



Regulation View

**Regulation View
2009 Benchmark Report
about Implementation of
Regulations in Organisations**

Acknowledgement

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Disclaimer

The contents of this report including text, tables, graphics, and images are for informational purposes only. The findings presented in this report are based on how the respondents to the survey have interpreted regulations and the implementation of regulations in organisations. The report is provided as is without warranties of any kind and you must decide if this information is relevant to you or your organisation.

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Executive Summary

This research, the first of its type in Australia, investigates how organisations implement new or amended regulations and what influences their approach. Of particular interest is what influences organisations to do more than the minimum to comply. This is an important question because doing more than the minimum may be necessary to achieve the intent of the regulations, especially with the trend to more principles based regulation using risk based assessments.

The 2009 report focuses on results for two types of regulations in Australia: the core Financial and Insurance Services Industry regulations (FIS) and the cross industry Occupational Health & Safety regulations (OHS). The results showed that there were significant similarities between the FIS and OHS. Implementation of regulations was considered from the perspective of people internal and external to organisations. There was significant agreement between these two views.

Key Findings

- Organisations do vary in how they respond when implementing regulations ranging across the full continuum from more reactive to more proactive responses from the internal and external view. However people with an external view see organisations as more reactive compared to people with an internal view. Organisation size was not associated with how organisations respond for either view.
- All six factors noted as impacting regulations were tested and found to be important from both the internal and external view. 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. This means that all factors need some attention in the implementation of regulations.
- An assessment of the relative importance of these factors from the internal view showed that as organisations move along the continuum to be more proactive their priorities changed. This 'journey' starts with a greater focus on issues such as cost at the more reactive end of the continuum but as the organisation response becomes more proactive issues such as clarity of design become relatively more important. This means different factors need more attention than others depending on the organisation's level of proactivity.
- The priorities identified by the external view closely maps to the internal view for organisations with a more reactive response. This means that people external to organisations may have well aligned priorities with more reactive organisations however there may be some level of misalignment of priorities with more proactive organisations.
- Higher levels of organisation readiness were associated with being more proactive and doing more than the minimum to comply. Organisation readiness is primarily a measure of what has happened in the past. Therefore, while organisations may be more proactive or reactive in particular situations, a more sustained change in response is likely to develop through a two stage process. This means the more positive the current experience the more likely it is that organisations will be more proactive in their response the next time they implement regulations. Addressing the issues of most importance to an organisation at their stage on the proactivity continuum is likely to create more positive experiences.

Using the Insights from this Research

- This research found that many organisations report that they are doing more than the minimum to comply. It also showed that there is a significant level of agreement between people with the internal and external view about how regulations work and how they are implemented. The challenge is therefore how to build onto this common ground and encourage all organisations to do more than just comply. Based on insights from this research a number of questions are posed from a change perspective that may be useful to explore when considering how to create more positive experiences for organisations.

Benchmarks

- Benchmarks for implementation metrics have been set based on the concept of 'smart' regulation. These will be assessed and reported on each year. These benchmarks are:
 - Implementation benchmarks: organisation proactivity and cost benefit comparison
 - Enabling benchmarks: organisation readiness, process support and regime support
 - Characterisation benchmarks: levels of regulatory prescription and enforcement.
- For 2009 the Australian results were calculated using results from all respondents located in Australia. Most results were in the mid range of the scale between 40% and 60%. The results for the internal and external views were fairly close except for organisation proactivity where the result for the external view was about 10% lower compared to the internal view. Benchmarks for FIS and OHS are also provided. These results set an initial baseline for benchmarks going forward.

Reading this Report

- Sections 1, 2 and 3 provide the framing for this report. These short sections include the overview of the research program, overview of the 2009 survey and the key research questions.
- Sections 4 and 5 present the detailed findings for the core and cross regulations in Australia. Some technical information is repeated in each section to provide the correct context for results. A summary of findings is provided at the end of each of these sections.
- Section 6 presents a high level comparison of the results for the core and cross regulations, a process model based on the findings of this research for encouraging organisations to do more than the minimum to comply and a discussion about using the insights based on this research from a change perspective.
- Section 7 describes how the implementation benchmarks were developed then presents the 2009 benchmarks that will be tracked longitudinally.
- The Appendices provides the technical information to support this report.

