

Occupational Health Services in Adaptation to the Challenges of Global Market Competition —New Needs, New Strategies, New Partnerships^a

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Abstract: Occupational health services (OHS) have developed together with other social protection measures in response to the challenges of the Industrial Revolution and associated demographic changes of the 19th century. They were perceived as necessary and often even initiated by industry. Their organization and tasks are defined by tripartite international labor law which is largely reflected in national legislations. Increasing global trade and competition based on new technology, have changed not only occupational hazards, but also resulted in a considerable shift of power from national states to corporate enterprises as visible also from increasing deregulation. The development requires adaptation from both, OHS and enterprises, in the best interest of a healthy and productive workforce, of social and economic stability, and of sustainability.

Key words: Occupational health services, Globalization, Multinational enterprises, Small and medium-sized enterprises (SME), Corporate social responsibility (CSR)

The Early Years: Industrial Revolution and International Labor Legislation

Modern occupational health services have come a long way. They have their origin in private initiatives of 19th century industrialists and owners of large chemical and mining industries and were, like subventions for housing and meals, intended as a company bonus to create a dependable stable workforce. These private and voluntary humanitarian initiatives have in many cases antedated public social protection schemes. These public measures including occupational health (OH) related regulation, were enacted in response to the clearly perceived need to counterbalance the ostensible negative effects of the Industrial Revolution and associated demographic changes such as growing urbanization, disappearance of the “extended” family and family support, and a marked increase in life expectancy. The depressing spectrum of early industrial years included gloomy working conditions, lack of social protection, extreme

poverty, ill-health, migration, criminalism and mounting social unrest, all most visible among the more vulnerable segments of the population. Both, public and private OH measures were intended to stabilize social peace and justice and to ensure better health of the working population and their dependants. At the same time, they emphasized an accepted employer responsibility for work-related accidents and ill-health thus liberating the general public from largely preventable cost.

When during these early years of societal transformation the idea of international labor legislation was born, the vision found immediate support from the side of outstanding industrialists such as Robert Owen and Daniel. And when in 1919 immediately after World War I and in face of raging unemployment and revolutionary mood the International Labour Organization (ILO) was finally established, it was created as an unique tripartite body of the League of Nations; similarly, the ILO became the first associated specialized agency of the United Nations immediately after World War II.

While the primary motives to create the agency may vary

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well have been humanitarian, political and economic interests were clearly involved and addressed as such by representatives of governments, employer organizations and trade unions of the ILO member states. Production and international trade were perceived as the major source of individual and national welfare, and had therefore to be safeguarded by international agreements ensuring equity and social justice as necessary basis of internal and external stability.

All ILO work and instruments created ever since, from the earliest standard setting activities in the field of labor and social protection—ILO Conventions¹⁾ and Codes of Practice²⁾—to recent strategy and policy documents—for example, the Decent Work³⁾ agenda and the interagency report of the World Commission on the social dimension of globalization⁴⁾—are based upon and have promoted these values in labor context, sometimes addressing broader topics, sometimes more specific ones, but always based upon tripartite agreement.

OH care is in particular addressed by the ILO Conventions no 155 (on occupational safety and health) and no C 161 (on occupational health services) as well as by several codes of practice (for example, technical and ethical guidelines for workers' health surveillance), and reemphasized by the new ILO Convention no 187 concerning the promotional framework for occupational safety and health⁵⁾. While not all international labor legislation has been ratified throughout the 178 ILO member states, much of it nevertheless has been used in drafting (tripartite) national legislations—another demonstration of employers' OH interest, concern or at least accord.

Changes in Work-Related Ill-Health and Business Influences in Occupational Health and Prevention

During the last two decades OH care discussions have taken new turns and OH professionals have acquired a new vocabulary of distinctive market flavor: economic appraisal of services became a key issue⁶⁾, not only in discussions and decisions on issues revolving around commercial aspects per se, but also in choices of social priorities and concerning health care. The debate has encouraged the evaluation of projects, programs and intervention, has stimulated the development of indicators and aided in prioritizing and strategic planning. Further offsprings of economic reasoning in occupational safety and health (OSH) were client-orientation⁷⁾, quality standards, quality management⁸⁾ and research into a better evidence-base of OH professional action⁹⁾. The body of literature on all these topics in OSH

context is ample and their application has led to many refreshing thoughts and results.

