so that new products placed on the market provide high levels of protection for users. Similarly, the international classification and labelling of chemicals has helped to promote high standards

<sup>22</sup> “Cambodian garment sector: Buyer survey results”, Foreign Investment Advisory Services report (Washington, 2004).

<sup>23</sup> <http://www.ilo.org/public/english/protection/condtrav/workcond/haiti/haiti.htm> .

<sup>24</sup> *IMD World Competitiveness Yearbook*, <http://www02.imd.ch/wcc/yearbook/> .

of OSH.<sup>25</sup> Countries that promote such harmonized standards, through legislation and in other ways, stand to gain trade benefits as well as OSH ones.<sup>26</sup>

## National OSH legislation and its enforcement

26. Maintaining good OSH conditions at the enterprise level needs relevant and appropriate national legislation based on ILO standards to underpin them. Such legislation is in force in many countries but not everywhere. Some national OSH legislation, for example, provides protection only to factory employees rather than for all employment sectors, and does not encompass requirements for the effective management of OSH, worker consultation, etc. which are fundamental to the improvement of conditions in modern workplaces. National legislation that is less relevant or appropriate to modern workplaces is likely to be seen as burdensome and less conducive to promoting productivity. Such problems are often compounded by poor enforcement of the legislation, especially in developing countries.<sup>27</sup>

## 4. Action to date

### At the enterprise level

27. Many major enterprises around the world that subscribe to the principle of CSR have illustrated the links between good working conditions and productivity.<sup>28</sup> The processes described in the United Kingdom case studies cited above are ongoing, and new cases continue to be identified. Demonstrations of OSH-productivity synergy are not limited to large corporations: in Germany, the Central Association of Employers' Liability Insurance Funds (HVBG) has compiled success stories from a wide range of enterprises<sup>29</sup> including SMEs.

### At the national level

28. The programmes that enabled the collection and dissemination of the good practice examples noted in the preceding paragraph are themselves national-level initiatives of governments and employers' and workers' organizations, often through collaboration and partnerships. More and more governments are promoting a systems approach to the management of OSH and raising awareness of OSH issues.
29. National-level actors in a few countries have focused on the needs of SMEs, the agricultural sector and the informal economy. For example, the employers' organization in

<sup>25</sup> *Globally Harmonised System of Classification and Labeling of Chemicals (GHS)* – see [http://www.unece.org/trans/danger/publi/ghs/ghs\\_welcome\\_e.html](http://www.unece.org/trans/danger/publi/ghs/ghs_welcome_e.html).

<sup>26</sup> A. Lopez-Valcárcel, op. cit.

<sup>27</sup> For example, only 2 per cent of the workforce in Pakistan is covered by labour inspection (“The development trends of occupational health services, CIWCE, Lahore” – S. Awan, personal communication).

<sup>28</sup> [http://www.csreurope.org/aboutus/CSRfactsandfigures\\_page397.aspx](http://www.csreurope.org/aboutus/CSRfactsandfigures_page397.aspx).

<sup>29</sup> [http://www.hvbg.de/d/pages/prae/v/strateg/prae/v\\_lohnt/index.html](http://www.hvbg.de/d/pages/prae/v/strateg/prae/v_lohnt/index.html).

Mongolia has been spearheading action using the ILO “Work Improvements in Small Enterprises” (WISE) method, which features a manual entitled *Higher productivity and a better place to work*.<sup>30</sup> The initiative aims to improve working conditions and productivity with a strong input from workers, building partnerships in the process with the Ministry of Labour, the trade unions and others. A key feature of WISE is its engagement of trainees in the identification of problems that affect both safety and productivity, and in the invention of solutions to those problems. In the agricultural sector, an adaptation of the WISE method called “WIND”<sup>31</sup> has been successfully developed in Viet Nam and is now showing promise in pilot programmes in Kyrgyzstan, Senegal and the Republic of Moldova involving various national counterparts.

