

# Encouraging organisations to do more than just comply with regulations

Dr Katarina Hackman

abstract

While the law can be interpreted as saying that to 'just comply' with regulations is all that is required the reality is much more complex. Following the rules or doing the minimum has been found insufficient to achieve the intent of regulation and the expected benefits for the community, a situation highlighted by the recent global financial crisis. Principles-based regulation, often using risk based assessments, has focused actions onto achieving the intent without an option to just follow a set of rules. There is also a growing expectation from regulators of 'genuine compliance' – meaning doing more than the strict minimum required by the law. Yet despite these growing imperatives to do more than 'just comply' many organisations cite issues such as cost and time as limiting their capacity to act. There has however not been a systematic study of these issues to identify what actually influences organisations to 'just comply' or do more. Compliance professionals and regulators alike often struggle with achieving compliance outcomes within organisations, getting 'buy-in', and especially, being resourced and supported to have an organisation doing more than the 'minimum' to comply. Understanding what might be the influences that will have an organisation be proactive and do more than the minimum to comply with regulations is of vital interest, not only because it assists in implementing a compliance program, getting the resources necessary to do so, and getting the organisation engaged with the program, but because doing more is becoming increasingly important when rules may not be sufficient or regulations are principles-based, in order to achieve the regulatory outcomes desired and the social and economic benefits possible through organisations 'doing the right thing'.

This article explores the results of a survey undertaken in mid 2009, the first of its type in Australia, of regulators and professionals responsible for compliance in organisations that examines how organisations implement new or amended regulations and what influences their approach, particularly to do more than the minimum. Using an online survey, two types of regulations in Australia were investigated: financial services sector and occupational health and safety regulations. For both types of regulation, higher levels of success with implementation of current regulations was found to be the most important factor in encouraging organisations to be proactive and do more next time. Interestingly, factors such as cost, enforcement and organisation size were not found to directly influence how organisations responded. The study also identified regulation-specific dynamics at play, indicating a need for flexibility when introducing regulations rather than a 'one size fits all' approach. These findings raise a number of practical implications for compliance



professionals, policy designers and regulators that provide both an opportunity and a challenge. These include the need for actions to support organisations to be more successful when introducing regulations, to develop business relevant benefits to gain support for implementation of regulations and to pace the introduction of regulations, to ensure they are implemented effectively.

Doing more than the minimum to comply is increasingly necessary to achieve the intention of regulations, an issue highlighted by the Global Financial Crisis of 2008 where following the rules was found to be "not enough" (Downer, 2008). It is also increasingly important with the trend to more principles-based regulation, which in practice, may be implemented by organisations using risk assessment approaches, (Mullins, 2008; Rothstein, Irving, Walden and Yearsley, 2006) and which leaves much of the judgement of degree of application of regulation and assessment of the 'appropriateness' of systems for compliance with the organisation rather than the regulator (Mullins, 2008; Rothstein, Irving, Walden and Yearsley, 2006). This imperative to do more than the minimum was reinforced at the Australasian Compliance Institute's 2009 annual conference. Representatives from several Australian Financial Services Regulators indicated that they looked for 'genuine compliance'. They described this as not only doing more than the minimum required by law but also showing, by the organisation's actions and senior management attitudes, that compliance with regulation was taken seriously and was not just an administrative tick-the-box exercise.

This was the question this research program set out to answer. Using an online survey, two types of regulations in Australia were investigated: financial services sector regulations (FS) and occupational health and safety regulations (OHS). The 'internal view' of people involved in implementing regulations, or with compliance responsibilities in organisations, was contrasted with the 'external view' from people designing, researching or assessing the implementation of regulations.

While there are insights about what influences organisations to comply (Doneslaar, 2007; Parker and Nielson, 2006), and clearly doing at least the minimum is appropriate, the question this article seeks to address is what influences organisations to be proactive and do *more*. This article reports on the 2009 results of this research program and expands on the initial benchmark report 'Regulation View' (Hackman, 2009) focusing on the 'internal view'. First to set the context though, this article starts with a brief review of the regulatory, change and decision making literatures used to develop the conceptual model for this research. Then an overview of the survey design and data collection processes are described. Finally, based on

these findings, the practical implications for compliance professionals, policy designers and regulators are discussed.

### How organisations can respond

The focus of the research is on the organisation's typical or usual response when implementing new or amended regulations and what causes this to change. Prior to launching the survey, a series of discussions with people in organisations and with regulators was undertaken and this dialogue indicated that this was a realistic approach. Consistent with the regulatory literature (Dalton, 2007; Haines, 2003; Sampson and Bloor, 2007) this input confirmed that while organisations varied in how they implemented specific aspects of regulations they typically approached the implementation of regulations in broadly the same way.

