



Enabling Safe and Healthy Workplaces for Small Business



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Foreword

On behalf of the Australian Chamber, Australia's largest and most representative business network, I am pleased to introduce the Enabling Safe and Healthy Workplaces for Small Business report. This report is the outcome of our partnership with the Department of Jobs and Small Business and academics from the Small Enterprise Association of Australia and New Zealand (SEAANZ). It focuses on small and medium size businesses (SMEs).

In 2015 the Australian Chamber commissioned SEAANZ to investigate how Work Health and Safety (WHS) laws and regulations impact the workplace within SMEs and what frameworks and innovative methods might enhance management of WHS within them.

Our aim was to identify gaps that need to be addressed if current workplace regulations are to respond to contemporary issues facing SMEs. Key themes are the nature of the regulatory framework in work health and safety and the challenge for modern SMEs, innovation, drivers and barriers, regulation versus implementation issues and future research focus areas.

The regulatory environment in Australia is complex and not scaled to the realities of small business. Most regulations are designed with large businesses in mind and ignore the unique needs and characteristics of small businesses.

This report confirms that SMEs cannot be treated like "little big businesses" in relation to WHS. Support for SMEs should not be through an avalanche of additional guidance materials, or shortened or 'dumbed down' documents. Instead, SMEs need help to translate WHS regulations into their own context and help in implementing them. SME owners and managers recognise the need for regulation and want to be safe and comply with best practice. Importantly, the report warns against subscribing to prejudice against SMEs that they avoid, or are noncompliant, when it comes to WHS.

Regulators need to know more about the management of WHS within SMEs, particularly micro-SMEs, and the effectiveness of regulation in enhancing organisation performance. The report identifies areas for future research, which we believe is crucial for processes and policy that support a fit for purpose approach for SMEs on WHS practices and regulation.

We want this report to help enhance the health and safety of employers and employees in SMEs by being an impetus for change in WHS regulatory practices.



James Pearson
Chief Executive Officer
Australian Chamber of Commerce and Industry





Work health and safety and the SME challenge

While Australia's Work Health and Safety (WHS) legislation began with individual state and territory nuanced systems, the common underlying premise has always been that work health and safety must be a three-way (tripartite) system involving regulators, employers and workers.

This blend of employer and employee obligations and entitlements acting as the conceptual basis for the legislation is increasingly unhelpful or even irrelevant to many modern SMEs. As Schaper (2014 p.222) reports; "there have been major changes to the Australian small business sector over the last 40 years. In 1983-1984 there were an estimated 550,000 small firms, and by 2010 this had grown to almost two million". There is another dimension to the growth in this sector. Around 60 per cent of businesses in Australia are non-employing (nano businesses), and 95.6 per cent have fewer than 20 employees, predominately less than 5 (DIISR, 2011). This tends to blur the line between managers and employees, creating a more informal and often egalitarian workplace environment. It seems plausible that a system designed around medium to large business needs will have trouble adapting to meet those of small businesses.

This traditional 'big business' approach to WHS is highlighted in the considerable body of literature from 2008 onwards that is devoted to the notion of "harmonisation" of state-based WHS laws to provide national consistency.

"A small or medium business is not just a scaled down version of a big business."

A significant regulatory reform process, harmonisation of WHS laws provided the opportunity to examine theories and empirical evidence on small businesses regulatory response. Barrett, Mayson and Bahn, (2014 p.64) used the concept of narrative as a form of discourse to consider what was said and written during this time as not only a reflection of the broader community view, but also being influential in framing SME owner-managers' action and views on the regulation.

Barrett, Mayson and Bahn, (2014 p.71) noted that the dominant narrative that emerged:

"...universalises firms to be affected similarly by the regulatory change. Consistent with the regulators is a 'one-size-fits-all' implication. The narrative is generally about the interests of 'business' (i.e. larger firms) and small firms are largely invisible or, if they are visible, their ability to comply is problematized."

The authors argued that SMEs' unique contexts and needs were generally absent in these social discussions.

The majority of WHS literature at this time also reflects this sentiment with a focus on exploring health and safety practices in the context of management systems, complex procedures and company-wide inductions or pilot programs – generally within big business contexts. Within the limited studies devoted to small business, research generally supports the stereotype of 'regulation as a burden' and paints SMEs as non-compliers or avoiders of regulation (Barrett, Mayson & Bahn, 2014; Dollard et al., 2014; Johnstone, 2009; Windholz, 2010).

Mayson, Barrett and Bahn, (2014 p.1) argue that:

“...those who subscribe to the avoidance narrative of SMEs, including regulators, may have misunderstood the motives and outcome of smaller firm behaviour in the face of regulation.”

The notion of WHS being dynamic is not necessarily an insurmountable challenge to SMEs. The provision of safe and healthy workplaces for all employees has long been accepted as a basic human right (Dollard et al., (2014).

The purpose of the model WHS Act is in essence to provide a framework for enabling the protection of all workers at work and of other people who may be affected by the work. Key aims of the WHS Act include: ensuring fair and effective representation, consultation and cooperation; assisting businesses and workers to achieve a healthier and safer working environment; promoting information, education and training on work health and safety; providing effective compliance and enforcement measures; and delivering continuous improvement and progressively higher standards of work health and safety.