1. Overview of the Research Program

Purpose

Regulation View is a non-aligned research program that investigates how organisations implement new or amended regulations and what influences their approach¹. The organisational response to implementation is measured on a continuum ranging from reactive to proactive implementation. Of particular interest is what influences organisations to do more than the minimum to comply and when this is appropriate. Doing more than the minimum may be necessary to achieve the intent of the regulations, especially if rules are open to interpretation or do not cover every scenario. The unit of interest is the organisation because how organisations implement regulations can impact on regulatory performance and benefits for the community. Implementation of regulations is considered from the perspective of people internal and external to organisations. The intention of this research is to provide useful insights to assist all people involved with the implementation of regulations.

Research Approach

This research program uses a whole of country or jurisdiction approach. People associated or interested in regulations who can provide an internal or external view about the implementation of regulations in organisations are invited to complete the survey. In 2009 the research focused on one core industry and one cross industry regulation. It is intended to include additional industries and types of cross industry regulations in future surveys. This longitudinal research will also track a number of implementation benchmarks. These benchmarks will measure changes in how organisations implement regulations, the alignment of internal and external views and changes in the regulatory context.

Ethics Approval

University of Technology, Sydney (UTS) ethics clearance has been given for this research on the basis of the following protocols:

- Participation in the survey is voluntary and all responses are anonymous
- The survey responses are not linked to any email addresses used to invite people to participate or linked to any membership database or any organisation's personnel listing
- The survey data is held separately from any organisation and follows the UTS data handling and retention policies
- The survey data collected will be used only for this research program and associated publications and presentations
- No individual results or information that can be used to identify individual organisations will be reported, only group or industry results will be reported.

Benefits of the Research

The results of this research will provide insights about how to improve implementation of regulations in organisations, and specifically:

- How to tailor implementation approaches to be more effective for different industries, organisations and types of regulations
- How to encourage organisations to do more than the minimum to comply and identify when this is appropriate.
- How to improve regulatory performance and outcomes for the community.

Reports

Reports are available free to all interested people for download at www.regulationview.com.au.

¹ Note that the legal and technical design aspects of regulations are out of scope for this research program.

2. Overview of the 2009 Survey

Survey Approach and Data Quality

A short online survey was run in May/June 2009 to collect the data for this research. Invitations to participate in the survey were sent out through associations to their members and through organisations to their employees. Participation was voluntary and anonymous. No incentive was offered to respondents for participation. The focus in the first year was to ensure that results could be reported for at least one industry and its core regulations and one type of cross industry regulation. The data collected through this survey was assessed and found to meet the assumptions required for the methods used for analysis. The technical notes about these methods are provided in Appendix 1.

Response Level and Overall Demographics

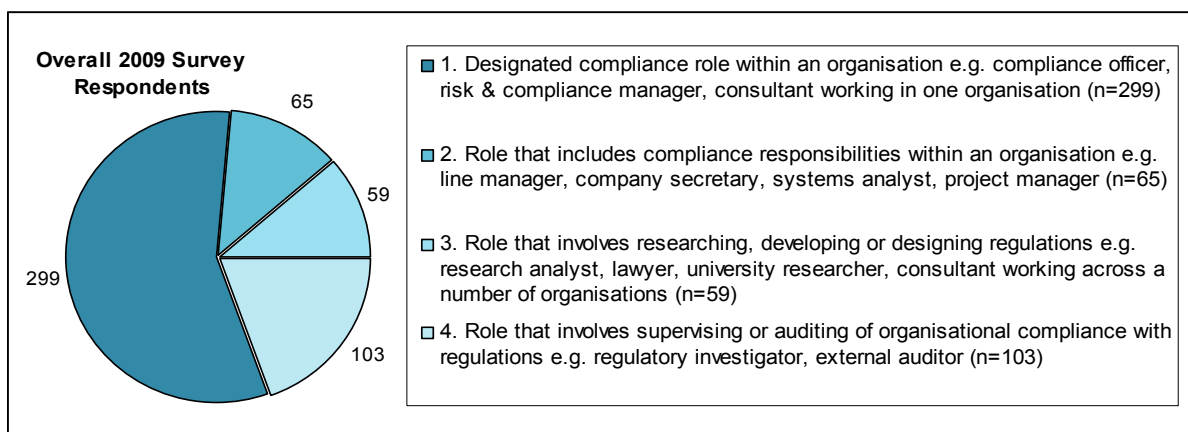
The total number of useable responses in 2009 was 526. Of these 494 or 93.9% were from Australia and 32 or 6.1% from other countries. Comments were provided by 31% of respondents. A response rate cannot be calculated for this survey method because there is no way of knowing how many people received the invitation. However the completion rate was 2:1 meaning that for every three people who started two completed the survey which is a good result for a public survey. Respondents needed to complete all questions in the survey for their response to be used in the analysis