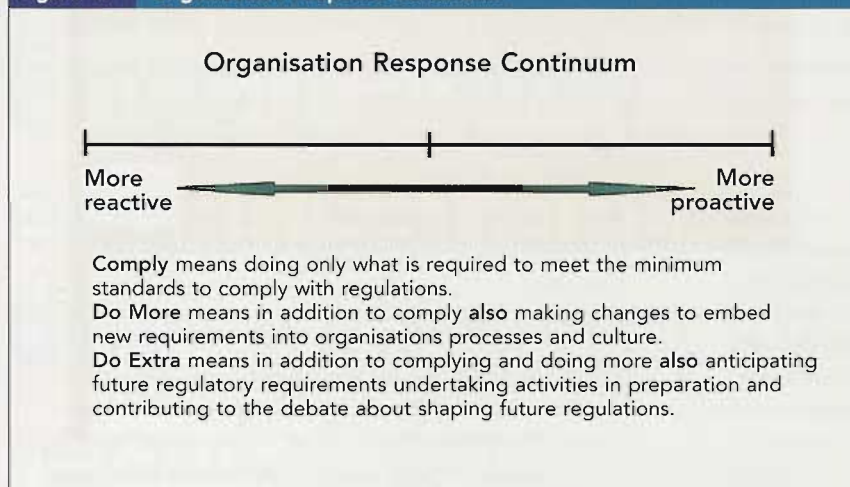
A useful way to describe how these typical responses can vary is to use a continuum that ranges from reactive to proactive responses. This continuum is used to describe variations in behaviours of individuals and organisations in a wide range of literature including strategy, decision making and change management (Aragon-Correa and Sharma, 2003; Mintzberg, 1978; Palmer, Dunford and Akin, 2006). Reactive responses are defined as actions after an event has occurred and include actions to solve the immediate situations. Proactive responses in contrast are defined as actions taken before an event has occurred and include doing actions that are new or novel to alter how events will play out in the future.

From a compliance perspective, a response at the reactive end of the continuum can be operationalised to mean acting in response to regulations and doing the minimum to implement the rules (Doneslaar, 2007; Hackman, 2008). The nature of regulatory rules means that managers may implement rules differently not to circumvent regulations but to make them work (Hofmann, 2008) and facilitate internal fit with their organisation (Peterof and Read, 2007). However nothing extra is undertaken in order to 'comply'.

In contrast, being proactive revolves around the concepts of discretionary behaviour and choice in actions. From a compliance perspective, a response at the proactive end of the continuum can be operationalised to mean acting before regulations are in place and anticipating the requirements (Parker, 2007).



Figure 1: Organisation Response Continuum



appropriate at all stages of proactivity and 'doing more' provides the basis for moving to the most proactive stance of 'doing extra'.

### What influences organisation response

A number of recent reports and case studies identified a large number of factors at different levels of analysis that can impact on how organisations implement regulations (Business Council, 2005; Hackman, 2006; Haines, 2003; Institute of Financial Services, 2004; Institute of International Finance, 2006;

Such a response could also include seeking to influence what regulations are implemented and could therefore be described as 'doing extra'.

National Audit Office UK, 2007; Regulation Taskforce, 2006). From these a relatively consistent list of factors can be identified. The most direct impacts on organisation response could be expected from specific aspects of the regulations being implemented. This would include cost of implementation, administration and reporting, clarity of the design and benefits of

