TRENDLINES

The Employers' Association's monthly whitepaper on essential Business/Human Resources practices

The Employers' Association (TEA) delivers reports for businesses that contain relevant and up-to-date information based on our work with hundreds of employers each month. TEA is known to produce a number of essential benchmark survey reports every year and we also compile data and observations that provide organizations practical perspectives on important business trends.

Overcoming Safety Challenges in Small Businesses

What you should know

For many small businesses, ensuring the safety and health of employees can be a challenge. Limited resources, difficulty meeting regulatory requirements and cost concerns associated with numerous loss-control related facets of the business, including workers' compensation, all present difficult problems. These issues can lead to higher injury rates, suggests a 2019 study published in the journal *Occupational Health Science*. Researchers noted that small organizations had a total recordable injury and illness incidence rate of 3.7 per 100 employees, compared with 3.3 for businesses with over 1,000 employees, based on data from the Bureau of Labor Statistics. The rates were even higher for small organizations in industries such as manufacturing, construction, nursing and residential care.   We are all aware of the enormous human cost of workplace accidents to an employee and their families. At the same time there are significant fiscal costs associated with poor health and safety practices including lost work days, reduced productivity, high employee turnover, rising legal fees and insurance costs, and the negative impact to current and prospective employees and (at times) customers.

The message for business owners of any size should be clear – the benefits of creating and sustaining a positive culture of safety can have a dramatic impact on the current and future success of any organization. Knowing this, however, is different than doing something about it. This paper will help provide some of the action steps and considerations needed to truly make a difference. Throughout this white paper the agencies OSHA and MIOSHA will be used since Michigan has its own safety and health administration program which, by code, must be as stringent as the Federal Program.

What we know

TEA has assisted hundreds of companies, the great majority of whom are small businesses, by giving information, providing resources and addressing concerns about environmental health and safety. What follows are some of the considerations we have found to be most important in order to protect the health and safety of employees:

- **Investing in safety pays dividends**
  Some business leaders perceive of workplace safety as a compliance-driven or feel-good initiative that costs their organizations money. Studies repeatedly show, however, that an investment in safety is an investment in the company's future. A recent study by OSHA found that companies investing in safety procedures see a significant (20-40%) decrease in overall injury and illness costs. A 2018 study by the National Safety Council shows that for every dollar invested in safety programs there is a payback of $4

to $6 in reduced costs. From a purely financial perspective it makes sense to invest in safety and health initiatives.

- **Employee orientation and ongoing safety training is a must**
Employee safety orientation is the process of introducing new, inexperienced, and/or transferred workers to a culture of safety within your organization by exposing them to supervisors, co-workers, work areas, jobs, and especially the health and safety requirements of their work environment. The importance of having a comprehensive training program for those new to their work environment can be demonstrated by specific statistics reported by OSHA – 40 percent of workers who are injured have been on the job less than a year, one of every eight workplace injuries occurs to employees on their first day and new hires are five times as likely to be injured on the job as experienced workers. A well designed orientation program can help to reduce these expenses but will probably never totally eliminate the hazards associated with performing work within a new or different environment.

- **Small businesses have many free or low cost resources available**
One of the most valuable resources for employers is from an obvious source: OSHA (or, in Michigan, MIOSHA). The OSHA Small Business Handbook helps employers meet the legal requirements imposed by the *Occupational Safety and Health Act of 1970* (the Act) and achieve an in-compliance status before an OSHA inspection by ensuring that employees are prepared to handle safety and health hazards in the workplace. MIOSHA offers course, educational programs, and training materials for employers who need help creating a workplace safety prevention plan but are unsure of where to start and offers a step-by-step guide to determine which requirements apply to the workplace and how to comply with them. Free onsite consultation services offered through MIOSHA's SET Division will help employers identify workplace hazards, provide advice on compliance with MIOSHA standards and assist in establishing injury and illness prevention programs. In addition to OSHA/MIOSHA there are many resources available including the National Safety Council, the National Institute for Occupational Health and Safety (NIOSH), the American Society of Safety Engineers (ASSE), the American Industrial Hygiene Association, the West Michigan Chapter of the American Society of Safety Professionals, and the Michigan Safety Conference and, for those attending TEA's Safety Roundtable meetings, immediate feedback on workplace issues and concerns from 12 – 20 other Safety professionals is provided. (Many Safety Roundtable meetings include presentations from experts on topics such as MIOSHA inspections, workers compensation cost management, ergonomics, organizing effective safety committees, hazard communication, industrial hygiene, and other relevant subjects.)