While the gender balance was 34% female and 63.9% male (with 2.1% non response), the respondents were otherwise diverse in the terms of age, years of experience and organisation size. Respondents utilised the full range of responses available for each question to articulate their views. This variation in views provided high quality data to analyse. At 63.1%, 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. Most industries using the ANZSIC Industry classification² were represented. Details of the overall demographics for the 2009 respondents are provided in Appendix 2.

Focus for Analysing the 2009 Survey Results

- **Internal and External Views**

Respondents nominated their type of role so they could be allocated to an internal or external view of organisations. This is of interest because closer alignment of views would provide more support for effective implementation. The number of respondents for each type of role is shown below.



² Australian and New Zealand Standard Industrial Classification (ANZSIC) 2006, ABS Catalogue No. 1292.0, Commonwealth of Australia 2006.

A total of 354 or 69.2% of respondents provided an internal view and a total of 162 or 30.8% of respondents provided an external view. The differential between the internal and external views is expected because more people are involved in implementing compared to people designing, researching or assessing the implementation of regulations.

The internal view comprises results from people in designated compliance roles within organisations combined with people in roles that include compliance responsibilities in organisations (roles 1 and 2 on the previous graph). The external view comprises results from people in roles that involve researching, developing or designing regulations and people in roles that involve supervising or auditing of organisational compliance with regulations (roles 3 and 4 on previous the graph). In accordance with the ethics protocols³ for this research, responses were aggregated to ensure that no individual results or organisations could be identified.

▪ **Core industry and Cross Industry Regulations**

For this research regulations are defined as legislation, rules, standards and codes that create a requirement for an organisation to comply. Core industry regulations relate to the core business activities of an organisation whereas cross industry regulations relate to activities that can be common to many organisations. Respondents nominated whether they would use core industry regulations or cross industry regulations as a basis for answering the survey.

A total of 302 or 57.4% of respondents nominated core industry based regulations. Of these 242 or 80% were from Finance and Insurance Services with 221 respondents located in Australia. A total of 224 or 42.6% of respondents nominated cross industry regulations. Of these 167 or 76% nominated Occupational Health & Safety regulations with 162 respondents located in Australia. Therefore the 2009 survey provided a sufficient sample for both internal and external respondents for one core and one cross industry regulation to be investigated. These are:

- The core regulations in the Australian Financial and Insurance Services Industry
- The cross industry Occupational Health & Safety regulations in Australia

Australian Sample	Internal View	External View
Core Business Regulation: Financial and Insurance Services Industry n = 221	157 respondents	64 respondents
Cross Industry Regulation: Occupational Health & Safety n = 162	103 respondents	59 respondents

These results are explored in detail in the next sections of the report and details of demographics for these groups are provided in Appendix 3 and 4 respectively. Response levels were not sufficient for analysis of other core or cross industry regulations or any other countries this year.