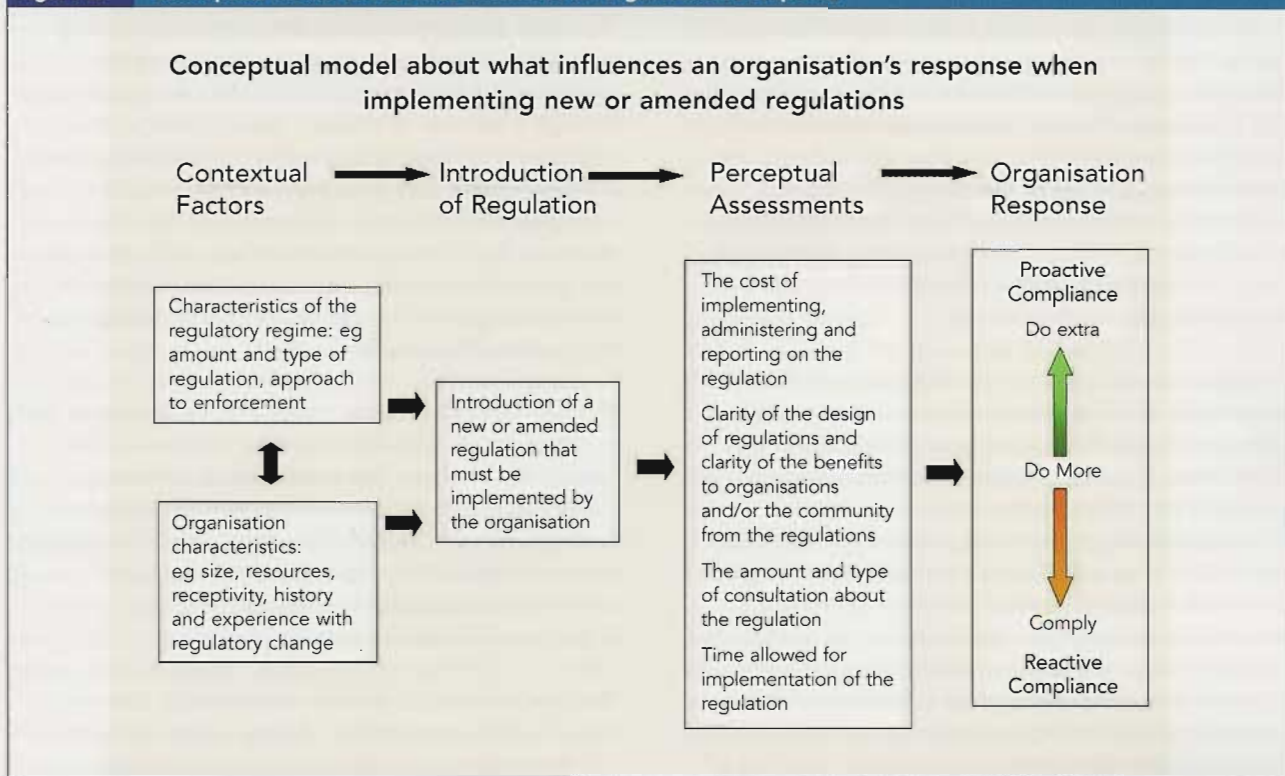
There are also gradations of proactivity between these two responses (Larson, Busson, Vicars and Jauch, 1986). From a compliance perspective, responses that combine elements of reactive and proactive actions include actions to meet the current regulatory requirements, sustain these actions in the longer term and potentially start to prepare the organisation for the next regulations that must be implemented. For instance, this would include actions to embed the changes more fully by incorporating or embedding the new rules and requirements into the culture and process of the organisation (Dalton, 2007; Doneslaar, 2007; Hackman, 2005; Parker, 2007). From this perspective such a response could be described as 'doing more' than the minimum.

*In contrast, being proactive revolves around the concepts of discretionary behaviour and choice in actions. From a compliance perspective, a response at the proactive end of the continuum can be operationalised to mean acting before regulations are in place and anticipating the requirements (Parker, 2007).*

Figure 1 shows the reactive-proactive continuum with three anchors used for this research. Definitions relevant to compliance activities are provided based on the review of the literature and discussions with compliance professionals. The behaviours are cumulative because doing the minimum to comply is

regulations, the amount and type of consultation and the time allowed for implementation of regulations. However these factors do not operate in isolation. Aspects of the regulatory regime are also noted as

Figure 2: Conceptual model about what influences an organisation's response



impacting. This would include the amount of duplicated, unnecessary or conflicting regulations, the level of prescription and enforcement and whether there are unintended consequences.

In addition, characteristics of the organisation could also impact on how regulations are implemented (Armenakis, Harris and Mossholder, 1993; Armenakis and Harris, 2009; Pettigrew, Woodman and Cameron, 2001). These would include organisation size, capacity and availability of resources to implement regulations; receptivity of the workforce; and past experiences with regulatory change. The impact of factors such as the national cultures, social, economic and political context are also important (Bloor, Datta, Gilinskiy and Horlick-Jones, 2006; Haines, 2003; Healy and Braithwaite, 2006). These national level contextual factors were not included in the 2009 study but will be considered in the longitudinal research program.

### Development of a conceptual model

Based on this review of the literature, a conceptual model, shown in Figure 2, was developed for the 2009 study. This model combines the organisation response continuum with the factors that can potentially influence this organisation response. Consistent with change theory (Mackenzie and Martinez-Lucio, 2005; Pettigrew et al., 2001) these factors can be considered at a number of levels with

the more macro factors such as regulatory context mediated through the more micro level factors associated with specific regulations and requirements for implementation.

The key question is which of these factors influence the organisation to do more than the minimum to comply. For the purpose of this research the term regulation has been defined very broadly to include legislation, rules, standards and codes that create a requirement for an organisation to comply. As this is an exploratory study, there are no formal hypotheses, however, based on the literature discussed above, it could be expected that organisations are more likely to do more than the minimum if:

- implementation, administration and reporting costs are lower;
- the clarity of the design and the benefits are higher;
- the amount of consultation and time for implementation are higher;
- regulations are less prescriptive but have effective enforcement powers; and
- organisations are larger or have more resources available for implementation.