It has long been assumed that these aims universally apply to businesses of different sizes; the issue is in the further assumption that the mechanisms by which these aims are achieved are also universal.

“What does ‘compliance’ really mean for modern SMEs; what does it really look like?”

As reflected in the social narrative on WHS at the time, the fundamental differences in structure and operations between small, medium or large organisations are not explicitly recognised or proactively addressed. The concept of what constitutes a ‘small’ business is also changing with new terms “micro” and “nano” businesses more commonly recognised. There is also a question not asked by the literature which seems important to ask. This is the question as to what ‘compliance’ really means for modern SMEs; what does it really look like? What does it look like in a principle based system, and how is

it measured in practice — or perhaps more importantly, what happens when it is not? The capacity and ability of the small business sector to respond to compliance is well known to be linked to consequences. A key theme which is explored in the next body of literature examined is the lack of understanding of the complex motives and actions of small business in response to regulation. Another side to this lack of understanding is that government and policy makers may fail to see or recognise that SMEs operate as an important source of WHS innovation.

SME innovation in work health and safety

There is very limited attention in the literature to SME innovation in WHS strategy and practice. However, there are some exceptions. For example, Burton (2010) outlines the work by the World Health Organisation (WHO) to provide practical guidance documents tailored to specific sectors and cultures. This source offers a framework for WHS within organisations and provides practical assistance to employers, employees and their representatives for implementing the healthy workplace framework in an enterprise. It should also be noted that evidence of this approach is seen in Safe Work Australia, but applicability of content as well as accessibility for the SME sector remain issues.

Aside from ease of use and accessibility, another key issue for SMEs remains one where:

“Perceptions of the connection between effective OH&S and the resulting financial benefits could, and should be improved. The strong economic advantages of good occupational health practice need to be highlighted continuously to organisations because the failure to acknowledge the importance of this link will limit the effectiveness of interventions aimed at preventing disease and injury” (Gervais et al., 2009, p. 5).

Providing SMEs with the business case for taking a proactive approach to WHS is not a new idea, but making it easy and accessible has really only become an option as technology has developed. The benefit of new technology and methods to assist with WHS is not restricted to SME owners. There is also the ability for technology to assist researchers in being innovative.

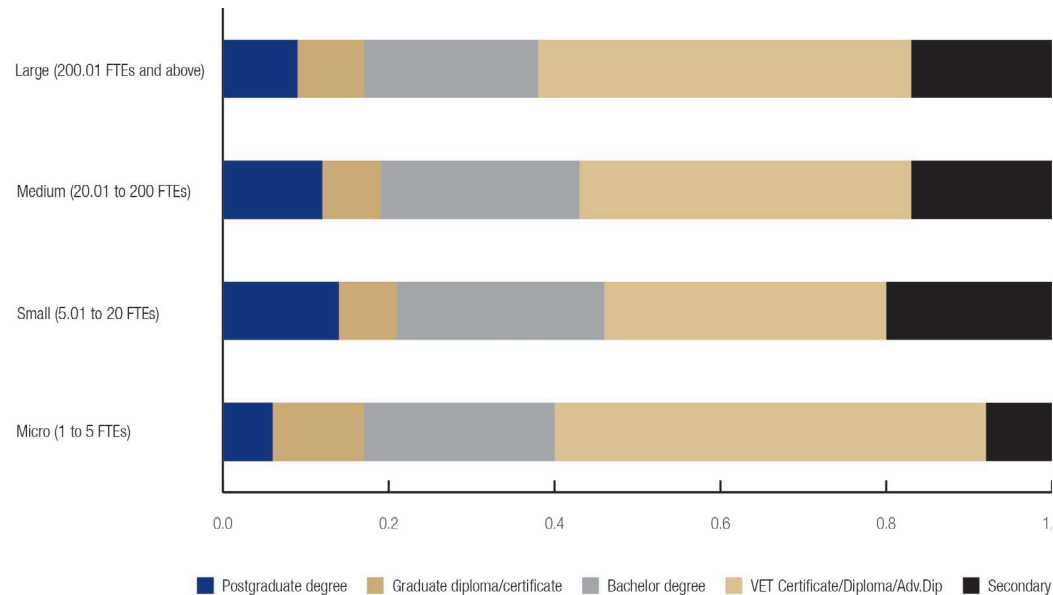
For example, Cagno, Masi and Jacinto, (2013) undertook a meta-analysis of the literature on WHS in SMEs to develop a cost-benefit tool to assist businesses to assess the impact of WHS measures on their business performance.

However, the complexity of the tool and amount of work required means that such insight is likely to be much more suited to the larger SMEs and to larger organisations overall than to the micro and nano end of SMEs. This is due to the resource constraints found in the majority of SMEs where WHS compliance can be viewed as an additional pressure on already overworked owner-managers (Finneran et al., 2014).

“A key theme that emerges is the lack of understanding of the complex motives and actions of small business in response to regulation.”