▪ **Benchmarks**

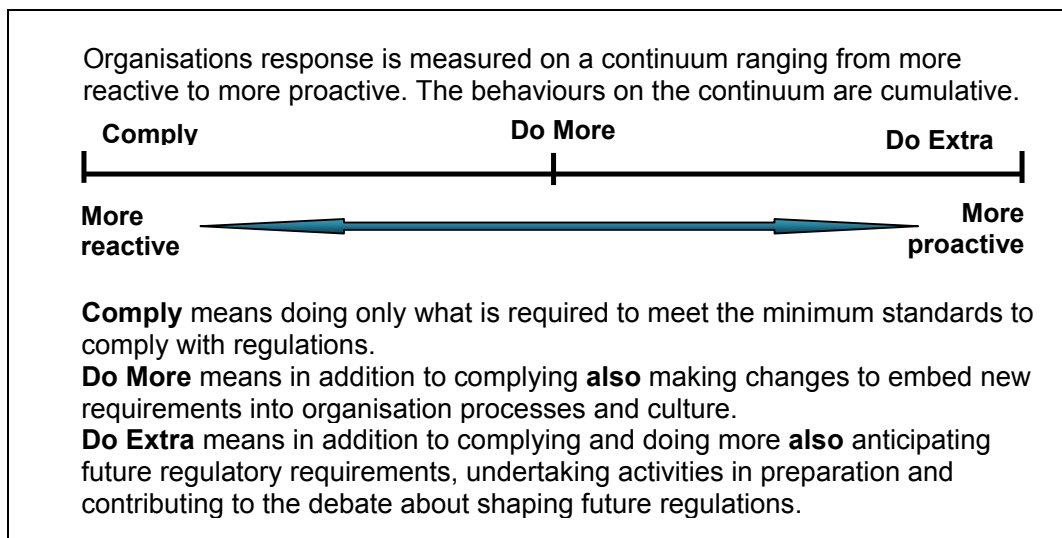
All results from respondents located in Australia are used for the 2009 benchmark metrics discussed in Section 7 of this report. Benchmarks are also reported for the core regulations in the Australian Financial and Insurance Services Industry and for the cross industry Occupational Health & Safety regulations in Australia.

³ See the ethics protocols listed in Section 1 of this report: Overview of the Research Program

3. Research Questions and Definitions

The key questions discussed for each core and cross industry regulation are:

1. How do organisations vary in their response to implementation of regulations?



2. What is the relative importance of six factors⁴ typically noted as impacting implementation of regulations? These factors are:

- Cost of implementation
- Cost of administration and reporting
- Clarity of the design of regulations
- Clarity of the benefits of regulations
- Amount of consultation about regulations
- Amount of time for implementation

3. Are organisation characteristics or aspects of the regulatory regime related to how organisations respond when implementing regulations? These are:

- | Organisation Characteristics | Regulatory Regime |
|--|---|
| ▪ Organisation size: workforce | ▪ Costs, clarity, consultation and time |
| ▪ Organisation readiness: capacity and receptivity | ▪ Complexity and benefits |
| | ▪ Level and type of prescription |

Using insights from Q1- 3, the following questions are used in a discussion about implications for improving the implementation of regulations in organisations:

4. Are there similarities and differences between types of regulations?
5. How can organisations be encouraged to do more than the minimum to comply?
6. What are appropriate metrics to track changes in the implementation of regulations in organisations?

Internal and External Views

For all questions the views of people involved in implementing regulations or with compliance responsibilities in organisations (the internal view) are contrasted with the view of people designing, researching or assessing the implementation of regulations (the external view).

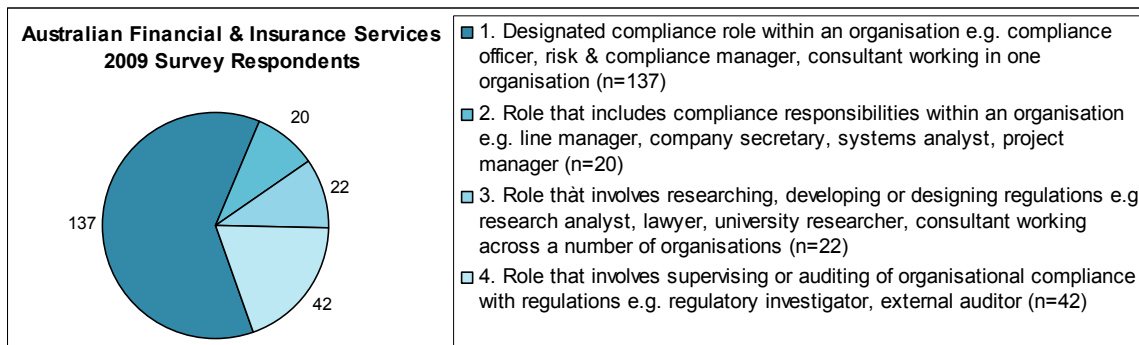
⁴ For example see *Rethinking Regulation: Report of the Taskforce on Reducing Regulatory Burden on Business*, Regulation Taskforce, 2006, Report to the Prime Minister and the Treasurer, Canberra.

