

# **Impact of Changing Working Conditions on Workers' Protection: The Challenges of Globalization and Demographic Change**

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## **1. Challenges for worker's protection: globalization and demographic change**

Globalization is dramatically changing economies and societies in industrialized as well as in emerging countries. Especially the changing economic and socio-cultural aspects are influencing working conditions, around the world. The impact differs with regard to industrialized and emerging countries but strongly influences both. In industrialized countries the workforce is presently confronted with increasing pressure of competition, new technologies, new work forms and an increase of growing virtualization of work. This is aggravated by demographic change with the consequence of longer working life and a growing general fear of job loss, accompanied by a dramatic increase of precarious and temporary work.

The situation in developing and emerging countries is further complicated by non- or rudimentary existing OSH institutions and structures and, as a tightening factor, by limited financial resources. The ongoing transformation process from developing and agrarian countries to industrialized, service- and information-economies, leads to fundamental and rapid changes for the workforce. These cataclysmic developments are happening within often insufficiently frameworks of occupational safety and health (OSH) and social security, too.

With regard to social security in developing or transition countries, we are most prominently confronted with largely inadequate coverage of workers. One reason is that a large share of the workforce is active in the informal economy – partially up to 90% or more in the developing world. Taking a look at the percentages of workers covered by workers' compensation systems even in the most populous developing and emerging countries, such as Bangladesh, China, Egypt, India, Pakistan and Venezuela, reveals that more than half of the global population is not covered by this kind of social protection scheme.

Enhancing workers' protection in light of these developments cannot be achieved by following one single path. In order to answer the various challenges posed by globalization we must

1. coordinate national and international approaches in occupational safety and health on a strategic, regulatory and on an entrepreneurial level.
2. embed OSH-activities into a tightly knit net of social security. Nationally as well as internationally, accident insurance schemes can play a crucial role in consolidating efforts in OSH within the social security system.

3. explore ways to activate employers to support strategic and implement regulatory efforts of national and international actors, on the company level. This can be done inter alia by incentive schemes which reward enterprises with safe and healthy workplaces by reducing their contribution rates to the social security scheme.

All efforts need the endorsement of international actors, such as ILO, WHO and ISSA, national regulatory actors, social partners, workers, employers and other OSH-related stakeholders and groups. The challenges we are confronted with, today, are calling for action. Let's focus on how we can go ahead:

## 2. Promoting OSH through international prevention strategies: Examples from Europe

In order to react to economic and socio-cultural globalization there is a worldwide consensus on strengthening strategic approaches in OSH on an international level. This applies to the European Union (EU) and its member states as well as to other developed regions of the world. It is strongly enforced by global strategic approaches, for example by the International Labor Organization (ILO Promotional Framework for OSH of 2006) and the World Health Organization (WHO Global Plan of Action on Workers' Health 2008-2017).

As an example, let me briefly illustrate some activities within the European Union. Presently, various strategic approaches and measures of different EU member states are recognized and monitored in association with the new EU Community Strategy 2007-2012. Of course, all strategic OSH approaches have to be adapted to the specific national or regional needs of member states and to their individual economic structures.

Strategic approaches of ILO and WHO meet complementary structures on the EU level in the shape of the new EU community strategy on health and safety at work 2007-2012. It is the second OSH community strategy; the first ran from 2002 to 2006 and lead to remarkable improvements in OSH. The tools for a successful fulfillment of the new EU strategy are the respective pieces of EU legislation in form of EU-directives, which have to be transposed into national legislation by all EU member states. However, EU legislation is only marking the minimum legal requirements. All EU member states are certainly allowed to go beyond the minimum level – a fact that is good practice in many “old” EU member states such as Germany. A central intention of the European Commission is to trigger national strategies of the EU member states that go beyond the workplace and the working population and which are aiming at an integration of OSH into education and training programs on all levels such as primary, secondary and vocational training, as well as university education.

In this scenario, small and medium-sized enterprises deserve special attention since they account for 82% of all occupational injuries and 90% of all fatal accidents. Sectors such as construction, agriculture, transport and health all are prone to higher than average risks of accidents at work, while young, migrant and older workers and those with precarious working conditions are disproportionately affected. Specific illnesses are

on the rise, including musculoskeletal diseases – such as back pain, joint injuries and repetitive strain injuries – and illnesses caused by psychological stress.

