

NOBLE LIVINGS, INC.

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Hard Hats Worn in Company Factory

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Issue Statement

After evaluating Noble Livings, Inc. factory processes and standards, a concerning logistics and safety issue has been brought to the public relations department's attention. Due to the recent close of the Council Bluffs, Iowa, facility, the Noble Livings Atlanta facility has been receiving extra shipments. The increased supply shipments have brought about stacks of boxes that could potentially cause hazardous situations (i.e. falling objects) in the factory setting and are against various safety standards the company abides by to protect workers.

The issue for Noble Livings: Due to the outstanding amount of supplies being held in the Noble Livings Atlanta factory, should the company's safety code change its requirements to now state that factory workers must wear hard hats?

Background

Bullard, a manufacturer of personal protective equipment specializing in industrial head protection, invented the original concept of the hard hat in 1915. The idea sparked from the growing need for gold and copper miners' protection from falling objects while working in hazardous and oftentimes fatal environments. The concept designer based the hard hat off the doughboy helmet soldiers wore in World War I. The name patented to the first hard hat model in 1919 was the "Hard Boiled" hat. The original Hard Boiled hat prototype was manufactured out of steamed canvas, glue, a leather brim and black paint.

Today's standard class E hard hat is produced from polyethylene plastic — making it lightweight, durable, easy to mold and non-conductive to electricity. The hat's material is also treated with an ultra-violet inhibitor, which helps the hats weather various outdoor environments.

The first construction project in America that required hard hats for all workers was in San Francisco in 1933 at the Golden Gate Bridge construction site. Chief Engineer Joseph Strauss made the decision to require the use of hard hats as a safety standard during the bridge's historic building process. Soon after, multiple other construction projects big and small were using hard hats as the product's popularity and commonality expanded.

Since then, regulations on hard hat usage and requirements in the workplace have been established under the Occupational Safety and Health Act of 1970. The act in turn created the Occupational Safety and Health Administration (OSHA). OSHA is the main federal agency charged with the enforcement of safety and health legislation and is part of The United States Department of Labor. Another large enforcer of worker safety and health standards is the American National Standards Institute (ANSI). ANSI aids in

creating and assessing thousands of norms and guidelines that directly impact businesses.

In the past, multiple companies similar to Noble Livings in size and manufacturing capabilities have had issues with implementing the use of hard hats in factories. For example, in 2012, Conplanto, a manufacturer of farming and agricultural supplies, experienced a sudden growth in its shipment sizes, causing large stacks of boxes that eventually led to a worker injury and lawsuit (i.e. Nelson v. Conplanto).

In 2010, General Motors (GM) was in a similar situation as Noble Livings. However, the company already had regulations on hard hat usage in their manufacturing facilities. And an equipment upgrade called for a change in the hard hat model they had as their safety standard. The GM corporate office was not made aware of this until the equipment was already in use and a worker retained severe injuries, eventually suing the company (i.e. McClynn v. General Motors).

Similar past lawsuits:

- Hutchison v. Portable Sink Company (2014)
- Rolland v. Allentager Electric (2012)
- Leemies v. Wrenway Manufacturing (2012)
- The Workers Union v. Yellowhedge Construction (2011)

Impact

Economic

Companies run the risk of multiple economic consequences when safety standards are not met in its' manufacturing facilities. And there are various benefits provided to companies that make a priority to maintain safe working environments for employees.

On average in the United States, companies spend more than 6 percent of their fiscal budget on ensuring their manufacturing facilities meet safety standards. This includes keeping supplies such as hard hats, safety goggles, proper clothing, etc. updated each year.

- *The Journal for Factory Safety* (2007)

The amount of total loss attributed to work-related accidents in the United States is approximately \$1 billion.

- *The Journal for Factory Safety* (2007)

It was found that organizations which actively maintain updated safety codes have a 20 percent higher income rate than companies that do not.

- *The Big Ten Annual Report* (2009)

Investors and stakeholders are 36 percent more likely to invest in a company that makes employee safety and protection a top priority.

- *Investor Report* (2010)

Employees who know they are working in an environment committed to safety are 18 percent more likely not to file a lawsuit due to work-related injuries.

- *United States Office of Labor* (2011)

Hard hats are the least expensive safety equipment in regards to cost and up-keep when compared to 15 other OSHA standard factory safety gear.

- *Factory Standards and Codes Report* (2013)

Government Regulations

Currently, the United States Department of Labor has the multiple regulations in place to ensure companies are following proper safety precautions in potentially dangerous work environments. OSHA is the main enforcer of such standards.