## Survey design

The questions in the survey were designed in a perception-based framework consistent with Brunswik Lens' theory (Brunswik, 1955). In summary, this theory says that it is a person's perceptions of situations that drive their decisions and subsequent behaviour, regardless of the reality. Therefore understanding the respondent's perceptions of a situation is more likely to provide useful information about what influences their decisions about the implementation of regulations.

The first section of the survey asked for background information about the respondents so they could be allocated to the appropriate group for analysis. This information included whether the respondents role provided an internal or external view of how organisations implemented regulations and the type of regulations they would use as a basis for their answers. The internal view comprised people in designated compliance roles within organisations or with roles that include compliance responsibilities in organisations. The external view comprised people in roles that involve researching, developing or designing regulations and people in roles that involve supervising or auditing of organisational compliance with regulations. Respondents could choose to comment on regulations that relate to the core business activities of an organisation or cross industry regulations relating to activities that can be common to many organisations.

Section two of the survey asked about the levels of the six factors in relation to the regulation and industry the respondents had chosen as the basis for their answers. These factors were: cost of implementation, cost of administration and reporting, clarity of design, clarity of benefits and amount of consultation and amount of time for implementation. The relative importance of the six factors was elicited using a Best/Worst experiment (Finn and Louviere, 1992; Marley and Louviere, 2005). The organisation's typical response to implementing those regulations was asked with respondents using a slider to indicate a location on a continuum ranging from comply, do more or do extra measured on a scale of 0 (most reactive) to 100 (most proactive).

Section three of the survey asked about characteristics of the regulatory regime and the organisations the respondents were using as a basis for their answers. For the regime these questions included issues of duplication or unnecessary regulations, intended or unintended outcomes, the level of prescription and the level of enforcement. Organisation characteristics were asked in terms of capacity, receptivity and experiences with regulatory implementation. Section four was a free form question that asked respondents for any other comments.

## Survey respondents and data quality

An online survey was run in from late May to early June 2009 to collect the data for this research. Invitations to participate in the survey were sent out through a number of industry associations to their members and directly to government and regulatory organisations. Ethics clearance was given by the University of Technology, Sydney (UTS) for this research. Participation was voluntary and anonymous and no incentives were offered to respondents for participation apart from access to the benchmark report about the results.

The design of the survey meant that respondents had to complete all questions for their response to be used in the analysis. The total number of useable responses about the core FS industry regulations in Australia was 221, with 157 respondents providing an internal view and 64 respondents providing an external view. Comments were provided by 27 per cent of respondents.

The total number of useable responses for the cross industry OHS regulations in Australia was 162, with 103 respondents providing an internal view and 59 respondents providing an external view. Comments were provided by 38 per cent of respondents. A response rate cannot be calculated for this survey method because there is no way of knowing how many people received the invitation. However the completion rate was 2:1 meaning that for every three people who started, two completed the survey, which is generally considered a good result for a public survey.

An assessment of the demographics showed that respondents for FS and OHS were diverse in terms of age, years of experience and organisation size. The gender balance was fairly equal for FS compared to OHS where male respondents were in the majority. Respondents utilised the full range of responses available for each question to articulate their views. There were significantly more respondents from private sector organisations however all types of organisations were represented. These included regulatory agencies and government departments, other public sector organisations, higher education and the not for profit sector. For OHS most industries using the ANZSIC Industry classification (Australian Bureau of Statistics and Statistics New Zealand, 2006) were represented.

## Results of the survey

The following results were based on the internal view from people in designated compliance roles within organisations or with roles that include compliance responsibilities in organisations. The internal view was used because it provided information about individual





organisations, which is more appropriate when exploring these causal relationships than the external view which provided averages across industries and regulations.

**How measuring organisations vary response**

Two methods were used to assess the variation in how organisations responded when implementing regulations. This was important to establish because a wider variation in responses would enable a more robust assessment of influences on the responses – the key question for this study. This was found to be the case for organisations reporting on both FS and OHS regulations.

Firstly, how organisations respond was measured on a continuum ranging from more reactive (0) to more proactive (100) for both regulations. These results shown in Table 1 indicated that organisations do vary in their response across the full continuum from reactive: doing the minimum to proactive: doing extra when implementing regulations for both FS and OHS.

The second method used to assess variation by measuring the relative importance of six factors in implementation of regulations. This also found that organisations varied significantly for both types of regulations. These factors (for more details see Hackman, 2009) were:

- 1 cost of implementation;
- 2 cost of administration and reporting;
- 3 clarity of design;
- 4 clarity of benefits;
- 5 amount of consultation; and
- 6 amount of time for implementation.