- **The Leadership Team must be committed to safety and model behavior**
Based on the input we have received from TEA engagement surveys, our Helpline and members of our Safety Roundtable, the most common complaint voiced by those having safety responsibility is a lack of commitment and support by upper management. Safety professionals know that no matter how knowledgeable they are about safety and health and how committed they are to creating the safest work environment possible, there is little hope of having a successful safety program unless it is supported by an organization's CEO and other upper management employees. Top leadership who are deeply (and personally) committed to the safety and security of workers who provide an adequate budget for safety and health initiatives communicates a strong "we care" message to employees, the surrounding community, and to their industry – and "puts their money where their mouth is" in regards to providing an environment that is safe, healthy and shows true concern for employee welfare.

- **Engaging employees in the safety culture is critical**
When employees are not committed or fully vested in a safety culture, they usually are not overly concerned with their performance and are not invested in the future success of the company. This can negatively impact day-to-day operations, inhibit a company's growth and put workers' safety (and health) at risk. In studies conducted by Queens School of Business and the Gallup Organization, disengaged workers have 37 percent higher absenteeism, 49 percent more accidents and generate 60 percent more errors and defects within their work than do those employees who are actively engaged in their work and proactively seek to create a safe environment. In another study conducted in 2016 by

Gallup, researchers statistically calculated the work-unit level relationship between employee engagement and business performance. The results of this study found that work units in the top quartile in employee engagement outperformed bottom-quartile units in productivity, profitability, saw significantly less turnover, absenteeism and 70% fewer safety incidents.

What it means

Reduced to its simplest terms, the overall objective for effectively managing a culture of safety awareness is to protect employees by preventing or reducing workplace accidents, illnesses, time away from work and (in worst cases) fatalities. This will result in cost savings in a variety of areas, such as lowering workers' compensation costs and medical expenses, avoiding MIOSHA penalties, reducing costs to train replacement employees and conduct accident investigations and demonstrating to employees that their employer truly cares for their welfare – an intangible that cannot have a cost directly assigned to it but that plays a huge role in ongoing communication efforts. In addition, employers often find that changes made to improve workplace safety and health can significantly reduce absenteeism and turnover, attract and retain quality employees, increase productivity and quality and raise employee morale. Safety is good for business and protecting workers is simply the right thing to do – investing in one will necessarily benefit the other.

What you can do

Identifying some of the key strategies and initiatives that can help to build and sustain an effective culture of safety is a great first step. It should be emphasized that implementing necessary change is an ongoing process which takes true commitment from all employees but most importantly from an organization's executive leadership team. Analyzing and understanding current conditions must be the first step before meaningful action plans can be developed BUT without developing action plans nothing will happen, change or be adopted. What you SHOULD NOT rely on is the concept of a traditional safety "audit" (a snapshot in time which assumes there are defined things that must be included in a safety system in order to get a high rating or to create a safe environment) has become suspect because it is "transactional" rather than "systemic" in its approach to compliance. Seldom do you find mention of correlational studies between the content of these audits and the actual accident record as they tend to reinforce a "police state" mentality which imposes safety as a condition of someone's enforcement rather that a product of individual actions. An alternative to an audit is a safety culture survey, sometimes referred to as a "perception survey," which is a better measure of safety performance and a much better predictor of safety results. Once the results of a safety culture survey are known, an action plan (which will include the known processes, costs and conditions outlined in this report) can be developed and implemented. Safety is a process, not a program, and unless (or until) organizations recognize this reality it will remain a mandated requirement that employees comply with (when they think you are looking) rather than a live and interactive business tool which can foster engagement and enhance both productivity and quality.