The important role education plays in highlighting that any non-compliance is not due to lack of understanding is borne out in the Australian data where, as Figure 1 on the next page shows, small organisations (with between 5 and 20 employees) actually had the highest proportion of managers with university qualifications overall (21%) and also the highest proportion of managers with a postgraduate university degree (14%). Micro business owners and managers, with between 1 and 5 employees, had the highest proportion of post-school qualified managers (92%) and the highest portion of Vocational Education and Training (VET) qualified managers (with Certificate, Diploma or Advanced Diploma qualifications) at 52 percent.

Figure 1: Highest educational qualification of managers by organisation size



Source: Fair Work Australia - Australian Workplace Relations Survey 2014 (Sampled & Weighted Data, hence columns should be seen as indicative only)

Taken together, it is clear that managers in small and medium organisations are well qualified in an educational sense and generally at least as well qualified as managers in larger Australian organisations. The higher proportion of VET-qualified managers in the 1-5 employee category reflects a large number of licensed trade-based employers in Australia (plumbers and electricians, for example). The large proportion of postgraduate-qualified managers in the 5-20 employee category is of interest. It could be surmised that highly qualified managers who have the ability manage these organisations, but not the time to develop or apply the detailed knowledge required to deal with WHS issues.

The view which emerges is that it is not about “dumbing down” the guidance on WHS but much more about designing it in such a way that it is easy to access and use for those who are time- and resource poor. Again, the ability of the small business owner to lead the way here seems to be largely unrecognised. There is clear potential for the use of new and innovative design, technology, research etc. to assist small business owners to ‘have a seat’ at the policy making table. This view is illustrated by a quote from our own case study work where JP offered the example:

“...innovation always happens from the outside. If you think of a coral reef, the very center of the reef dies first, not the... very edges, because ...the, ecosystem at the very edges is evolving the fastest to deal with new threats, [with] new, biological components in the water. So there, where innovation happens is always on the outside.”

Drivers and barriers to SME work health and safety

The notion of WHS regulation that has been developed with big business in mind as impractical, and effectively operating as a burden on SMEs, is found in the international literature. According to one analysis, WHS:

“...is stifling industrial innovation and development and is feeding a culture of damaging risk aversion and petty bureaucracy. In a number of countries this has led to proposals to repeal regulations and reduce the regulatory burden.” (Hale, Borys and Adams, 2015 p. 207)

A study by Cudney, Murray, and Pai (2015) highlights the tension between business sustainability and safety. Their results challenged the theory that these should work in harmony - as incidents are “wasted” money and time. Specifically, a focus on lean implementation can actually see organisations “introducing hazards and changing a process in ways that can result in non-compliance of health and safety regulations” (Cudney et al. 2015 p.217). Examining the wider literature to explain these tensions reveals a common insight that:

“...small enterprises have limited resources to prioritise occupational health and safety (OH&S) ...contextual factors can limit the efficacy of programme mechanisms and should be taken into account when designing programmes.” (Kvorninga, Hasleb and Christensen, 2015 p.262)

In 2011, the Danish government launched a new programme called the Prevention Package for small businesses. Focusing on the prevention of wear and tear of the musculoskeletal system, the programme provided the enterprises with financial support and support from a facilitator. The results showed that the way the program was introduced – in terms of the people that were involved and the mechanisms for information diffusion, made a difference as they influenced the motivation of the SME owners to actually engage. Both economic support and the use of a facilitator, were found to be essential for gaining traction with small business owners in the first place, and then, for maintaining ongoing involvement. A key corollary the study offers is that success “was dependent on whether the content of the new OHS approach in the prevention package made sense” to the small business owner. Other key issues identified were: i) the content of the prevention package; ii) the economic support; iii) the possibility for facilitation; iv) whether the SME owner actually recognised the need, and v) whether the SME owner found the initiative meaningful.

Contextual factors, such as the culture of the workplace, attitude towards authority and access to resources all emerged as factors that must be taken into account. The need for embedding WHS initiatives within the context they will operate in was explored by Limborg, et al., (2014), who examined the role of networking in helping SMEs overcome the challenge of promoting safety and health measures.

“It is not about ‘dumbing down’ the guidance on WHS but much more about designing it in such a way that it is easy to access and use for those who are time and resource poor.”

An important theme that emerges is that both external pressures and internal motivations must be present to drive SMEs to improve health and safety conditions. The notion of the context that an SME operates in is often a feature of the drivers for change – with the industry of the organisation consistently identified as the most important contextual feature in the WHS literature. An Australian study from the construction industry illustrates this well. Hardie and Newell's 2011 examination of innovation in Australian construction SMEs suggests that improving WHS is hampered by restrictive work divisions and conservatism which result from the high accident rate experienced by much of the industry. The authors offer the opinion that the "potential consequences of the largely poor OH&S record of the industry are now of such economic importance that the need to improve safety standards is itself becoming a push factor for construction innovation (ibid p.623).

“Both economic support and the use of a facilitator, were found to be essential for gaining traction with small business owners in the first place, and then, for maintaining ongoing involvement.”

The study found that WHS improvements were seen as more important at the medium rather than small end of the SME spectrum. The authors suggest that this may be because an SME owner who employs more people increases their liability since the probability of injury is greater in absolute terms (if not in relative terms).