## At the international level

30. In 2003, the International Labour Conference adopted a Global Strategy on OSH<sup>32</sup> that recognized the potential for OSH measures to improve quality, productivity and competitiveness. This strategy promotes OSH through awareness raising, ILO instruments, technical assistance, knowledge development and management and international collaboration. One key aspect of the strategy is to hold an annual World Day for OSH, and this has been held every year since 2003 (on 28 April).
31. The ILO SafeWork programme has taken the lead both in developing this strategy and in carrying it forward at an international level, providing support for its OSH field specialists, who provide more direct help at regional and national levels. The International Occupational Safety and Health Centre (CIS) continuously monitors the world’s OSH publications, compiling a vital knowledge base on the subject, including information about economic benefits and best practices.<sup>33</sup> SafeWork’s educational programme “Addressing Psychosocial Issues at Work” (SOLVE) proposes policy- and action-based solutions to problems such as violence, alcohol and drugs and stress at work which have a high impact on productivity. Other important ILO initiatives in this context have included the abovementioned WISE and WIND methods, which were developed by or in collaboration with the ILO’s Conditions of Work and Employment Programme.
32. The ILO’s *Guidelines on occupational safety and health management systems*, ILO-OSH 2001,<sup>34</sup> is a key contribution to improved safety and productivity. It has been formally adopted by four countries and actively promoted in many others.
33. Outside the ILO, the United Nations and several specialized agencies (notably WHO, FAO and UNEP) pursue programmes with important OSH components. At the regional level, constituents maintain relevant bodies (for example, the European Agency for Safety and Health at Work, CSR Europe and the European Trade Union Institute for Research, Education and Health and Safety) and there are many professional and sectoral networks.

<sup>30</sup> <http://www.ilo.org/public/english/protection/condtrav/workcond/wise/wise.htm> .

<sup>31</sup> Work Improvement in Neighbourhood Development – see <http://www.ilo.org/public/english/protection/condtrav/workcond/agriwork/agricult.htm> .

<sup>32</sup> For the ILO Global Strategy on OSH, see [http://www.ilo.org/public/english/protection/safework/globstrat\\_e.pdf](http://www.ilo.org/public/english/protection/safework/globstrat_e.pdf) .

<sup>33</sup> <http://www.ilo.org/public/english/standards/relm/gb/docs/gb295/pdf/gb-16-2.pdf> .

<sup>34</sup> <http://www.ilo.org/public/english/protection/safework/managmnt/index.htm> .

## 5. Proposed future action

### At the enterprise level

34. Data on beneficial effects of good OSH practice in small enterprises must be collected and disseminated, if OSH is to be seen as a key component of running a profitable and productive business by artisans and smallholders.
35. OSH management systems should be promoted by governments, employers' and workers' organizations at the enterprise level, so that OSH is managed like other business functions, risks are identified and assessed and preventive action taken. Shareholders in corporations must be included in this promotion, and data should be available to show that expenditure on safety really does add value to their investment.
36. Multinational enterprises have a particularly important role to play in influencing their suppliers. Sensitivity to local culture can greatly facilitate the acceptance of innovative approaches to OSH. As more enterprises take an active interest in CSR/UN Global Compact agendas, OSH and working conditions in developed and developing countries should improve. The ILO should seize the opportunities that already exist worldwide to promote OSH within such agendas. The "Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy"<sup>35</sup> provides particularly valuable guidance in this respect.