But there are usually also methodological short-comings or considerations in at least some of these approaches that do not weigh light, as for example in the case of economic appraisal: While the number of alternative methods available for economic analysis of health and safety programs may be impressively large, none is free from obvious limitations when applied to the realities of incomplete data availability or of diverse definitions and structural dissimilarities in national or enterprise health context. However, there is a basic agreement among OH professionals and other stakeholders that for example, the economic appraisal calculating the burden of occupational diseases and injuries is possible at global, national and enterprise level despite methodological weaknesses^{10, 11)}. The estimated cost of occupational injuries and diseases in the range of 1.5–5.0% of national GDP with highest loss caused by musculoskeletal disorders, respiratory disorders, cardiovascular diseases and accidents, accounting together for ca. 50% of the total loss¹²⁾, have since then been used widely in any national debate on targeted prevention as best possible estimates of preventable loss in the absence of computable national data. Economic appraisal has been used with positive and occasional negative results also in more limited context (company, sector, region, factor etc.) to assess preventive intervention strategies.

The economic loss caused by rising absenteeism rates due to (self-perceived) work-related illness in The Netherlands and other industrialized countries where occupational disease was thought to be well contained, and subsequent confirmation by European Union surveys have enticed an intense and prevailing public and scientific debate on new entities such as stress, psychosocial hazards and flawed work organization as well as of possible means of assessment, containment and prevention. Industry expressed as much concern over the unfortunate and disruptive development, as did unions and public administration, and started to invest vigorously into new ways of prevention, more often in cooperation with sick funds or private consultants than with OHS staff. Primary responsibility and hence accountability for compensation or rehabilitation cost, however were declined given the complex causation of these health disorders, i.e. the interplay of individual characteristics, personal lifestyle and life events with irresolvable supervisor or colleague conflicts, demanding work schedules, overload and similar factors, and last not least with a loss of purpose, motivation and meaning in the face of diminishing perspectives and increasing uncertainties in a world of precarious work.

Enterprises and often OH professionals themselves appear doubtful about the efficacy of their so-far available instruments and hence their ability to prevent ill-health due to factors as remote from controllable workplace influence often as close to the realities of daily life¹³⁾, and resort to health promoting support and counseling.

Investment into workers' qualification and health, into human capital as a competitive edge in enterprise success is another line of current market-oriented OH reasoning and argumentation. Motivation and better quality of products and services are often proposed as expectable investment gain, but rarely proven and also hard to prove. OH professionals and economists of the 1990s focus even on the role of health per se as a competitive advantage^{14, 15)}. It is argued: "Although studies relating the beneficial impact of occupational health on productivity and human performance are limited, some efforts have shown impressive effects, as measured primarily by reduced absenteeism. The prompt, assertive management of occupational injuries and illnesses and their treatment have been well documented. Illnesses not considered traditional occupational ailments, such as migraine headaches, allergic disorders, infectious diseases, and depression, offer opportunities for occupational health professionals to ensure an accurate diagnosis and proper treatment for minimizing the impact on work performance." All of which is likely and probably true.

Last not least and drawing again on business experience and practice of larger enterprises in other management arenas, an integrated systematic management of occupational safety and health at enterprise¹⁶⁾ and at national level¹⁷⁾ is advocated, as is an integrated management of health determinants at the workplace¹⁸⁾ by all stakeholders involved.

Globalization

The growing economic and social power of corporations is illustrated by the sweeping increase of corporations in the United States: "In 1787, fewer than 40 corporations operated in the United States. As late as 1920, there were approximately 314,000. In 2003, there were more than four million. Corporations now account for about 74% of all U.S. production. This means that the core economic decisions (what, how, and how much to produce, using what resources) are largely in corporate hands. Through work and consumption, virtually everyone is profoundly affected by corporations. Corporations are also powerful social actors, affecting virtually every other aspect of social life."¹⁹⁾

The impact of these accelerating market shifts on employment and health has been repeatedly addressed. A

recent literature review demonstrates in detail the effects of labor market changes such as downsizing, restructuring and non-standard work arrangements on work patterns and health in developed nations²⁰⁾. Benefits and challenges of globalization to occupational health, identification of need for research and action, as well as adapted policy responses on global, supra-national, national and enterprise level are a recurring theme in the work of Jorma Rantanen^{21, 22)}. Technology advances, intensified global trade, enterprise restructuring and liberalization of labor law have been named as a major causes of growing income and health disparities; they feature notably in much of Sir Michael Marmot's work on social determinants of health inequalities, which has culminated in the establishment of a WHO Commission on Social Determinants of Health in 2005²³⁾. A systematic overview of current challenges to OSH from the global market economy and from demographic change from a European perspective was presented and published only recently²⁴⁾ and will therefore here not be repeated in detail.

The term globalization, however, needs some more attention when clarifying enterprise position to OHS. It has been rightly commented that there are essentially four types of globalization: economic (massive expansion of the financial flows between economies, regionally concentrated and within the states which have a similarity of structure, wage cost and markets within the so-called Triad of North America, Europe and Japan/Asia); social and technological (increased dissemination of cultural products and ideas through new communications); ideological (development of a uniform ideology held by governments and powerful groups throughout the world); and the globalization of power (rise to international and inter-social power of sub-state and non-governmental powers)²⁵⁾.

