

One press release on OSHA violations yields compliance equal to 210 inspections

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Matthew Johnson. Credit: Duke University

A single press release naming a company that has violated workplace health and safety regulations can result in a 73 percent improvement in compliance by other facilities, a Duke researcher finds.

The study appears in the June issue of *American Economic Review*.

Beginning in 2009, the federal Occupational Health and Safety Administration (OSHA) sent press releases to the local newspaper near a facility, detailing serious health and [safety violations](#) found during an

[inspection](#).

The study found that after one of these press releases was sent to the local newspaper, compliance by other nearby facilities improved more than if OSHA had inspected each of those facilities directly.

"OSHA would have to conduct an additional 210 inspections to elicit the same improvement in compliance as sparked by a single press release about severe violations," said researcher Matthew S. Johnson, assistant professor at Duke's Sanford School of Public Policy.

Workplace injuries cost an estimated \$250 billion each year. There were 3.7 million work-related injuries and illnesses in 2015. Concerns about [worker safety](#) and health have become especially pronounced during the COVID-19 pandemic: Many workers are facing elevated health risks, but numerous reports indicate that employers are not providing the protective measures workers need.

Ratings and scores of a company's performance are increasingly common. Some are created by media or advocacy groups, while others are created by [regulatory agencies](#). Revealing poor performance, or "shaming" a company, creates pressure for the company to improve its behavior.

"We have lots of evidence that these ratings and scores motivate companies to do better," Johnson said. "But this is one of the first papers to show that these kinds of disclosures have a ripple effect on the behavior of other companies and to provide new insight into what drives companies to comply with regulations."

Traditionally, OSHA—like other regulatory agencies—relied on inspections as its main tool to promote compliance and [safety](#). Inspections are effective: Prior studies have shown that facilities go on

to improve their compliance after being inspected. However, inspections are costly, and the agency's resources enable it to inspect only a tiny fraction of the facilities it regulates.

In 2009, OSHA began issuing press releases following an inspection with a large fine of more than \$40,000.

The policy was intended to both publicize OSHA's enforcement activity and to reveal to the public those companies with high violations. OSHA sent the press releases to local media and trade publications; as a result, other local companies in the same industry were made aware of the fines and the publicity.

Johnson linked the archive of OSHA's press releases to data on OSHA inspections to analyze the extent to which press releases about one facility affected the subsequent compliance and safety behavior of nearby facilities in the same industry.

Effects

Johnson found that the press releases had a strikingly large effect:

- A press release leads to 73 percent fewer OSHA violations at peer facilities within a 3 mile radius (5 kilometers) of the publicized facility.
- A press release has a smaller effect on compliance of facilities located further away, but effects persist for facilities up to 31 miles (50 kilometers) away.
- Press releases also led to fewer workers getting injured and killed on the job.

The press releases might have created pressure on peer companies to proactively improve their safety performance.

For example, one week after a flavoring manufacturer was the subject of an OSHA press release that detailed widespread safety violations, Starbucks ended its relationship with that manufacturer.

"Presumably, other flavoring manufacturers—seeing the costs of being the subject of a press release—would seek to avoid such a fate," said Johnson.

"The former director of OSHA said that [company](#) lawyers told him their clients were more worried about seeing their names in an OSHA [press](#) release than about being fined," he said.

Publicizing severe violations is a powerful tool for regulatory agencies that can increase the impact of inspections, he said.

"Given the enormous social costs of workplace injuries, these estimates reveal that [press releases](#) created a large social benefit for a small cost," Johnson said.

More information: Matthew S. Johnson, Regulation by Shaming: Deterrence Effects of Publicizing Violations of Workplace Safety and Health Laws, *American Economic Review* (2020). [DOI: 10.1257/aer.20180501](#)

Provided by Duke University

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