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OSHA's Safety Tests Protect Workers at Little Cost: Study

But some disagree with researchers' conclusions

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THURSDAY, May 17 (HealthDay News) -- Government's workplace safety inspections reduce on-the-job injuries and related costs without hurting company profits, a new U.S. study finds.
To reach their conclusion, researchers looked at data on 409 California businesses randomly inspected by the state's Occupational Safety and Health Administration and 409 similar workplaces that weren't inspected. Their finding counters the belief that government regulation of industry safety kills jobs, an idea dear to many conservatives and libertarians.

"We found that workplace inspections worked pretty much the way they are supposed to. They improved safety, and they did not cost firms enough that we could detect it," said lead researcher Michael Toffel, an associate professor at the Harvard Business School in Boston.

Comparing worker safety and corporate bottom lines in high-hazard industries, the researchers sought evidence to back charges that OSHA kills jobs, he said. They wanted to know if OSHA inspections were so disruptive or costly that they affected sales or led to layoffs, financial instability or closure. "We found no evidence that these types of problems were happening in any systematic way following inspections, Toffel said.

The report is published in the May 18 issue of *Science*.

For the study, Toffel's group analyzed data from a study of workplace safety inspections conducted by California's Division of Occupational Safety and Health (Cal/OSHA).

The researchers found that in high-hazard industries, inspections reduced injury claims 9.4 percent and cut workers' compensation costs by 26 percent in the four years following inspection, compared with similar uninspected plants.

Inspected companies saved an estimated $355,000 in injury claims and compensation for lost work over that period with no impact on profits, they noted.

"Our study suggests that OSHA inspections are good for workers and for companies," Toffel said.

Because the study was limited to high-hazard businesses with 10 or more employees and just one state, the results may not apply across the board, the authors said, noting further studies are needed.

Others said the study's methodology and conclusions are flawed.

Devon Herrick, a senior fellow at the conservative National Center for Policy Analysis, a Dallas think tank, said the findings aren't applicable across the board.

"The key element in this study is that OSHA targeted only high-risk firms," Herrick said. "The authors make no claims that the results would be similar if replicated across all firms or low-risk firms. Thus, it would be a mistake to assume there is enough evidence to warrant OSHA expanding its inspection initiatives to firms not at high risk for workplace injuries."

Firms that were inspected likely learned of weaknesses and corrected deficiencies. Moreover, the inspections probably reminded firms to follow existing safety programs, he added.

Michael Cannon, director of health policy studies at the libertarian Cato Institute in Washington, D.C., added that "the question here is narrow."

Among industries with high injury rates, he said, did subsequent inspection of a random sample have effects relative to uninspected firms? Their finding was yes, he said.

"The generic question in the economics literature is whether there is any market failure," Cannon said.
"For example, should firms with bad histories have to pay higher wages as compensating differential, or does OSHA matter in terms of changing . . . workplace fatality or injury rates -- probably not," he said.