Relative importance was measured using a Best/Worst experiment and a ratio scale was derived meaning that relative differences could be accurately measured and compared between groups of individuals (Finn and Louviere, 1992; Marley and Louviere, 2005).

To assess variation in responses, the internal view was divided into thirds, representing organisations with a more reactive response (comply), organisations with a mid range response (do more) and organisations with a more proactive response (do extra). This analysis showed that, at the aggregate level, as organisations move along the continuum to be more proactive their priorities changed. For FS regulations this 'journey' started with a greater focus on cost at the reactive end of the continuum and this focus on cost continued through the mid range but then shifted to design issues at the proactive end of the continuum. For the OHS regulations this 'journey' also started at the reactive end of the continuum with a greater focus on cost but moved to design issues in the mid range, then onto clarity of benefits at the proactive end of the continuum. Note that for this sample the relative importance of factors acted only as a descriptor and not a predictor of an organisation's response.

In summary, organisations do vary in their response across the full continuum from reactive: doing the minimum to proactive: doing extra. There are also differences between organisations at different levels of proactivity about what was relatively important to implementing regulations. This means an analysis of what influences variations in these responses can be undertaken.

**Influences on the organisation response**

Multiple regression was used to identify potential causal relationships between the response by the organisation (the dependent variable) and the following factors measured in the survey shown in Table 2 (the independent variables). The data was assessed and found to meet the assumptions required for using this statistical method of analysis (Coakes and Steed, 2003; Hair, Anderson, Tatham and Black, 1998). This method was used to explore if changes in any of the independent variables were associated with a change in the dependent variable.

All independent variables were tested in the relevant theoretical groupings for both regulations. This initial analysis identified a number of relationships around the 0.05 level of significance or higher. These variables were rerun in a regression to identify the

**Table 1: Organisational response statistic**

Regulations	Internal View
<b>FISFS</b>	Mean: 47.0, Standard Deviation: 24.0, Range: 0–100
<b>OHS</b>	Mean: 40.8; Standard Deviation: 28.6; Range: 0–100

**Table 2: Groups of independent variables used in the exploratory analysis**

<b>Cost benefit</b>	Cost of implementation, administration and reporting, intended benefits of the regulations
<b>Process support</b>	Clarity of regulation design and benefits, amount of consultation and time for implementation
<b>Regime support</b>	Streamlining of regulations with no duplication, overlap, confusion, contradiction or unintended outcomes
<b>Prescription</b>	Whether regulations are more rules- or principles-based, take a risk-based approach, are more mandatory or voluntary
<b>Enforcement</b>	Whether regulations have effective enforcement powers and requirements for reporting on performance and material breaches
<b>Organisation readiness</b>	Capacity, receptivity, resources, past experiences and level of success with previous regulatory implementations
<b>Organisation size</b>	Size measured by the number of employees

**Table 3: Causal relationships with organisation response**

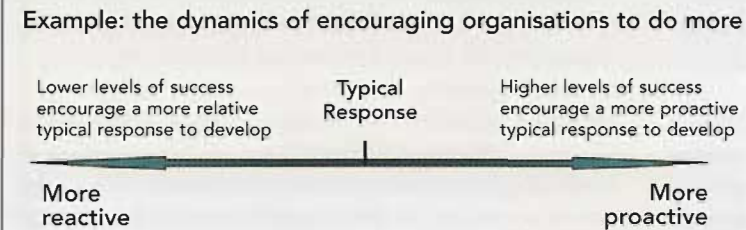
<b>Financial &amp; Insurance Services Industry Sector Regulations</b>	
<b>Internal View:</b> Adjusted R <sup>2</sup> = .279	<b>Beta</b>
1. Level of success with previous regulatory implementations	.301***
2. Resources available for implementation and administration	.251***
3. Regulations that are more mandatory rather than more voluntary	.227***
4. Regulations with requirements to report material compliance breaches	.151*
<b>Occupational Health &amp; Safety Regulations</b>	
<b>Internal View:</b> Adjusted R <sup>2</sup> = .287	<b>Beta</b>
1. Level of success with previous regulatory implementations	.440***
2. Amount of time for implementation of regulations	.228**
Significance: * at 0.05 level (95%); ** at the 0.01 level (99%); *** at the 0.001 level (99.9%)	

causal relationships with organisation response for each regulation. The results of this analysis are provided in the Table 3. The adjusted coefficient of determination (Adjusted R<sup>2</sup>) which indicates how much of the variance is explained by the variables is reported for each regression. A result around .3 is reasonable considering the exploratory nature of this research and that other events and constraints not measured in this survey could impact on organisation response. The standardised beta coefficient (beta) is reported for each independent variable. This describes the relative explanatory power of each variable within each regression, the larger the number the higher the relative explanatory power. The level of significance is also indicated for each variable.

