

WORKPLACE SAFETY INSPECTIONS, SAFEGUARD WORKERS HEALTH AND IMPROVE COMPANY'S REVENUE



Businesses regularly lament and complain about the cost of regulations, saying that it affects their profitability. However, a new study has suggested that the government's regulations on implementation of workplace health and safety rules, not only helps save lives, but it does so without diluting the company's profitability. The findings are garnered from a study that focused on companies that the California's Division of Occupational Safety and Health had randomly inspected between 1996 and 2006. The study's researchers have come to the conclusion that inspected companies had 9.4 percent less claims, when compared to companies that were not inspected. Moreover, the results showed that the companies profit and sales statistics were not negatively impacted. The results also revealed that inspected companies, saved on an average 26 percent, on workers compensation costs, over a period of four years, after the inspection, in comparison to companies that were not inspected. Inspected companies saved an average of about \$355,000 in injury claims and compensation paid, during this period. The study, published online in the journal science, seeks to dispute, employers claims that such regulations are killing jobs. Opponents of the governments Occupational Safety and Health Administration, say that instead of wasting time and effort and spending money on inspections, the government should use these resources to set up voluntary safety programs. Michael Toffel, a professor at Harvard Business School and co-author of the study said, "The randomized inspections provided a perfect natural experiment that uses the power of randomization just like a medical clinical trial because Cal/ OSHA typically inspects facilities following complaints or recent accidents, you can't study those inspections to get an unbiased understanding of whether they make a difference. By studying the inspections Cal/ OSHA conducted at workplaces selected at random, we were able to overcome this problem to learn the actual impact of inspections." Toffel said that inspections led to a decrease in injuries, because the inspectors appraise the employers of the safety problems and recommend remedial measures. "It focuses the minds of managers to create solutions like installing blade guards around a saw or railings on elevated walkways," he said. "These inspections ironically appear to be creating value for the firms that they are visiting in terms of reduced workers' comp costs and frequency of injuries," he added. The study estimates that presuming all 50 states have the same findings, as those in California, inspected companies in the US were saving around \$6 billion. Moreover, there were other intangible benefits, like less absenteeism owing to lesser injuries, more production, and not having to bear the pain and suffering of employees involved in accidents. Celeste Monforton, a professor at George Washington University's School of Public Health and Health Services said, "It really is the complete opposite of the regular rhetoric that we hear coming out of Washington, D.C., about regulations being harmful to the economy and bad for business." Marc Freedman, executive director of labor law policy for the U.S. Chamber of Commerce, said that most business owners were not opposed to inspections, but the manner in which they were conducted. "It's more a question of how those inspections are conducted and what the relationship between the inspector and employer is," he said. More often than not, OSHA approaches inspections with an aggressive mentality with the sole intention of levying as much penalties as possible, he said. Monforton said that the OSHA inspectors were only fulfilling their work obligations and were duty bound to inspect workplace hazards and cite companies found guilty of violating the norms. Political affiliations had no role to play in their decisions. Moreover, Monforton said, that even though OSHA can levy a maximum penalty of \$7000 for serious violation, it generally takes into account the companies size and past safety record. OSHA's assessments average about \$1000 per violation, he said. "More trials like this would help us find out where regulations work and where they don't," Toffel said. "Because the cost of regulations is very real, governments should be investing constantly to learn how to make them as effective and efficient as possible."