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Researchers claim random OSHA inspections enhance safety

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Two researchers, Dr. David Levine and Dr. Michael Toffel, reported recently that the U.S. Occupational Safety and Health Administration (OSHA) and its state-plan counter-parts, have been found to improve safety through random safety inspections.

Dr. Levine is a Professor at the business school at the University of California, Berkley, and Dr. Toffel is a professor at the Harvard Business School.

The two professors claim in an article in the Harvard Business Review (http://blogs.hbr.org/cs/2012/05/government_regulation_that_act.html) that their research demonstrates that “[w]orkplace 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.”

Additionally, they assert that they could not find any adverse effects of workplace inspections on wages, total payroll, or employment.

The study focused on the inspections performed by Cal/OSHA conducted at random in various dangerous industry workplaces in California.

According to Drs. Levine and Toffel, such inspections reduced the number of injuries leading to workers’ compensation claims by around 9 percent and lowered the medical expenses and lost wages paid out from those claims by 26 percent. They concluded that, “[o]n average, inspections lowered employers’ medical costs and lost earnings due to workplace injuries by about \$350,000 over the next few years.”

Extrapolating that to a national model, the researchers postulate that the savings could be roughly \$30 billion a year. Since in their view randomly

inspected establishments improve worker safety and reduce employers’ premiums for workers’ compensation insurance, the authors of the study suggest that “[m]anagers should welcome OSHA inspections.”

It is not clear, however, whether the researchers took into account the factor of safety consultants and in-house safety personnel, who also have undoubtedly had an impact on workplace safety and health. Moreover, extrapolating from California data may not be reflective of the rest of the country. ▲

Federal Review Commission judge rejects OSHA’s “FRC Memorandum”

An administrative law judge with the Occupational Safety and Health Review Commission (OSHRC) issued a final ruling on June 8 that vacated (canceled) an OSHA PPE citation against a North Dakota firm for failure to wear flame resistant clothing. The case arose from a fire in October 2010 at a plant owned by Petro-Hunt.

Petro-Hunt contested the citation, making it the first case to address the validity of an OSHA enforcement memorandum on flame-resistant clothing (FRC Memorandum), which the agency sent to its regional administrators and state plans (such as Kentucky’s) on March 2010. OSHA sent the memo to clarify its policy on citing the general industry standard for PPE, in failure to provide and use flame-resistant clothing in oil and gas drilling and servicing operations.

Administrative Law Judge Patrick Augustine ruled that the FRC Memorandum amounted to a new standard, and that OSHA engaged “in improper rulemaking under the aegis of an enforcement standard.” He said OSHA “attempted to short-circuit its burden of proof.” He concluded that the FRC Memorandum “does not have the force and effect of law.” OSHA has not indicated whether it will petition the Review Commission to review the ruling. ▲