4. Results for the Core Regulations in the Australian Financial and Insurance Services Industry

Demographics

A total of 221 people responded about core regulations in the Finance and Insurance Services Industry in Australia. The gender balance at 43.4% female and 54.8% male (with 4% non response), was more equal than the overall sample. The respondents were diverse in the terms of age, years of experience and organisation size, although on average slightly younger with fewer years experience compared to the overall sample. At 67.9%, there were more respondents from private sector organisations however all types of organisations except higher education were represented. Demographics for the Finance and Insurance Services Industry respondents are in Appendix 3.

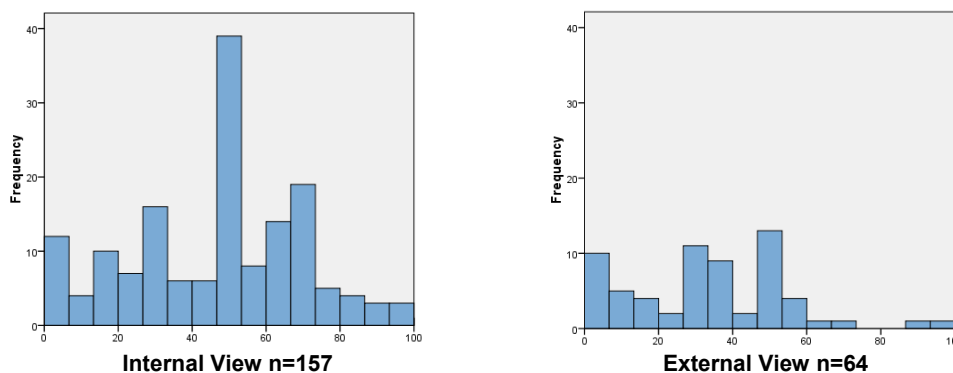
Internal and External Views



The distribution of roles is shown on this graph with 157 respondents (71%) commenting from an internal view (roles 1 and 2) and 64 respondents (29%) commenting from an external view (roles 3 and 4). Responses were aggregated to ensure that no individual results or organisations could be identified. These two views are used in the following discussion of Q1-3 to answer whether people with an internal view of organisations share the same perspective as people with an external view of organisations about the implementation of regulations.

Reactive or Proactive Response by Organisations

Q1. How do organisations vary in their response to implementation of regulations?



These graphs show the distribution of responses across the continuum ranging from more reactive on the left to more proactive on the right. The 'n' indicates the number of respondents. The internal view is comprised of observations about how their organisations responded on average when implementing these regulations. Respondents also indicated the size of their organisation. The external view is comprised of observations about how they saw organisations in this industry responding on average. Respondents also indicated the size of organisations they were commenting on.

Key Points

- The results based on this sample indicate that organisations vary across the continuum in how they respond when implementing regulations from both an internal and external view.
- This means that these results can be used to identify what influences organisations to do more than the minimum to comply. This would not be possible if there was low variation.
- Interestingly, the internal view sees more organisations towards the proactive end of the continuum compared to the external view.
- Organisation size was not significantly correlated with how organisations respond from either the internal or external view.

Relative Importance of Factors impacting Regulations

Q2. What is the relative importance of six factors typically noted as impacting implementation of regulations?

The factors under investigation are listed below together with the short titles used in the tables.

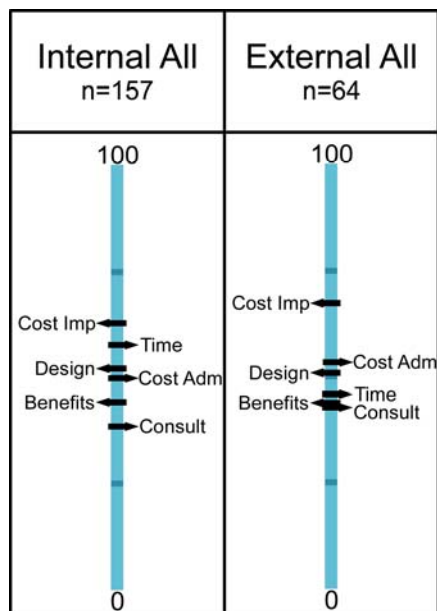
Cost of implementation	Cost Imp	Clarity of the benefits of regulations	Benefits
Cost of administration and reporting	Cost Adm	Amount of consultation about regulations	Consult
Clarity of the design of regulations	Design	Amount of time for implementation	Time

▪ What is the overall relative importance of factors from the internal and external view?

