Enhancing Compliance by Leveraging Forces Beyond Inspections & Enforcement Actions

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A Question

How can we improve compliance (reduce inspection violations)?

① More & better inspections/inspectors

② Other ideas?
① Public Disclosure
  ○ Mandatory disclosure
    • Customer incentives
    • Proximity to HQ & neighbor firms
  ○ Voluntary disclosure
    • Unraveling hypothesis
  ○ Disclosure standard setting
    • Threshold effects
    • Multitasking & “teach to the test”
    • Patient selection

② Media Enhanced Disclosure
  ○ Press releases for severe incompliance
    (regulation by shaming)

③ Self Disclosure
  ○ Less monitoring for self-auditors / reporters
Future Research

① Disclosure Design
  o A v. A+, Grades v. Scores, Rankings, how much detail (& history)?
  o Non-uniformity across jurisdictions
  o 3P analytics & disclosure providers

② Digital Disclosure
  o Interactive / customizable disclosure
  o Effective use of smartphone, iWatch
  o Social media (Yelp, Instagram)