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Oct. 25, 2022



Businesses that want to make their workplaces safer might try adopting a more rigorous accounting system.

A new study finds a link between a firm's workplace injuries and the information quality in its accounting statements. Danye Wang, assistant professor of accounting at the University of Iowa's Tippie College of Business, was part of a research team that looked at the records of 1,300 firms and found that those with fewer workplace

injuries also have to restate their earnings less often or have more accurate earnings

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Lower information quality is not normally so revealing.

“High information quality can increase the awareness of managers and stakeholders to workplace safety and thus motivate them to improve safety,” she said. “It can show where the problems are so they can be fixed, and investments in safety-related issues bring positive returns.”

Wang’s research team used a variety of measures to determine information quality, including earnings forecast accuracy and error-driven restatements. They compared that to an OSHA database that measured injuries at U.S. businesses between 2002 and 2011.

Wang said there are exceptions. For instance, some companies, such as ALCOA, have developed their own workplace injury reduction tools separate from their accounting systems. Firms where more decision-making authority is invested in branches away from the headquarters also see less of a connection, since local branches tend to make decisions using local information, and not firmwide.

The study also found the effects to be enhanced further in firms where employees are unionized or otherwise have more bargaining power, as workers are motivated by workplace safety.

The paper, “[Information Quality and Workplace Safety](#),” was co-authored with Ole-Kristian Hope of the University of Toronto and BI Norwegian Business School, Heng Yue of Singapore Management University, and Jianyu Zhao of Central University of Finance and Economics. It was published in the *Journal of Management Accounting Research*.

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