The following table compares the aggregated internal and external views about the relative importance of the six factors to organisations when deciding how to implement regulations. Importance was measured with Best/Worst scaling and a ratio scale⁵ was derived meaning that relative differences can be accurately measured and compared between groups of individuals. Results are displayed on a scale ranging from 0 to 100. Scores closer to 100 indicate factors of higher importance and scores closer to 0 indicates factors of lower importance.

Comparing the placement of factors on the scale provides an assessment of whether factors are more or less important and to what degree. No relationship was observed between the relative importance of the six factors and the perceived levels of these six factors. Therefore for this sample the relative importance of factors acts only as a descriptor not a predictor for the state of the organisation response.

Overall Relative Importance Assessment



Key Points

- All six factors are important to the organisation's response based on the aggregate internal and external views because no factor is at the bottom of the scale.
- Internal and external views agree on the order of relative importance for four factors however differ on time for implementation and cost of administration and reporting.
- Cost of implementation is relatively more important to the external view. This indicates that people from an external view perceive that people in organisations place more importance on cost of implementation than indicated by the results for the internal view.

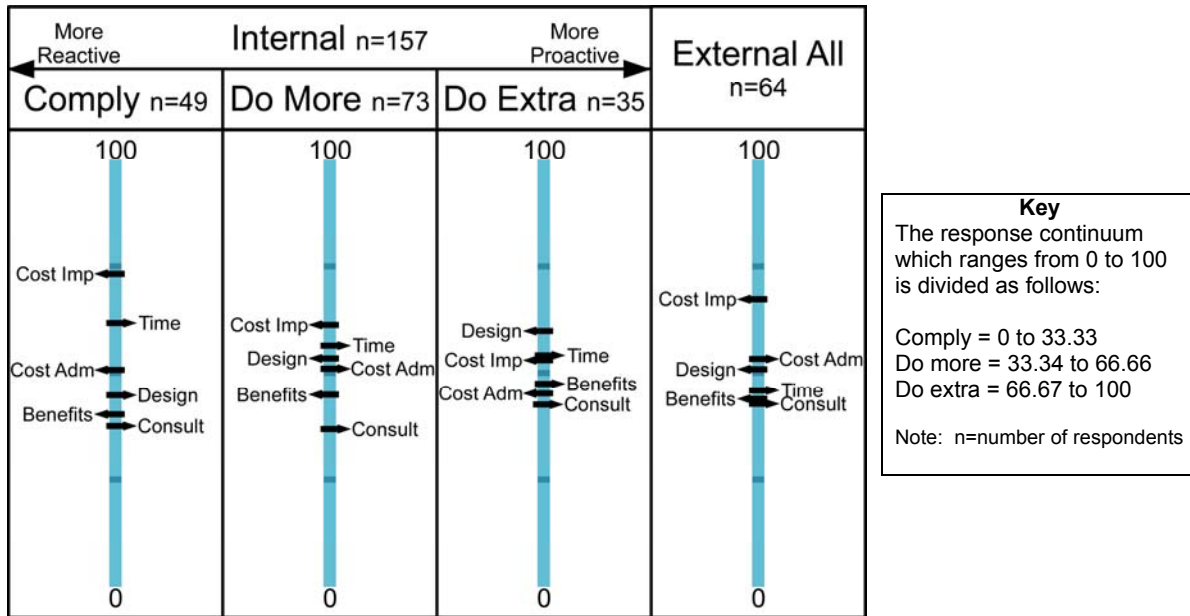
Note: n=number of respondents

⁵ See Appendix 1 for more information about best/worst scaling, ratio scales and importance measures and Appendix 5 for more information about interpretation of relative importance diagrams.

▪ **Does the relative importance of factors change if organisations are more proactive?**

The following graph shows the internal view divided into three parts representing organisations with a more reactive response (Comply), organisations with a mid range response (Do More) and organisations with a proactive response (Do Extra). A similar graph for the external view has not been generated due to the smaller sample size and the concentration of responses towards the reactive end on the continuum.