### At the national level

37. In conformity with ILO principles, governments should empower employers and workers to negotiate terms of employment within a reliable legal framework. The benefits of this are not specific to OSH, but help workers defend their right to safe and healthy working conditions and help employers keep their businesses economically viable.
38. Governments should commit themselves to the principle that "safety pays". Ministries of labour, for example, could collaborate with ministries of trade or industry to determine and publicize the costs of accidents and ill health to enterprises and to wider communities. By analogy with the widely accepted "polluter pays" principle, lawmakers in concert with public and private insurers should strive to ensure that, to the greatest extent possible, costs of work-related injury and ill health are kept internal to the enterprises responsible. This is not only fair to all parties, improving the accuracy of enterprise accounts motivates and facilitates the search for ways to reduce the cost of OSH deficits.
39. A high priority needs to be given to OSH within national educational curricula and adult awareness-raising programmes in more countries, with the clear message that "safety pays". OSH professionals need to make better use of the broadcast media to reach and influence audiences that are often hard to reach through courses, meetings and publications, such as those who work in SMEs and the informal economy.
40. Governments should also ensure that their existing national OSH legislation is in conformity with international labour standards as well as relevant and appropriate to modern working practices and risks, and that it covers all workers. The national enforcing authorities should also be adequately resourced, so that such legislation can be effectively and consistently enforced.

<sup>35</sup> <http://www.ilo.org/public/english/employment/multi/download/english.pdf> .

## At the international level

41. This paper has assembled much of the fragmentary research available on the OSH-productivity link. Anecdotal evidence suggests that small and/or informal enterprises enjoy the same benefits of better safety as the large corporations but more rigorous studies need to be conducted. Projects in developing countries have documented impressive drops in work-related disability as a result of workplace improvements, but have not always recorded the data needed to assess positive economic effects (see, for example, the report on WISE in some Thai enterprises annexed to *Barefoot economics*). The effect of OSH policy on shareholder value is another important area for research. The Australian exercise described in paragraph 19 needs to be extended to more recent data, and to data from other markets (the “FTSE4good” index<sup>36</sup> of stock market valuation of socially responsible companies has shown these companies to underperform the market at some times and outperform it at others). Demonstrating that benefits of improved OSH usually far outweigh costs to business and that economic and social development is similarly boosted is a convincing argument for action. The ILO should therefore seek to increase the research effort on the links between productivity and improved OSH by carrying out or commissioning studies, especially in developing countries.
42. The ILO should encourage and support the national-level actions outlined in paragraphs 37-40, as they would give effect to the OSH strategy set forth under operational objective 3(b) in the Programme and Budget for 2006-07<sup>37</sup> in strengthening national policies, systems and programmes, and favouring the development of a “preventative safety and health culture”.
43. The ILO should continue to give prominence to the importance of OSH within its programmes, especially SafeWork and the decent work country programmes. The DWCPs are important for strengthening favourable attitudes towards OSH, particularly in the informal economy; they are likewise vital for promoting the ratification and implementation of ILO OSH instruments. Within the Office and its field structure, SafeWork should continue to promote and reinforce its collaboration with other programmes, to ensure that OSH is more effectively integrated with other employment and social protection policies, and continue to support its regional OSH specialists.
44. Campaigns on OSH should address the positive link between OSH and productivity. This could be part of a future World OSH Day. The application of the OSH management systems (ILO-OSH 2001) should also be strongly encouraged and promoted in the same context. OSH national programmes and systems should consider incorporating beneficial aspects of OSH on productivity.
45. The international collaboration element of the ILO Global Strategy on OSH should be strengthened to improve the concertation of the efforts of the many actors at the enterprise, national and international levels who are striving to realize the economic benefits of a systematic and sustained commitment to OSH. With a global focus on sustainable economic development, there should be many opportunities for promoting the synergy between OSH and productivity within this wider context.
46. In the light of the above review, the Committee may wish to provide guidance to the Office on:

<sup>36</sup> [http://www.ftse.com/Indices/FTSE4Good\\_Index\\_Series/index.jsp](http://www.ftse.com/Indices/FTSE4Good_Index_Series/index.jsp) .

<sup>37</sup> ILO: *Programme and Budget for the biennium 2006-07* (Geneva, 2005), p. 71.

- (a) how to integrate more effectively the OSH dimension into the GEA;
- (b) areas for action to be taken from the OSH-productivity link perspective, such as acquisition and analysis of further data on the subject and integration of the OSH-productivity link in national programmes and systems;
- (c) the development of projects and programmes focusing on OSH in the informal economy.

Geneva, 31 January 2006.

*Submitted for debate and guidance.*