In order to pursue the goals of the new EU community strategy 2007-2012, several main instruments, target areas and measures are proposed. In order to accelerate the implementation process of the EU OSH strategy the EU Commission encourages its member states to develop and establish complementary national OSH strategies. In order to accelerate the whole process the European Commission calls on their members to adapt the legal framework to changes in the workplace environment and simplify it, particularly in view of small and medium sized enterprises.

### 3. Impact of demographic change on working conditions

At the beginning of my paper I mentioned two main challenges for the provision of occupational safety and health and social protection: Globalization and demographic change. I also indicated that proper responses to these challenges have to be the result of joint efforts of responsible actors on the international, national as well as entrepreneurial level. Before, I exemplified the coordination of international and national approaches in Europe as a good practice approach for answering the first challenge: Globalization.

I now want to turn to the second major challenge for our economies and societies: Demographic change. Here, I see the great chance for a prolific involvement of enterprises in order to find good answers. How does demographic change impact our workforce? If we look at the prognosis of the development of the working age population in some industrialized countries it becomes obvious that our workforce will diminish and at the same time grow dramatically older. It is estimated, for instance, that the labor force potential in Eastern Europe will shrink about 25%-30% by the year 2050. In Japan, the labor force declines by 740,000 people annually, and in the European Union, as well as in China, working age population in general will decline by 16% between the years 2010 and 2050. At the same time, the share of people older than 65 years will grow from 7% in the year 2000 to 11% in the year 2025.

In this context the focus of all actors in OSH has to be on the preservation of health and therefore the working capacity of the ageing workforce, in particular in industrialized countries where the demographic change is imminent. The problem of an aging workforce is actually not the age of workers itself but their physical degradation and the resulting loss of capacity of the body induced by continuously straining work. In most trades and professions the work load is not adapted to age, which leads to excessive demands concerning physical, mental, intellectual and emotional health of the workers. Such non age-adapted work loads have to be assessed systematically, and, as a consequence, new concepts for suitable working environments have to be developed. How can working conditions be adapted to age of the workers in order to strengthen their working capacity? A professional health knowledge-and-information management has to be organized and implemented on the company level. It seems necessary to establish a qualification and career development for advanced age-groups. Additional operational models for the transition to old-age pension have to be developed, too, taking into account suitable work-life-balance models which are also a motivating factor.

A solution may be found in modifying working conditions by adapting them to a worker's age. One example is an assembling workplace with (for example) non reflecting worktops, matt surfaces and colors adapted to the parts so that the outlines can easily be identified; height adjustable chairs with adjustable backrests in order to support the lumbar spine; footrests for the load relieving of the legs; individual arrangements of work equipment in order to allow for an individual workflow, etc. Another example are office workplaces which are also especially adapted to physical restrictions of older employees, e.g. by adapting the lighted work station, software configurations and visual display units.

#### 4. The role of social insurance: Activating entrepreneurs and enterprises

Now, you may ask: How can employers be attracted to implementing these – doubtless costly – features? Off course, one may say the provision of assistance with prevention consultation through the state and accident insurance labour inspectors and with developing, collecting and allocating proven examples of good practice in all areas of prevention and all kinds of business free of cost should make it easier for the employers to fulfill their legal obligations accruing from the OSH laws and regulations. But how can we convince entrepreneurs to think far ahead, even in a preventive way, much further than their business plans and balance schemes normally foresee? How can we make them an integral part of the solution for the problems caused inter alia by globalization and demographic change?

Here, ladies and gentlemen, social security again comes into play. Human nature and sociological theory state that rational people seek to maximize their benefits and minimize their costs. This feature of rational human behavior is not without value for us, the insurers of occupational accidents and diseases. If applied wisely, it allows us to use the rational (benefit-seeking) behavior of employers for our purposes: Creating safe and healthy workplaces, developing and implementing strategies to answer demographic change. Good and proactive behavior of companies in a preventive sense, for example, can be rewarded by lower contribution rates for social insurance. In Germany, we follow this approach with success and to the benefit of workers, employers and the general public for many years, which is relieved from a growing financial burden due to more and more invalidity-pensions being paid.

To cut a long story short, we can activate employers for improving the workplace environment on the operational level by granting economic incentives for above average performance in prevention. This cannot only be done by allowing the entrepreneurs a premium reduction on their contributions to workers' compensation systems. We as the institutions responsible for statutory accident insurance with duties and responsibilities in prevention can also do this by awarding prizes and subsidies for investments in prevention activities launched by an enterprise. Finally, we can do this by monetarily awarding enterprises for their efforts in providing age-adequate workplaces.