OSHA Does Not Kill Jobs; It Helps Prevent Jobs From Killing Workers

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I have been promoting the message in the title of this article since I became head of the Occupational Safety and Health Administration in 2009. Although workplace injury and fatality rates have decreased dramatically since OSHA was created, there remain voices doubting the effectiveness of OSHA's inspections.

Now, there is a substantial body of empirical evidence showing that enforcement has a strong, positive impact for both workers and employers. Two studies published in this issue of the American Journal of Industrial Medicine and a paper published recently in the journal Science have convincingly demonstrated that OSHA inspections result in reduced injury risk. Moreover, employers who are inspected by OSHA generally see cost savings exceeding any penalties levied by inspectors. The result is that all the parties involved benefit from OSHA inspections: workers are less likely to be injured and employers' workers' compensation and other indirect costs are reduced.

Examining the impact of federal OSHA inspections on workers' compensation claims among employees of Pennsylvania manufacturing firms, Haviland et al. [2012] report that where OSHA levies a penalty, injury claims fall by 19–24 percent per year during the next two years. Inspections without penalties showed little effect. This paper, “A new estimate of the impact of OSHA inspections on manufacturing injury rates, 1998–2005” continues a series of important studies on OSHA effectiveness by John Mendeloff, Wayne Gray and other researchers with the Rand Corporation and the University of Pittsburgh.

Similar results were found by Foley et al. [2012] analyzing the impact of OSHA activities on workers' compensation injury claims in Washington State. These researchers, affiliated with the Safety and Health Assessment and Research for Prevention (SHARP) Program of the Washington State Department of Labor and Industries, examined the effectiveness of inspections and free consultations among fixed site and non-fixed site (often construction) employers. In this study, the effect of enforcement was seen primarily in the prevention of injuries other than musculo-skeletal disorders (MSDs). For those inspections resulting in a citation by Washington State OSHA, lost workday non-MSD claims fell 22 percent during the following year; if an employer had an inspection but no citation, the claims fell about 7 percent, compared with the baseline (no OSHA inspection) of 2 percent.

Both studies are strikingly consistent with the findings of researchers at the Business Schools of the University of California Berkeley and Harvard University, who examined workers' compensation claims following California OSHA enforcement visits. Their findings are well summarized by the paper's title: “Randomized government safety inspections reduce worker injuries with no detectable job loss.” They found that workplace injury claims dropped 9.4 percent at businesses randomly chosen by researchers in the four years following an inspection by the California OSHA program, compared with employers not inspected. Furthermore, those same employers saved an average of 26 percent on workers’ compensation costs. The positive effects of random inspections were seen among both small and large employers [Levine et al., 2012].

When OSHA compliance officers identify serious hazards, the agency assesses penalties. These penalties are generally not large, averaging a few thousand dollars except in unusual circumstances. It is my experience that
some employers welcome OSHA as an extra set of eyes, getting a professional safety or industrial hygiene consultation for a cost far less than a professional consultant would charge. Other employers view OSHA inspections less favorably, clinging to an often mistaken belief that no serious hazards exist at their workplace and that none of their workers will be injured as a result.

Together these studies provide a powerful bottom-line response to those critics who question OSHA’s value. OSHA inspections not only prevent worker injuries, they reduce workers’ compensation costs. Levine et al. calculated that each random inspection saved that employer $355,000 (in 2011 dollars) over five years.

But what about small employers who want to do the right thing, but can’t afford to employ a health and safety professional or hire a consultant? For these small employers, there are easier ways to get free safety and health advice than a visit from OSHA enforcement officers. The agency funds free confidential onsite consultation programs in all 50 states, available to employers with 250 or fewer employees. The Washington study was the only one of the three studies that examined the impact of the free consultation service. In that state, the Department of Labor and Industries administers both the enforcement and consultation program and serves as the exclusive workers’ compensation insurance carrier for all but the state’s largest employers. There, researchers found that consultation visits appeared to result in reduced injuries, although the magnitude of the reduction was not as sizable as that following an inspection with a penalty. In addition, the impact was greater in non-fixed site employers than in those in fixed sites.

It is more difficult to interpret the findings of the impact of consultation visits. Such visits are voluntary, and come only after the employer recognizes a problem and requests assistance. Employers randomly chosen for enforcement actions are representative of all employers, while those who requested a free consultation are not. It is possible that they would have taken actions to abate hazards even without the assistance of the OSHA consultation program.

Following inspections and consultation, employers abate hazards, resulting in reduced exposures and injuries. Another study of more than 500,000 OSHA inspections found total violations decreased by 28–48 percent from the first OSHA inspection to the second one [Ko et al., 2010].

Not all inspections result in penalties. It is clear that the presence and type of citation changes the behavior of employers, resulting in changes to worker injury risk. Inspections accompanied by penalties are now shown to result in reduced injuries. On the other hand, it appears that inspections not accompanied by penalties have little or no impact on injury rates. Haviland et al. [2012] reported this for non-MSD cases in both fixed site and non-fixed (e.g., construction) employers.

Some types of citations encourage employers to comply with specific standards, while others impact employers more widely and lead to reduction in injuries not associated with violating the standard for which the citation is issued. This can be seen in the Washington State analysis, as well as in an earlier paper by the Rand group that examined injuries in Pennsylvania manufacturing firms [Haviland et al., 2010]. There, violations of the Personal Protective Equipment (PPE) standard were associated with larger reductions in injuries than other sorts of violations. Workers at facilities cited for PPE standard violations showed reductions in all types of injuries: those associated with the standard cited, as well as injuries unrelated to the specific standard, including MSDs. PPE standards have programmatic requirements; compliance is more than a simple engineering fix, often requiring broader consideration of the specific hazards in the facility and ways to ensure adequate worker protection.

Taken together, the consistent findings of these three studies, conducted in three different states by researchers independent of each other (and all independent of OSHA), are most convincing: OSHA inspections prevent injuries. But do OSHA inspections kill jobs? Do they threaten business survival by raising costs? The analysis of California OSHA inspections found that inspections had no negative impact. According to David I. Levine and Michael W. Toffel, the Business School professors who authored the study:

Workplace inspections not only improve safety, they cause no discernible damage to employers’ ability to stay in business and no reductions in sales or credit ratings, according to our research. Nor did we identify any effects of workplace inspections on wages, total payroll, or employment [Levine and Toffel, 2012].

It is clear OSHA inspections prevent workplace injuries, while saving employers money and protecting jobs. Translated to the nation as a whole, OSHA inspections nationwide could be saving employers $20 billion annually [Levine and Toffel, 2012].

The findings of this body of literature should finally put an end to the myth that OSHA inspections make running a business more expensive without adding value. The fact is: OSHA inspections save lives and jobs.

REFERENCES