What this means is that introducing a new construction process is likely to involve greater consideration of WHS factors for SMEs at the larger (up to 19 employee end of the spectrum) rather than the micro (1-4 employees) and nano (0 employees) end. These results have been supported by a number of studies of the Australian construction industry (e.g. Lingard, Turner & Charlesworth, 2015; Sunindijo, 2015; Wong, Gray & Sadiqi, 2015).

Masi and Cagno (2015) conducted interviews with 58 SME safety officers, and found similar results, with regulation, resources, and information being the three main areas of concern identified. As with Hardie and Newell, (2011), the importance of these areas of difficulty increases with the size from nano to micro to small enterprises but then decreases from small to medium-large enterprises—as access to specialised staff and resources becomes more common.

Finneran et al.'s (2014) study of the micro (1-4 employees) end of the SME spectrum supports this, revealing that the official information provided by WHS authorities can be difficult for SMEs to find and access in the first place, and then, to translate and make relevant for their specific situation. As noted by Finneran et al. (2014, p. 512):

“SME-Micros are not ‘mini larger’ enterprises and so have different and unique OSH information needs.”

Table 1 on the next page provides a summary of some of the emerging issues that challenge WHS management in the SME sector.

Table 1: Illustrative examples of new issues and potential WHS implications

Source	Issue	Potential WHS
Cudney, Murray & Pai, 2015	Lean production	Traded off for increased performance
Degryse, 2016	Digitalisation	Decreased working conditions
Alford, Keenihan & McGrail, 2012	Nano- and bio-technology technologies	Commercialisation context outweighs working conditions
Finneran, A., et al., 2014	Micro SMEs	Limited access to and understanding of obligations

There are also views emerging from the literature that counter the view of SMEs not being interested in WHS issues or investing in their staff. For example, Becke (2013), identified recognition of the notion of “mindfulness” within knowledge-intensive SMEs because:

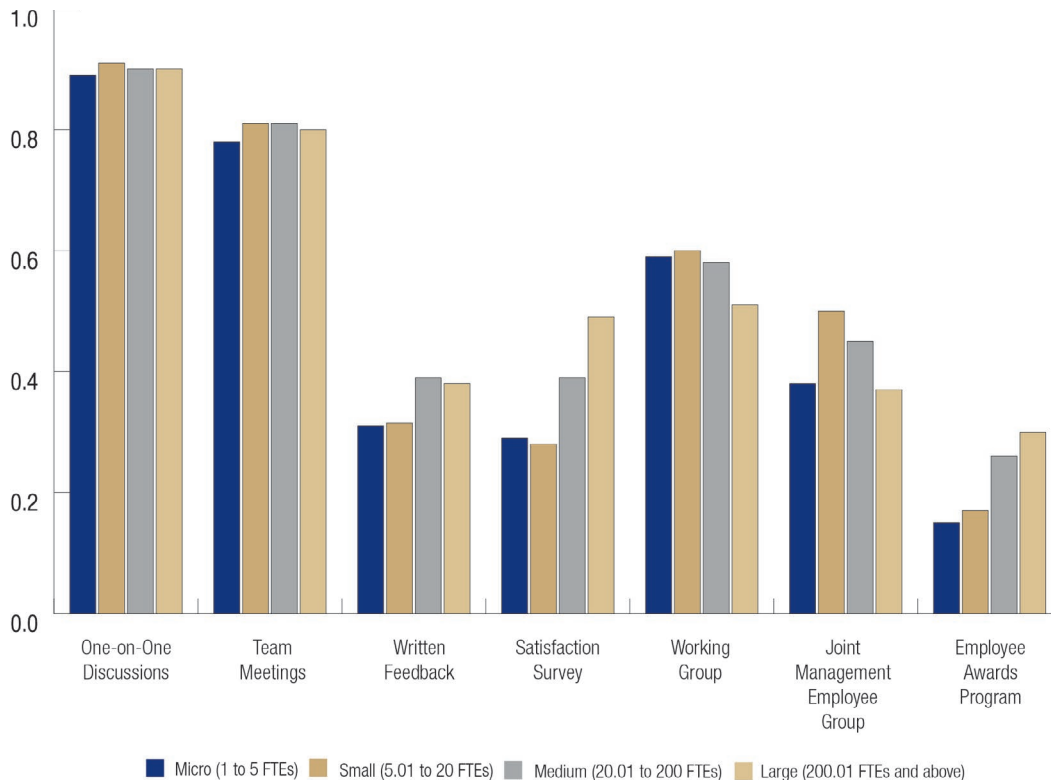
**“...highly qualified professionals are of vital importance for the long-term viability of knowledge-intensive organizations.”
(Becke, 2013 p.83)**

This view also accords with that of Legg et al. (2014) who identify that the nexus of WHS for SMEs is not just about creating healthy work and healthy lives for workers and owner-managers in SMEs, but also argue that it is part of creating a healthy business which is profitable and sustainable.

This view finds support from the wider data sources on communication and engagement between employers and employees – where SMEs are generally characterised by their use of more informal systems. This can be seen in Figure 3 below in terms of the use of formal and informal feedback systems in various Australian businesses. We note some similarities across workplaces by size and also some important differences.