OSHA Policy 1910.135(a) states: "The employer shall ensure that each affected employee wears a protective helmet when working in areas where there is a potential for injury to the head from falling objects. The employer shall ensure that a protective helmet designed to reduce electrical shock hazard is worn by each such affected employee when near exposed electrical conductors which could contact the head. "

- *OSHA Personal Protective Equipment Guide* (2003)

Employers must ensure their employees wear head protection if any of the following apply:

1. Objects might fall from above and strike (workers) on the head;
2. (Workers) might bump their heads against fixed objects, such as exposed pipes or beams;
3. There is a possibility of accidental head contact with electrical hazards.

- *OSHA Personal Protective Equipment Guide* (2003)

OSHA standards may require conditions, or the adoption or use of one or more practices, means, methods or processes reasonably necessary and appropriate to protect workers on the job. It is the responsibility of employers to become familiar with standards applicable to their establishments and to ensure that employees have and use personal protective equipment when required for safety.

- *Osha.gov* (2014)

After an OSHA inspection, the following are the types of violations that may be cited and the penalties that may be proposed:

1. Other Than Serious Violation – A violation that has a direct relationship with job safety and workers' health. This kind of violation would not

cause death or serious physical harm and would have a proposed penalty of up to \$7,000 for each violation found on site.

2. Serious Violation – A violation in which there is a large probability of death or serious physical harm. In this violation the employers knew or should have known about the cited hazard. This will result in a mandatory \$7,000 penalty for each violation found on site.
 3. Willful Violation – The employer knowingly commits a violation with indifference to the law and safety standards. This will result in a \$70,000 proposed penalty.
- *Osha.gov* (2014)

Productivity

In terms of employee productivity, the use of hard hats will not directly affect factory workers in a negative way. Studies have actually shown that the safer employees feel in their work environment the more productive they will become.

Employees who feel they are in a safe work environment are 67 percent more likely to put more effort into their work.

- *United States Department of Labor* (2006)

An effective safety program has the benefit of improving employee morale and productivity. Employees are more satisfied, they go home to their families uninjured, and the bottom line is improved.

- *OSHA 'Safety and Health Add Value' Pamphlet* (2005)

Turnover rate for employees working in potentially hazardous conditions directly correlates with how safe they feel while working.

- *Industry Turnover Statistics* (2010)

Consumer

The implementation of hard hat usage in Noble Livings factories will not directly affect the consumer. Product pricing will remain the same despite the need for new protective gear on the production end of operation. The company will take the costs required for the hard hats out of designated operational lines.

Strategies

Option 1: Continue with current Noble Livings, Inc. safety procedures that do not require the use of hard hats.

This option would eventually result in an OSHA citation and possible employee injury or lawsuit. Workers will also feel as if their safety is compromised due to the large amounts of heavy materials being stacked without proper head protection provided to them.

Choosing this option also means Noble Livings will not need to spend money on purchasing hard hats for all factory staff, which avoids a large expense.

Option 2: Noble Livings moves surplus equipment deliveries that arrive at the manufacturing facility to a different portion of the factory to avoid hazardous stacking.

This option would comply with OSHA regulations and avoid the expense of purchasing hard hats for factory workers. However, choosing this option also means factory workers will need to spend a large portion of their work day transporting needed equipment from one portion of the facility to another. This ultimately means employee productivity will decrease causing overall factory efficiency to decrease.

Option 3: Change the current Noble Livings factory safety policy to require the use of hard hats.

This option will comply with OSHA regulations, which avoids possible citations and penalties upon factory inspection. Changing the safety code will also mean employees will be protected from possibly hazardous situations the equipment surplus could result in.

Choosing this option will also mean purchasing hard hats for all employees, which could be a costly expense.

Current Company Policy on Hard Hat Usage

Hard hats have never been a required piece of standard uniform for factory workers. There has never been a need for them due to the types of equipment being manufactured out of the facility and the factory setting in general.

OSHA standards say that hard hats are required when there is a possibility that objects might fall from above and strike workers on the head. This has never been a risk at the Noble Livings manufacturing facility until recent surplus shipments (due to the Council Bluffs factory closing) caused stacked boxes of manufacturing parts.

Recommendation for action

Option three is recommended.

Rationale

Due to the potential hazards caused by the increase in manufacturing product shipments, it would be in the best interest of Noble Livings to implement a new safety code which requires workers to wear hard hats.

Moving forward with this policy will ensure workers feel safe and that a potentially dangerous work environment will be avoided. It will also keep the company up to code with OSHA safety standards, which will avoid citations and penalties. This decision would not directly affect consumers or other stakeholders.

Choosing this option would result in allocating funds that would pay to purchase the hard hats. However, it would ultimately benefit the company in various other areas.