

Human resource practices and their effects on workplace safety

Safety Practices, Firm Culture, and Workplace Injuries. By Richard J. Butler and Yong-Seung Park, Kalamazoo, Michigan, W.E. Upjohn Institute for Employment Research, 2005, 103 pages, \$17.89/paperback.

In 1908, Frederick Hoffman wrote in the Bulletin of the Bureau of Labor, the forerunner of today's Monthly Labor Review, "thus far no national investigation of the subject of industrial accidents has been made to determine the true accident risk in industry." At that time, employees were assumed culpable for injuries and illness, while employers parried responsibility and preventive public policy was largely absent. Thankfully, conditions have changed. Nevertheless, a perplexing question from Hoffman's time remains: How do injuries and illnesses occur and how can they be prevented? An unambiguously definitive answer would likely ensure the design and implementation of efficacious preventive measures.

Richard Butler is a Professor of Economics at Brigham Young University and Yong-Seung Park is an Associate Professor of Human Resources and Industrial Relations at Kyung Hee University in South Korea. They suggest that today's researchers must develop models that are reasonably accurate and incorporate the latest management techniques despite imperfect information; for example, Human Resource Management (HRM) practices. The authors acknowledge "that while high performance HRM practices have attracted the attention of practitioners and researchers, previous

research has largely been limited to how [these] practices affect firm productivity and profitability. Little is known about how the new HRM practices affect work safety."

The objective of the book is to test the effect of HRM practices on workplace safety. The book's five chapters are divided into three units: literature review; construction of the data set and model; and results. In the literature review, Butler and Park focus on the relation between risk, incentives, and safety. Their argument is simple but powerful: Because employees obviously understand workplace conditions better than any outside consultant, they "are the least-cost providers of safety information and safety processes." HRM policies that successfully harness this information can positively affect productivity, profitability, and safe work conditions.

To test their thesis, the authors painstakingly construct a data set of 230 Minnesota firms (mostly small and medium sized) that had applied for a State grant during 1998–99 to reduce occupational injury risk. This data set was then merged with a richer State workers' compensation data set. The obvious drawback of this study is self-selection bias. Each firm had applied for a State grant to reduce injuries; thus, these firms had already made a commitment to safety. Another drawback is the limitation to the State of Minnesota, meaning that "results are strictly valid for only those firms included in our sample." No data set, however, is perfect. Anyone in this field will appreciate the authors' painstaking diligence in constructing a detailed micro rich data set, which, although limited to one State, nevertheless enables testing of very specific and illuminating hypotheses.

A key result of this study is that HRM policies (such as employee participation in decisionmaking, employees' participation in financial returns, and especially management safety culture), positively affect worker incentives, thereby reducing accident and workers' compensation costs. Butler and Park conclude that "the more management and worker involvement there is with the safety processes of the firm, the safer the workplace becomes. Safety outcomes improve as safety resources are used more efficiently, and both worker and management involvement are essential to achieve the optimal level of workplace safety"

This book raises several questions for future research. First, for employers entrenched in HRM: How do economic conditions affect their commitment to health and safety? Butler and Park found a large and significant downsizing effect, operating through a reduction in claim durations rather than claims filing. But does a downturn (especially a severe one) mean that investment in health and safety is ignored? How are scarce resources allocated during significant downturns? Another, more fundamental, question: What motivates firms to initially adopt HRM policies and commit to safer working conditions?

This book's repository of information will appeal to anyone interested in improving workplace safety including academics, practitioners, and policy officials. This is a quick and highly informative read, with technical jargon confined to sparse footnotes. It deserves a wide audience.

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