Segmented Internal Relative Importance Assessment



Key Points

- As organisations move along the continuum to be more proactive the relative importance of factors change and factors become more similar in importance from the internal view.
- This 'journey' starts with a greater focus on issues such as cost at the more reactive end of the continuum but as the organisation response becomes more proactive issues such as design become relatively more important.
- The external view most closely maps to the internal view for organisations with a more reactive response, particularly for cost. This is not surprising given that the external view see organisations as generally more reactive and therefore would see issues that concern these organisations as relatively more important. It is interesting to note that the external view includes observations about organisations of all sizes.
- This means that people external to organisations may be interacting with people in organisations that are more reactive on the response continuum and therefore well aligned in their priorities. It also means that for a number of more proactive organisations there may be some level of misalignment of priorities with external people.

Influence of Context on Organisation Response

Q3. Are organisation characteristics or aspects of the regulatory regime related to how organisations respond when implementing regulations?

Correlational analysis⁶ was used to investigate the relationships between the organisational response and the organisation characteristics or the regulatory regime, including the perceived levels of factors associated with regulations discussed previously. Correlations reported are at a

⁶ See Appendix 1 for more information about correlational analysis.

0.001 level of significance and a coefficient of at least +/- .35. Note correlation is about association not causation.

Key Points

- o Organisation readiness, which measures the capacity and receptivity to implementing new or amended regulations, was directly related to organisation response from both the internal and external views. No other direct relationships with organisation response were found.
- o From the internal view the level of success with previous implementations was the strongest relationship and for the external whether the experience of previous implementations was more positive or negative was the strongest relationship.
- o These findings indicate that whether an organisation responds more proactively or reactively may be related to past experiences. The more positive the previous experience the more likely it is that organisations will be more proactive in their response the next time they implement regulations.

Summary of Results

For this research the views of people involved in implementing regulations or with compliance responsibilities in organisations (the internal view) are contrasted with the view of people designing, researching or assessing the implementation of regulations (the external view).

Organisation response to implementing regulations was measured on a continuum ranging from more reactive doing the minimum to more proactive doing extra. It was found that organisations do vary in how they respond from the internal and external view. However the internal view sees more organisations towards the proactive end of the continuum compared to the external view. Organisation size was not associated with how organisations respond from either the internal or external view.

Six factors typically noted as impacting regulations were tested to assess their importance for the implementation of regulations. 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. All six factors were found to be important from both the internal and external view meaning that they all require attention for effective implementation of regulations.

An assessment of the relative importance shows for the internal view that as organisations move along the continuum to be more proactive the relative importance of factors changed. This 'journey' starts with a greater focus on issues such as cost at the more reactive end of the continuum but as the organisation response becomes more proactive issues such as clarity of design become relatively more important. The aggregate external view most closely maps to the internal view for organisations with a more reactive response, particularly for cost. This means that people external to organisations may have well aligned priorities with some organisations that are more reactive on the response continuum however there may be some level of misalignment of priorities for more proactive organisations. Again organisation size was not found to be associated with these assessments.

An assessment of characteristics of the organisations and the regulatory regime were showed that only organisation readiness was directly related to organisation response from the internal and external views. Organisation readiness measures the capacity and receptivity to implementing new or amended regulations. This means that if the previous experience is more positive the organisations are more likely to be more proactive in their response the next time they implement regulations.

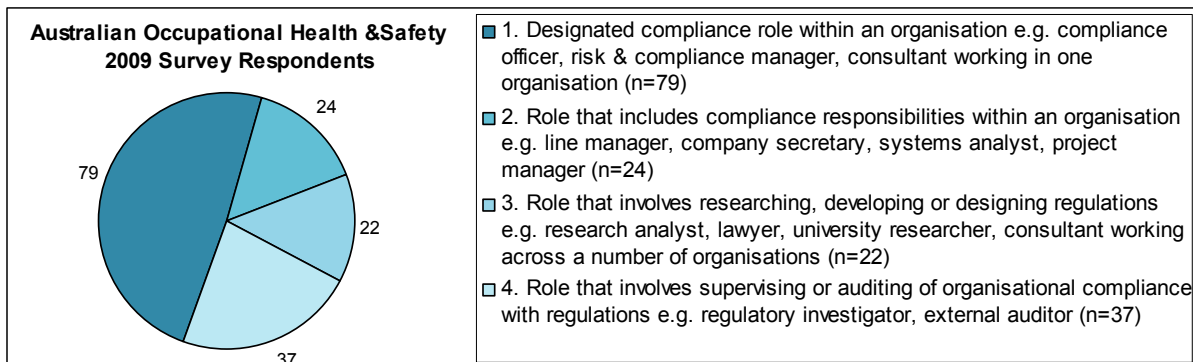
The implications of these results are discussed further in Section 6 of this report.