Jeffrey Harrod summarizes as follows: "In each of the above components of globalization it can be seen that the business organization or the corporation is at the centre, if corporation is to be used to include banks and financial corporations as well as production organizations. In economic globalization such as it exists and, according to UN statistics, nearly 70% of world trade and 95% of foreign direct investment is in the hands of the same corporations while five large commercial banks determine policy and developments in the global financial sectors. Thus international trade is essentially intra-corporation transfers, inter-corporation transfers and corporate sales to smaller enterprises and governments. In social and technological globalization, there is a pervasive dominance of the large media and telecommunications corporations which are often the producers and the carriers of globalized messages. In

ideological globalization the global ideology of neo-liberalism places and serves business organizations as a lead institution within a 'market'." Harrod labels the current process consequently as "corporatization" rather than as globalization. He then proceeds to explain, without much ado and with good evidence from UNDP figures of 1999²⁶⁾, the successive power change in Western society from church to state to corporation. Street riots and anti-globalization campaigns of recent years joined by critics and countless disadvantaged locked out from the gains of the brave new corporate world seem to confirm the trend, and the shrinking interest to cast vote in democratic elections among nearly all sectors of the population is equally telling.

Corporate power interest rests primarily with goals such as profit, efficiency, growth and perpetuation of influence and control. These self-supportive driving forces of action are not really all that new. Do they exclude social concern? And is social concern used also for marketing purposes of less value for the beneficiary (and is even the questionable double use all that new)? Are business interest and ethical concern really mutually exclusive?

While accepting a considerable shift in power from Church to State to Corporations, it also has to be acknowledged that church history has its darker sides, and that democratic elections have not always guaranteed a subsequent democratic and human conduct of governments. Obviously there are less and more responsible and concerned enterprises; there are non-admitted and non-compensated events like Bhopal, and there are enterprise subscriptions to corporate responsibility in growing number. Unfortunately Multinationals as anybody else are learning by doing and while events already take place, the full implications of the current processes and phenomena, even if these are largely of own making. Corporate management at its best is learning and adapting to new challenges and ways of action, not much different from apprehensive OH professionals when accumulating business jargon and practice in order to improve and adapt action and to get their messages across. Enterprises more likely than not will listen when approached rather than confronted, and may with time turn into supportive partners in action. In fact, larger enterprises in the more developed parts of the world seem to comply generally well with OSH requirements.

Confronted with the worrying developments of recent years such as rising inequity and social polarization within and across countries, with increasing unemployment, poverty, mass migration, social instability and outbreaks of violence in far too many regions of the world, the need for better governance and a fairer globalization is clearly seen⁴⁾. Promising initiatives are supported by corporate industry

as much as were the visions of international labor law by early industrialists during the trying decades of the 19th century Industrial Revolution. Participation in initiatives like Corporate Social Responsibility or Global Compact shows the readiness of large and multinational enterprises to follow the lead and to excel in good OH practice as part of a voluntary integrated company strategy. Through promoting a health and safety oriented culture throughout their dependencies and their supply chains they create the basis for an environment where the input of occupational health care is well received and valued.

Trouble spots are small and often short-lived enterprises, informal sector industry, developing and newly industrialized countries and the countries in economic transition in Eastern Europe and Central Asia. The problems of lacking OSH infrastructure, training, and social coverage are well-known and have a common denominator, i.e. the lack of funding. The recipes are often known, but also take time to implement. Usually the coordination of regional and external stakeholders is required, and given the often prevailing multitude of problems—unemployment and poverty far ahead of all—the introduction of OH care is bound to range lower on the national priority list. The slow disintegration of an once efficient OH care system and of health care in general in many regions of the former USSR is an especial sad occurrence; health and vital statistics of many former socialistic republics provide a vivid inverse insight how much ill-health and premature death can be prevented by pervasive surveillance of health and of workers' health combined with adequate counsel and treatment. Absorption of informal sector industry, much in the interest of tax revenue, requires the creation of alternatives and hence collaborative public-private efforts to create employment and to provide start-up capital for small enterprise or self-employment.

SMEs as such are generally more reluctant to actively pursue and to finance OH measures, even if prescribed so by law. While most small-shop owners would readily agree to the importance of keeping co-workers sound and safe, they shrink from the perceived complications and cost involved. However, advice provided free of charge and when needed is usually gladly received (e.g. Austria^{27, 28)}. OH care delivered within the frame of a community-based or general health system seems to be met with more acceptance (e.g. Finland²⁹⁾). The answer then may well rest in a better adaptation: Rather than forcing SMEs to comply with existing structures and rules, or alternatively turn a blind eye, OH services should be provided in accordance with company need. Given the substantial public interest in a healthy workforce and the maintenance of workability in general,

financial support for the application of OH services to SMEs should be considered.

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