Figure 2: Employer/employee communication & engagement strategies

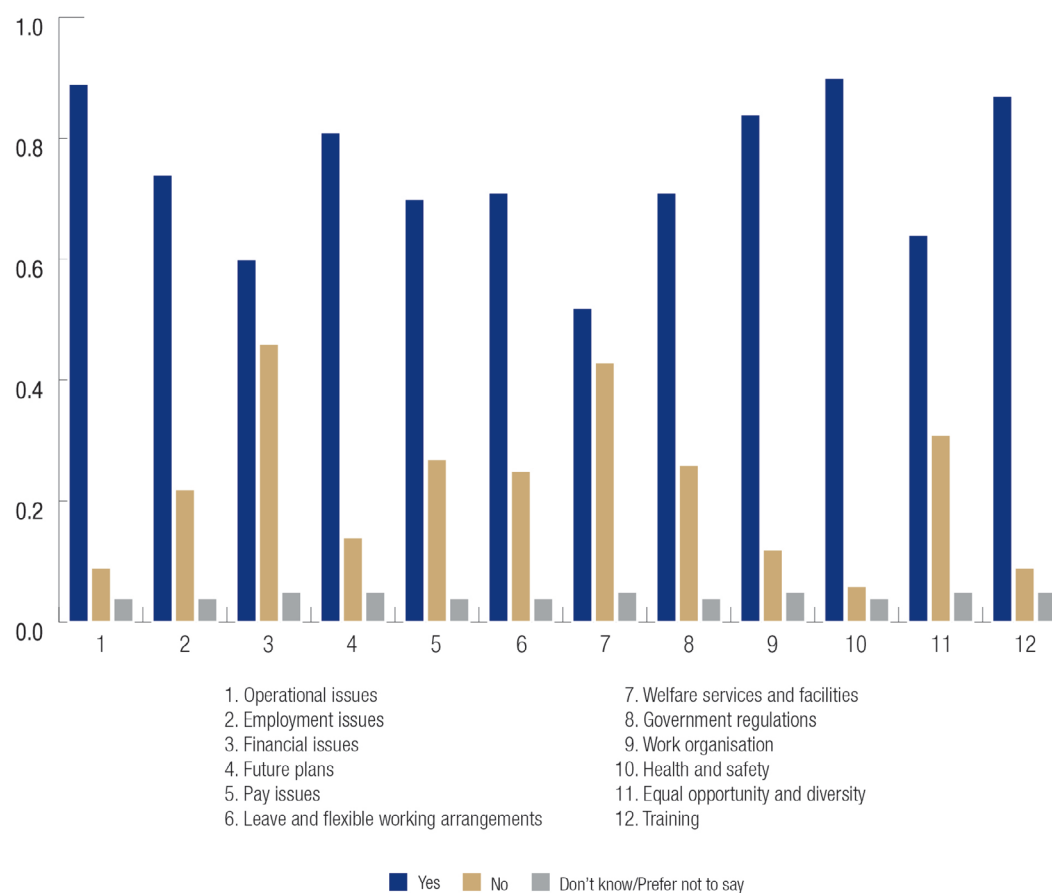


Source: Fair Work Australia - Australian Workplace Relations Survey 2014 (Sampled & Weighted Data, hence columns should be seen as indicative only)

Broadly speaking, much of what we see in Figure 2 can be explained by the scale of issues involved in managing employee relationships in small versus large organisations. The greatest variations are evident in the use of satisfaction surveys (28% of micro-size organisations versus 49% of large organisations) and employee award programs (14% versus 30%, micro versus large). Consistent with prior evidence, this tends to suggest greater informality in smaller organisations in relation to the manner in which employees and their managers interact.

Further, as shown in Figure 3 on the next page, WHS issues can be part of employer-employee discussions during enterprise agreements. However, as such negotiations are not as common within SMEs as they are in large organisations, fewer employers and employees in SMEs are likely to discuss the role of WHS within the wider context of workplace productivity.

Figure 3: Issues discussed during enterprise agreement negotiations



Source: Fair Work Australia - Australian Workplace Relations Survey 2014 (Sampled & Weighted Data, hence columns should be seen as indicative only)

The above information shows that collective agreement negotiations can provide an opportunity for employers and employees to discuss issues relating to WHS as well as other workplace issues and the ongoing operational and financial health of the organisation.

However, as can be seen from the data presented above, the workplace found within the average SME is typified by informal, but positive employer-employee relations. Managers within Australia's SMEs are generally well educated and skilled (see Figure 1). They are also as actively engaged in one-to-one and team meetings as their larger counterparts (see Figure 2).

The review of the literature identified studies where policies and tools were seen as effective for improving WHS in SMEs. This literature, while not well-developed, reflected the importance of WHS policies and programs adapting to the specific needs and characteristics of SMEs. Consideration needs to be given to the development of a better understanding of the intersection between the work environment, WHS and the most appropriate forms of regulation in the workplace and in particular, the impact of these factors on SMEs.