The level of success with previous regulatory implementations, a factor in the Organisation Readiness group, was the strongest causal factor that influenced whether organisations do more than the minimum to comply for both regulations (see Table 3). For FS the resources available for implementation and administration were also found to be a causal variable, also part of the Organisation Readiness group. Other causal variables identified for FS were whether regulations were more mandatory and at a lower level of significance and whether regulations require material breaches to be reported. In contrast, the other causal variable for OHS was time for implementation of regulations. No other causal relationships were identified.



**Figure 3: The dynamics of encouraging organisations to do more**



## Discussion

The key question for focus of this research was to identify what encourages organisations to do more than the minimum to comply with regulations. A conceptual model was formulated based on insights from the regulatory, change and decision making literatures (see Figure 2). Although this is exploratory research, a number of potential causal relationships were suggested that could influence organisations to be more proactive. The findings of this research based on the FS and OHS samples identified only about half of these relationships. Interestingly, factors such as cost, enforcement and organisation size were not found to directly influence organisation response.

### Shared dynamics

For both regulations it was found that previous success with implementation of regulations was the most important factor in encouraging organisations to be proactive and do more next time. If an organisation has a higher level of success in their view with implementing the current regulation then the organisation is more likely to be more proactive and do more next time. Conversely if an organisation has a lower level of success in their view with implementing a current regulation then they are likely to be more reactive and do less the next time. These dynamics are described in Figure 3.

These findings are consistent with change research and theory which has shown history to be a powerful influence on subsequent behaviour (Pettigrew et al., 2001) and more effective change is achieved when people have the opportunity to experience the situation first then choose to change rather than being told or forced to change (Kotter and Cohen, 2002). However, the basis for the assessment of success still needs to be understood.

This research identified that organisations have different priorities as they move along the response continuum to be more proactive which would inform the assessment of success. For example if an organisation is more reactive and concerned about costs and the costs are

contained or managed appropriately by the compliance and line managers, then the implementation will most likely be assessed as more successful. If a regulator can assist the organisation with this issue again the organisation is more likely to view the implementation as more successful. Similarly if an organisation is proactive and doing more than the minimum but is concerned about the clarity of design then the regulator may be able to assist the organisation to be more successful. For example the regulator could

explain how to interpret the regulation, whether the regulation is likely to change and how the organisation could accommodate the changes in design more effectively or be more successful when implementing regulations.

### Regulation specific dynamics

There were also differences in causal factors identified for each regulation, although these had a less significant effect. For FS, organisations would be more proactive if regulations were mandatory rather than voluntary and also if there was a requirement to report material breaches. For OHS, organisations would be more proactive if there was more time for implementation of regulations. This difference could indicate that there are specific dynamics to consider such as the stability of the regulatory regime. For FS there has been a significant increase in new regulations in the 2000s. These results could indicate that potentially organisations only have the capacity to do what is necessary. The OHS regime over the same period has, in contrast to FS, remained relatively stable, supporting a focus on amount of time in order to be more proactive. There was also an indication of this difference in the priorities for organisations as they progressed on their 'journey' along the response continuum to be more proactive with OHS moving faster from cost to design and benefit issues compared to FS. These differences highlight that the same approach may not work for the implementation of all types of regulations, indicating a need for flexibility when introducing regulations rather than a 'one size fits all' approach.

### Implications

From this study, it is clear that positive regulatory experiences are the key to encouraging organisations to do more than 'just comply'. Based on the insights from this research there are a number of practical actions that compliance professionals, policy designers and regulators can undertake or augment if they are already undertaking such action. It is recognised that these actions may be challenging to undertake within the dynamics organisations and in the context of the legal, regulatory and policy frameworks in Australia.



Nevertheless they also present an opportunity with the growing imperative for organisations do more than the minimum therefore some different or additional actions are required.

### ***Start by designing in success for organisations***

To support organisations to be more successful when introducing regulations compliance professionals can analyse their organisation's level of proactivity when implementing regulations. This would enable them to identify what factors are most important to their line managers. Implementation plans can then be targeted to address these needs thereby increasing the probability of successful implementation. In the longer term compliance professionals can develop plans in conjunction with the business on how their organisation can become more proactive. This may require mapping the different types of regulations their organisations must comply with to understand the scope of the challenge and the appropriate speed of journey for each regulation. Regulators for their part can firstly identify different level of proactivity across the organisations they supervise. Then they can support implementation by addressing issues that are relevant to this level for different organisations. This portfolio approach to implementation would however need to recognise and accommodate that an organisation's needs may change as they become more proactive and therefore the approach to support would also need to evolve.

