

Sidney A. Shapiro & Randy Rabinowitz,  
*Voluntary Regulatory Compliance in Theory and Practice: The Case of OSHA*

52 Admin. L. Rev. 97 (2000)

Abstract by JeanAne M. Jiles

In this article, Professors Shapiro and Rabinowitz provide an economic analysis of the benefits and detriments of voluntary regulatory compliance for reducing health and safety risks or protecting the environment in general, and in the OSHA context specifically. The authors evaluate the theory and practice of voluntary regulatory compliance by constructing an economic model that analyzes incentives that may induce companies to engage in voluntary regulatory compliance. They then examine the empirical evidence to see if these incentives actually have resulted in voluntary action.

The authors discuss when voluntary regulatory compliance is more and less likely to occur. This discussion results in three conclusions. First, voluntary regulatory compliance cannot replace traditional methods of regulation. The incentives provided by the marketplace are often greater for noncompliance, and without widespread enforcement, companies performing a cost-benefit analysis will choose not to comply. Second, having now identified where voluntary regulatory compliance is likely to occur, agencies should redirect their rulemaking and enforcement resources to those areas where compliance is unlikely. Third, agencies have a number of ways to strengthen incentives to comply, and the authors analyze the ways in which these methods should be utilized.