Specifically, studies around the behaviour of SMEs being impacted by WHS laws and regulations highlight the role of appropriate intermediaries as well as programs that target, or offer simplified implementation of WHS systems. These factors emerge as important features for ensuring WHS is not simply a compliance issue for SMEs, but becomes a way of business life. The need to adopt a “light touch” or “economic nudge” approach to regulation emerged strongly and related to this is the need to look at the specific impacts of WHS regulation on SMEs.

Australia has a strong legislative and regulatory framework at state and federal level in which WHS is managed. The literature shows SME owners recognise the penalties they face for failure to maintain healthy and safe working environments. They are also aware of the potential costs of death and injury to both their employees and their organisations. In large businesses, formal WHS systems and management teams are engaged to help provide the necessary compliance with regulations, as well as ensuring the health and safety of the workforce. This is highlighted by research into the construction industry where Hardie and Newell note that **the project-based nature of the activity in this industry:**

**“...can sometimes mean that firms lack the stability necessary to develop complex innovations that require multiple iterations.”
(2011 p.623)**

There is also a growing literature and research into the costs and benefits of good WHS regimes within the workplace. However, much of this research has focused on larger organisations and more work remains to be done on SMEs. The diverse nature of the SME, and the large proportion of organisations that are either non-

“...this suggests greater informality in interactions between employers and employees in smaller organisations.”

employing “nano” organisations, or micro-businesses comprising small teams, makes research into the WHS environment of such organisations difficult.

The question as to how WHS is managed within smaller workplaces, reveals that there is relatively little research undertaken in relation to how SMEs approach WHS and in particular, how they might benefit from innovative practices. There are also indications of the need for research into the impact of forces for change (e.g. technology) within the broader economy that impact on WHS in the workplace. Although some research evidence of this was found, it was scarce and relatively limited in scope. The next section therefore moves to presenting data from our own research via industry forums, a large-scale online survey and qualitative case studies of individual SMEs.

It's not WHS regulation – it's the implementation

An important issue emerging from the literature and data was that SMEs cannot and should not be treated like “big businesses, only smaller” in relation to WHS. This section provides a snapshot of the data gained from a series of industry forums and interviews with SME owners and practitioners around Australia. The aim is to show in greater detail how owner-managers, in particular from micro and small organisations, deal with the challenges of lack of access to specialist staff to help them manage either the external compliance demands of WHS or the day-to-day practicalities of dealing with these issues within their business operations.

In general terms, the WHS system is structured around a dichotomy in which persons conducting a business or undertaking (PCBUs), or employers, and their workers are separated into two distinct and often adversarial groups. However, within the SME workplace, this separation is often blurred. The smaller the size of the organisation the more informal WHS systems become. Further, for the micro-enterprises (with 1 to 4 employees) and the non-employing Nano-enterprises, workplace regulations and detailed implementation systems, while not irrelevant, are either uncommon or informal in nature. The quotes below suggest that it is not so much the regulations themselves but their inability to scale down to be appropriate to smaller businesses.

“...it is not so much the regulations themselves but their inability to scale down to be appropriate to smaller businesses.”

“The regulatory things that are in place for big companies and trying to overlay them onto the small, I think sometimes they need to just chill out. There was an audit three times in 7 years; it was a waste of money... With the last two audits I haven’t even met the auditors, I’ve not even talked to them. The last time they didn’t even interview me.”

(Jo, Perth)

“Sometimes as a small business operator, I don’t even see the relevance of these regulations to my business. I understand the importance of regulations and I am for it.

The authorities will leave us on our own to find out about everything. The guidelines are not publicised much! Sometimes it seems like a mere box ticking exercise that we do on a yearly basis without even understanding what is relevant to our business and what is not!”

(Daryl, regional NSW)

The business owners interviewed in NSW and WA above identified the existing regulatory environment in Australia as complex and not appropriately scaled to the realities of small businesses. A major issue they identified with the design of regulations is that they are formulated with large businesses in mind and thus ignore the needs and unique characteristics of small businesses.

Many of the owner-managers suggested that the ability of regulators to adopt a small business perspective themselves would see them able to tailor the advice in ways that would better suit small business management practices. Regulators may potentially focus on developing a well-articulated pathway that fits to the size, sector, growth and nature of small businesses.

A 'caught in the middle' theme within WHS also emerged where, for instance:

'In the mining sector, many small businesses are forced to comply by their client audit. So, the client will actually impose those systems and you know as part of the contractual terms so they will be required. And you know, we have many dispute situations where the client will actually terminate one of the employees by just removing the access to site because they've something like that. But there's a fair bit of that you know, if you want that contract on that site you comply with the clients' OH&S workplace safety certificates.'

(Bill, Hobart)

This also raises the question about what is involved in achieving compliance with the system from a practical small employer perspective. As the Fair Work Commission review by Sweeney Research (Hodges and Bond,

"...the existing regulatory environment in Australia is complex and not appropriately scaled to the realities of small business."

2014) found, knowledge of obligations and compliance with obligations emerge as two distinct, but equally important, concepts for achieving successful regulation. These findings resonate with the earlier research and data results of this study, particularly in terms of the relevance of organisational size.