### ***Develop business relevant benefits***

To develop business relevant benefits to gain support for implementation compliance professionals can develop value propositions about how implementation of the regulations can help the firm achieve its business objectives. This would require these professionals to get close to and understand their business. Having a seat at the table when business strategy is discussed would facilitate this understanding. Using this approach, regulations could be seen as contributing to business-critical activities, rather than detracting from them or only creating cost. Policy designers and regulators can assist by assessing regulations in the context of the business environment to identify how doing more than the minimum to comply with regulations can benefit the businesses. This would be in addition to identifying how to achieve the intended outcomes of the regulations. This broader approach to understanding the impact and implications would also enable regulations to support business innovation, a key area for all economies.

### ***Avoid rushed implementation of regulations***

To pace the introduction of regulations and ensure they are implemented effectively compliance professionals can plan for the implementation of new or amended regulations to avoid rushing to implement at the last

minute. This would increase the experiences of success and assist the business by ensuring surprises are kept to a minimum. For their part policy designers and regulators can adopt a measured approach to introducing new or amended regulations being cognisant of the burden on organisations. This would require coordination between regulatory agencies and levels of government to ensure that appropriate pacing occurs across the range of regulations that can apply to organisations. With such a blueprint available organisations would know when and where to allocate resources to maximise implementation. Rushing the introduction of regulations which then require significant amendments that cause further work for organisations, should be avoided wherever possible. This is important to consider with the expected increase of regulation after the global financial crisis and the expectation that organisations should engage in 'genuine compliance'.

### **Conclusion**

The purpose of this research program was to identify how to encourage organisations to do more than the minimum to comply with regulations, an important question with the growing expectations for 'genuine compliance'. Using FS and OHS regulations in Australia, people involved in regulatory and compliance activities in organisations were surveyed to explore this question. Based on this sample it was found that previous success with implementation of regulations was the most important factor in encouraging organisations to be proactive and do more next time for both regulations. The study also identified regulation-specific dynamics at play indicating a need for flexibility when introducing regulations rather than a 'one size fits all' approach. While these results are very clear for this sample further research is needed to establish the generalisability of these findings. Nevertheless, these insights present both an opportunity and a challenge for compliance professionals, policy designers and regulators to implement strategies to support organisations to be more successful. ❖

### **Acknowledgement**

The 2009 survey was supported by many individuals, organisations and associations. The University of Technology, Sydney (UTS) and the Australasian Compliance Institute (ACI) were the primary partners and the survey was supported by the Safety Institute of Australia (SIA). Other associations that assisted include the Australian Institute of Project Management (AIPM) and the Association of Superannuation Funds of Australia (ASFA). Particular thanks go to ACI staff and several of my risk and compliance colleagues who assisted with refining and testing the online survey.



Finally, this research would not have been possible without the many anonymous people who completed the survey. Thank you.

