

Innovative Approaches to Foster Environmental Compliance

Innovative Enforcement
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Motivating Questions

- 1. Under what circumstances are independent third-party verification programs effective to assure and drive compliance?
- 2. How do facilities respond to alternative forms of agencies' automated violation notifications?
 - Do facilities respond differently depending on the communication medium (e.g., emails, texts, letters)?
 - Do facilities respond differently depending on the content (e.g., violation notice vs also offering assistance?)

Question 1: Academic Literature Review

Under what circumstances are independent third-party verification programs effective to assure and drive compliance?

- Empirical studies and findings
 - Li, Khanna, and Vidovic (2014) studied responsible care program and third party certification—did it reduce accidents?
 - Compared RC facilities to statistically equivalent non-RC facilities before and after third party certification required.
 - 21,741 observations from 1,460 facilities owned by 956 firms (1995-2010).
 - Found no statistically sig. effect for certification, even when accounting for self-selection into RC and endogenous treatment.
 - Why null effects? May be that the real costs of implementing safety requirements are not that costly and therefore all do it even without certification. Also, another study by authors (2013) did find a decline in emissions from RC plants compared with other plants that were not part of RC. So, effectiveness may depend on type of program, whether sanctions are included or not.

Question 1, cont.

- Issues
 - Regulation from the inside (Gray and Silbey, 2014). Typology—emphasizing the autonomy and expertise of the organizational actor. How regulators are seen and understood will likely affect compliance. The firm is not a “unified singularity (Almond and Gray, 2016) and research needs to look inside—hierarchy, differentials of power, authority and expertise as well as conflicts (individual and groups) over compliance behavior.
 - Government at a distance, individualization of the workplace. Regulatory burden being shifted to the individual and poorly equipped organizations to carry out the task? (Garry Gray, 2009).
 - Environmental injustice (Konisky and Schario, 2010). Does regulatory enforcement vary by race and class (monitoring and punitiveness)? Focus on CWA (large facilities, 2000-2005). Are observed disparities (which vary by model specification) a function of third party influences (weak political mobilization)?
 - Ticketing programs (organizations and employees) have resulted in workers having more “responsibility” for their own safety (“blame the victim”).
 - Top down view of regulation views process as strategic, top-down, and instrumental. Tool or means to achieve ends. This approach tends to downplay other drivers of compliance and elements that co-construct regulation such as organized labor (Almond and Gray, 2016).

Question 2: Academic Literature Review

How do facilities respond to alternative forms of agencies' automated violation notifications?

--Could find no specific studies.

Do facilities respond differently depending on the communication medium (e.g., emails, texts, letters)?

--Could find no specific studies.

Do facilities respond differently depending on the content (e.g., violation notice vs also offering assistance?)

--Again, no specific studies.

Extrapolation from other studies?

Taxpayer Compliance study in Minnesota (Slemrod et al, 2001).

- Field Experiment--impact of “normative appeals,” advanced notice of an increase in audit rates, and enhanced taxpayer services. Letters sent to 20,000 taxpayers, comparison of returns 1993 and 1994 (difference of difference analysis).
 - No support for normative messaging but audit deterrent effect (among low and middle income and those with more opportunity to cheat—e.g., self-employed) for audit letters. Opposite effect for upper income. Why?
 - Message matters (interpretation of message and content important)—what is the “signal”
 - Timing (appeals have more impact when they are close in time to desired behavior)
 - Decay (half-life of normative effect is short)
 - Moral appeals affect attitudes but not behavior

Extrapolation, cont.

Potential benefits of Peer Review (Ho, 2016; Ho and Elias, 2016)

Peer review is a process whereby pairs of health code inspectors jointly visit establishments. Study in King County, WA. compared pairs with control groups (over 28,000 inspections). Main findings:

- Paired inspectors disagreed in their observations 60% of the time.
- Paired groups produced increase in violations detected by 17-19%
- Pairing decreased variability across inspectors leading to greater consistency, and ultimately improved staff morale (learning).

May have positive benefits with regulated community due to increased trust, perceived professionalism.