The issue of size emerged strongly; SMEs cannot be treated like "big businesses, only smaller" in relation to WHS. What they need is help in identifying regulation and then help to implement. The issues raised were around questions as to where they get help from, the best form etc. This leads into another perspective on workplace regulation identified by those working in the consultancy space in particular, as it is often this lack of specialist knowledge and advice that they are providing to small business.

As with workplace regulation more generally, they feel that PCBU / employer and the worker/employee should share the burden of responsibility for implementing these regulations equally.

This is likely to be achieved through the development of a strong collaborative engagement between the employer and employee, with both parties getting access to timely and accurate information and training. Education and mentoring support could do a lot to assist this process, but our findings point to the issue of the time-constraints facing many already very busy small business owners, and the often overlapping and confusing activities of federal and state government authorities:

“I understand it is the boss’s job to protect the staff members, but it is also ...the staff members’ responsibility ...to have their own duty of care. I think too much has been shoved on the business owner.”

(Steve, Melbourne).

“Firstly, as a small businessperson understanding the systems, right. And secondly implementing them without making a mistake. And so, and then there’s the last one of that trio is the employee themselves, and what their attitude is.”

(Tony, Hobart).

“One thing I find hard is that you’ve got State government small business week, you’ve got federal government small business information and all, and some of them cross over. Both actually are trying to offer training and education and stuff like that, which is fine, but I just don’t have the time to go to those things.”

(Sarah, Melbourne)

The qualitative results presented above add depth and explanation to findings from the literature and secondary data already presented. In particular, the finding that workplace regulation can originate from multiple jurisdictions and regulatory authorities. This individual focus offers insight into the way in which SMEs are dealing with many of the issues that confront larger businesses – but often without the presence of specialist staff to help manage either the external compliance demands of regulation, or the day-to-day practicalities of business operation. This returns us to the issue of misunderstanding SMEs’ motives and actions in response to regulation and the notion of scalability. Workplace rules and regulations, from employment through to workplace health and safety, are generally written for medium to large organisations.

Both the research and data examined above suggest that there is the need for these to also explicitly cater to the SME sector. As such, they rely for their successful operation on the presence of speciality staff to understand, implement and enforce them. This is often impossible and even self-defeating for many small firms, where around 61 percent are “Nano” enterprises that do not employ anyone other than their owner-manager (DIISR, 2011; ASBFEO, 2017). This adds a further dimension which suggests the need to design guidance specifically for them. The key difference appears to be that while the larger a company the more complex the issues and safety risks – and thus the greater need for detailed Codes and Guides, this level of detail is unlikely to be needed for those operating at the nano end.

“Workplace rules and regulations, from employment through to workplace health and safety, are generally written for medium to large organisations.”

The work health and safety (WHS) measures adopted by business owners in the day-to-day management of their businesses largely seem to be informal. Beyond an identified need to cater WHS specifically to the SME sector, there is also the need for an appropriate response to the lack of business owners' treatment of themselves as the 'worker' as well as the 'PCBU'. The business owners assume the duty of care responsibilities towards employees/staff, but tend to be poor in managing their own health and safety. The case study vignette in the next pages will provide a more detailed insight into just what this really looks like at the SME level.



PCBU and worker: a particular challenge for SMEs

Case study: Henskens Rankin Sparkling Wine

Henskens Rankin Sparkling Wine (HRSW) is a stable micro organisation that specialises in making sparkling wine. The company is independently owned and operated by Frieda (who operates as everything from chief winemaker to viticulturist) and her husband David (who assists in the vineyard on his days off). This case vignette provides insight into how a small Tasmanian business operating in the nexus between viticulture and food production (in this case, wine), deals with the complexities and challenges of workplace regulations - with a specific focus on WHS.

Health and safety considerations are often key influencers of the work environment at Henskens Rankin Wines.

As Frieda notes:

“Henskens Rankin is effectively me – I manage the wee vineyard we lease, I do the bulk of the vineyard work and the day to day running of things. When we have access to the facilities, I also make the wine.

...I do appreciate that agriculture is a hazardous enterprise. Most of the tasks I need help with involve using secateurs and the like. Let's face it, people chop their own fingers off working in their own gardens so I can understand that.”

The workforce associated with fruit picking is often an itinerant one linked to backpackers and particular groups where grapes are seen as just another variation of the fruit season they follow around the country. It is a workforce that presents both an opportunity and challenge for small businesses – with the opportunity clearly being the ability to access a trained but non-ongoing workforce when needed.

The challenge is that the work they are doing is both physically hard and hazardous. This tension manifests in our case study as:

“Agriculture still very much depends on the informal economy, but we've decided that the potential reputational damage and liability is too great. I realise that quite rightly, I have a responsibility to provide adequate safety training to any staff and am also required to be able to prove that I have provided that training, however in my experience with folk I have worked with in various vineyards, literacy and/ or competence in English can be an issue.”