## References

- Armenakis AA, Harris SG and Mossholder KW, 1993, 'Creating readiness for organizational change', *Human Relations*, vol 46, no 6, pp 681–703.
- Armenakis AA and Harris SG, 2009, 'Reflecting: our journey in organizational change research and practice', *Journal of Change Management*, vol 9, no 2, pp 127–142.
- Aragon-Correa JA and Sharma S, 2003, 'A contingent resource-based view of proactive corporate environmental strategy', *Academy of Management Review*, vol 28, no 1, pp 71–88.
- Australian Bureau of Statistics & Statistics New Zealand, 2006, *Australian and New Zealand Standard Industrial Classification (ANZSIC) 2006*, ABS Catalogue No. 1292.0, Commonwealth of Australia.
- Bloor M, Datta R, Gilinskiy Y and Horlick-Jones T, 2006, 'Unicorn among the cedars: On the possibilities of effective smart regulation of the globalized shipping industry', *Social & Legal Studies*, vol 15, no 4, pp 534–551.
- Business Council of Australia, 2005, *Business Regulations Action Plan for Future Prosperity*, Melbourne.
- Brunswik E, 1955, 'Representative design and probabilistic theory in functional psychology', *Psychological Review*, vol 62, pp 193–217.
- Coakes SJ and Steed LG, 2003, *SPSS Analysis without Anguish*, V11.0, John Wiley & Sons Australia Ltd.
- Dalton M, 2007, 'An investigation into the impact of national culture on a compliance culture', *Compliance & Regulatory Journal*, vol 2, pp 45–57.
- Donselaar A, 2007, 'Why compliance programs fail: The need for effective frameworks', *Compliance & Regulatory Journal*, vol 3, pp 15–23.
- Downer J, 2008, 'What finance could learn from rocket science', *Risk & Regulation*, Financial Crisis Special, p 19.
- Financial Services Authority, 2007, *Principles-based regulation — Focusing on the outcome that matters*, available at <<http://www.fsa.gov.uk/pubs/other/principles.pdf>>.
- Finn A and Louviere JJ, 1992, 'Determining the Appropriate Response to Evidence of Public Concerns: the Case of Food Safety', *Journal of Public Policy and Marketing*, vol 11, no 1, pp 12–25.
- Hackman K, 2005, 'Providing customers with the 'right help': Implementing the financial services reform in Insurance Australia Group', *Journal of Change Management*, vol 5, no 3, pp 345–355.
- Hackman K, 2006, 'Using the service encounter to facilitate regulatory change', *Strategic Change*, vol 15, no 3, pp 145–152.
- Hackman K, 2007, 'Beyond administrations: Redefining the challenge for regulatory change', *Strategic Change*, vol 16, no 1–2, pp 1–9.
- Hackman K, 2008, 'Fit for purpose: Strategies for effective implementation of regulations', *Compliance & Regulatory Journal*, vol 5, pp 33–38.
- Hackman K, 2009, *Regulation View 2009 Benchmark Report about Implementation of Regulations in Organisations*, available at <<http://www.regulationview.com.au>>.
- Haines F, 2003, 'Regulatory reform in light of regulatory character: Assessing industrial safety change in the aftermath of the Kader toy factory fire in Bangkok, Thailand', *Social & Legal Studies*, vol 12, no 4, pp 461–487.
- Hair JE, Anderson RE, Tatham RL and Black WC, 1998, *Multivariate Data Analysis*, 5<sup>th</sup> Ed, Prentice Hall, NJ.
- Healy J and Braithwaite J, 2006, 'Designing safer healthcare through responsive regulation', *Medical Journal of Australia*, vol 184, no 10, pp S56–S59.
- Hofmann J, 2008, 'Cyclic dreams of a strong state', *Risk & Regulation*, Financial Crisis Special, p 9.
- Institute of Financial Services, 2004, 'Hidden value: Understanding the impact of regulatory change on financial services', *Financial World*, April.
- Institute of International Finance, 2006, *Proposal for a strategic dialogue on effective regulation*, Washington, DC.
- Kotter JP and Cohen D, 2002, *The Heart of Change*, Harvard Business School Press, Boston.
- Larson LL, Busson RS, Vicars W and Jauch L, 1986, 'Proactive versus reactive manager: Is the dichotomy realistic?', *Journal of Management Studies*, vol 23, no 4, pp 385–408.



- MacKenzie R and Martinez-Lucio M, 2005, 'The realities of regulatory change: Beyond the fetish of deregulation', *Sociology*, vol 39, no 3, pp 499–517.
- Marley AAJ and Louviere JJ, 2005, 'Some probabilistic models of best, worst, and best–worst choices', *Journal of Mathematical Psychology*, vol 49, no 6, pp 464–480.
- Mintzberg H, 1978, 'Patterns in strategy formation', *Management Science*, vol 24, no 9, pp 934–948.
- Mullins G, 2008, 'Prescriptions and principle: The implications of different regulatory models for compliance professionals', *Compliance & Regulatory Journal*, vol 4, pp 32–38.
- National Audit Office (UK), 2007, *Reducing the cost of complying with regulations: The delivery of the administrative burdens reduction programme, 2007*, Report by the Comptroller and Auditor General, London, UK.
- Parker CE and Nielson VL, 2006, 'Do businesses take compliance seriously? An empirical study of the implementation of trade practices compliance systems in Australia', *Melbourne University Law Review*, vol 30, pp 441–494.
- Parker C, 2007, 'The possibilities and dangers of promoting 'open' self regulation', *Compliance & Regulatory Journal*, vol 2, pp 14–18.
- Palmer I, Dunford R and Akin G, 2006, *Managing organisational change: A multiple perspectives approach*, McGraw Hill, NY.
- Peteraf M and Reed R, 2007, 'Managerial discretion and internal alignment under regulatory constraints and change', *Strategic Management Journal*, vol 28, no 11, pp 1089–1112.
- Pettigrew AM, Woodman RW and Cameron KS, 2001, 'Studying organizational change and development: challenges for future research', *Academy of Management Journal*, vol 44, no 4, pp 697–713.
- Regulation Taskforce, 2006, *Rethinking Regulation: Report of the Taskforce on Reducing Regulatory Burden on Business*, Report to the Prime Minister and the Treasurer, Canberra.
- Rothstein H, Irving P, Walden T and Yearsley R, 2006, 'The risks of risk based regulation: Insights from the environmental policy domain', *Environmental International*, vol 32, no 8, pp 1056–1065.
- Sampson H and Bloor M, 2007, 'When jack gets out of the box: Problems of regulating a global industry', *Sociology*, vol 41, no 3, pp 155–569.