



Wage and Hour Division Compliance Strategies Evaluation: Literature and Database Review

SUMMARY

The mission of the Department of Labor's [Wage and Hour Division](#) (WHD) is to promote and achieve compliance with labor standards to protect and enhance the welfare of the nation's workforce. To help achieve this mission, WHD implements strategies to protect the workforce and assist employers with compliance. Data and research inform WHD's compliance strategies and help the agency monitor and evaluate how effectively it uses those strategies. As part of this effort, DOL's Chief Evaluation Office (CEO), in partnership with WHD, contracted with Mathematica to conduct the *Wage and Hour Division's Compliance Strategies Evaluation* to gather evidence on effective methods WHD might use to design impact evaluation studies of its compliance strategies. This study does not assess WHD's capabilities or data system themselves but focuses on potential opportunities to evaluate compliance strategies.

WHD uses an evidence-based approach to monitor and evaluate whether it is effectively and efficiently applying its strategies. **Compliance Strategies Evaluation: Literature and Database Review** synthesizes existing literature and data relating to WHD compliance strategies. Researchers reviewed WHD documents, met with WHD staff, conducted a review of relevant literature and databases housed outside of WHD. The review included theories and evidence of effectiveness for specific compliance strategies and uncovered methods and databases that might be used to assess the effectiveness of WHD strategies and behavioral interventions in improving employer compliance. The review also uncovered gaps in knowledge that point to future research on potential WHD strategies or interventions.

KEY TAKEAWAYS

- **The review identified three potentially useful theories of employer behavior** that can be applied to compliance decisions:
 - **Rational choice theories** that highlight an employer's perception of the costs and benefits of compliance versus noncompliance.
 - **Social theories** that emphasize the importance of the employer's larger social context in making compliance decisions, such as norms, culture and ethics that set behavioral expectations.
 - **Behavioral theories** that address the cognitive habits of employers who make unpredictable compliance choices due to factors such as cognitive biases, procrastination, loss aversion, or reliance on irrelevant or complex information.





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- **A relatively large body of research has shown that enforcement strategies, particularly investigations, can be effective** in improving employer compliance with laws and regulations.
- **There is mixed evidence on the effectiveness of strategies that include partnerships and collaborations with external monitors** (other than government) and social groups that attempt to influence compliance decisions of employers.
- **Research shows that publicizing violations by specific employers is an effective complement** to other enforcement approaches.
- **Natural field experiments of small behavioral interventions such as clear communication or social norms have increased compliance.**
- **The review uncovered five gaps in knowledge** regarding the effectiveness of compliance strategies. More information is needed to understand:
 - The effectiveness of strategies that combine compliance assistance with partnerships and collaborations.
 - The factors that impact compliance in self-monitoring and third-party monitoring programs.
 - The effectiveness of deterrence strategies tailored to specific industries.
 - How to increase compliance with laws and regulations that WHD enforces.
 - Whether different combinations of behavioral interventions can increase employer compliance.

[SEE FULL REPORT](#)

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