This illustrates the dilemma of many small businesses. Here it is not only the financial costs of 'doing the right things' (i.e. training, implementing systems and administrative processes) but also the risks to reputation and liability if things go wrong, that in fact see them taking on the workload themselves. As a micro-business, the

question for Henskens Rankin Wines is how to make WHS part of their family working practices when out in the 'big green office'

The question posed by this case for regulators is how to provide an appropriate regulatory response that is clear and specific, yet flexible enough to apply to all of the sizes and types of agriculturally based businesses, and empower businesses to operate in ways that focus on their own unique health and safety needs.

The example of Henskens Rankin Wines highlights a few key insights for the broader small business community in Australia.

First, this story resonates with the results we have found in all stages of the larger research project. Regulation and WHS at Henskens Rankin Wines, as with most SMEs, is something that they are very well aware of - particularly as the “duty of care” responsibilities of PCBUs but much less so as directed towards themselves.

They are aware from their own prior work experience that they are unable to emulate the processes and systems of large businesses where formal WHS systems and management teams are engaged to help provide the necessary compliance with regulations, as well as ensuring the health and safety of the workforce. However, the time based pressures of production often see small business owners caught in the trap of ‘doing it all’. The costs of employing others simply presents too great a barrier – and these costs are both the direct financial and liability costs, as well as the potential for negative impact on reputation.



Conclusion and recommendations

WHS is not merely a compliance issue for SMEs, but for most, is a way of business life. The need to adopt a “light touch” or “economic nudge” approach to regulation emerged strongly and related to this is the need to look at the specific impacts of WHS regulation on SMEs.

Australia has a strong legislative and regulatory framework at state and federal level in which WHS is managed. SME owners and managers recognise the penalties they face for failure to maintain healthy and safe working environments. They are also aware of the potential costs of death and injury to both their employees and their organisations. In large businesses, formal WHS systems and management teams are engaged to help provide the necessary compliance with regulations, as well as ensuring the health and safety of the workforce.

The diverse nature of SMEs, and the large proportion of organisations that are either non-employing “nano” organisations, or micro-businesses comprising small teams of fewer than 5 employees, requires specific material, education and regulatory approaches .

There is an important body of literature, as well as practitioner and SME owner experience devoted to innovation and the use of innovative WHS programs as part of enhancing workplace productivity into the future. However, what also emerged is that relatively little research into this has or is being done - and in particular into how SMEs as well as society might benefit from innovative practices.

Within this, there is also the need for attention to be given as to the impact of forces for change (e.g. technology) within the broader economy and the impact on WHS in the workplace. Although some research evidence of this was found, it was scarce and relatively limited in scope. Future research should examine these questions through interviews with employers and the development of case studies of best practice within SMEs.

Relatively limited attention has been paid to the use of innovation in the management of WHS within SMEs. Although some evidence was found of the application of technologies to WHS management, this area remains under researched.

In summary, while the research presented here supports the commonly held view that WHS in Australia has traditionally been designed for big business, it also warns that those who subscribe to the avoidance or non-compliance narrative of SMEs, including regulators, may have misunderstood the motives and outcomes of smaller firm behaviour in the face of regulation. There is evidence that SME owners and managers recognise the need for regulation and have a desire to be safe and comply with best practice.

There are clear indications that workplaces and key relationships are changing with the influence of technology, globalisation and workforce demographics all identified as key drivers in this change.

“SME owners and managers recognise the penalties they face for failure to maintain healthy and safe working environments. They are also aware of the potential costs of death and injury to both their employees and their organisations.”

What has also emerged consistently is that there is limited research addressing the specific needs of SMEs, with even less research focused on the micro and nano-enterprise level

Overall, the formal systems of WHS regulation emerge as centred around medium to large enterprises. While SMEs (and the bulk of these being at the 'nano' end) have been shown to be not only aware of but also actively managing their WHS obligations, this is generally through informal and often based on very individualised, one-on-one relationships. The regulation in place may not be wholly undesirable – but it is not necessarily helping SMEs to increase safety and health performance either.

“They need help identifying and translating WHS regulation into their own context, and then, assistance in implementing it.”

Finally, there is a dearth of knowledge about the management of WHS within SMEs, particularly in relation to how best practice WHS management enhances organisation performance. This needs to change. SMEs cannot be treated like “little big businesses” in relation to WHS. They need help identifying and translating WHS regulation into their own context and then, assistance in implementing it. We have identified here that there are key gaps in our knowledge as to where they can access information and assistance, what the best forms for this might be and how it may be tailored to the often very specific circumstances of the SME.

These areas that have been flagged for further exploration represent crucial avenues for future research and development of processes and policy that embrace a ‘one-size-does-not-fit-all’ approach to WHS and regulation.



Key takeaways

Takeaway 1

Future research will need to examine how SMEs actually manage WHS across sectors and within firms of different sizes (differentiating between traditional “small” business, micro and “nano” businesses).

Takeaway 2

Future research will also need to examine the effectiveness of WHS laws and regulation for smaller businesses, and the compliance costs associated with this.

Takeaway 3

The nature of the Australian business landscape is changing. There is a need for more interdisciplinary research in this area that can focus on both the economic productivity issues as well as the wider social context of small businesses.

Takeaway 4

Future research is required to investigate these three research questions with reference to direct interviews with employers, particularly those from SMEs, and the development of case studies that can provide insights into the way WHS is managed within the workplace.



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