5. Results for the Cross Industry Occupational Health & Safety Regulations in Australia

Demographics

A total of 162 people responded about the cross industry Occupational Health & Safety (OHS) regulations in Australia. The gender balance at 25.3% female and 73.5% male (with 2% non response), was more unequal compared to the overall sample. The respondents were diverse in the terms of age, years of experience and organisation size, although on average slightly older with more years experience compared to the overall sample. At 63%, there were more respondents from private sector organisations however all types of organisations were represented. Demographics for the OHS respondents are in Appendix 4.

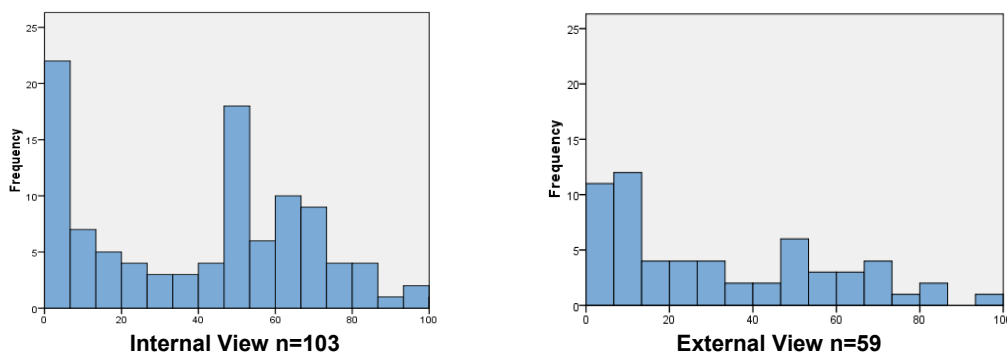
Internal and External Views



The distribution of roles is shown on this graph with 103 respondents (64%) from an internal view (roles 1 and 2) and 59 respondents (36%) from an external view (roles 3 and 4). Responses were aggregated to ensure that no individual results or organisations could be identified. These two views are used in the following discussion of Q1-3 to answer whether people with an internal view of organisations share the same perspective as people with an external view of organisations about the implementation of regulations.

Reactive or Proactive Response by Organisations

Q1. How do organisations vary in their response to implementation of regulations?



These graphs show the distribution of responses across the continuum ranging from more reactive on the left to more proactive on the right. The 'n' indicates the number of respondents. The internal view is comprised of observations about how their organisations responded on average when implementing these regulations. Respondents also indicated the size of their organisation. The external view is comprised of observations about how they saw organisations in this industry responding on average. Respondents also indicated the size of organisations they were commenting on.

Key Points

- The results based on this sample indicate that organisations vary across the continuum in how they respond when implementing regulations from both an internal and external view.
- This means that these results can be used to identify what influences organisations to do more than the minimum to comply. This would not be possible if there was low variation.
- Interestingly, the internal view sees more organisations towards the middle and proactive end of the continuum compared to the external view.
- Organisation size was not significantly correlated with how organisations respond from either the internal or external view.

Relative Importance of Factors impacting Regulations

Q2. What is the relative importance of six factors typically noted as impacting implementation of regulations?

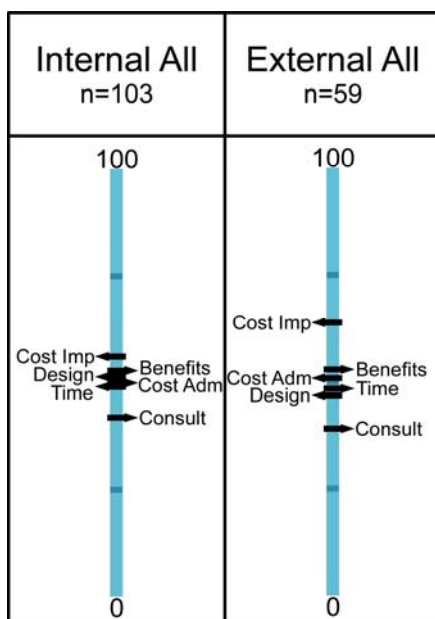
The factors under investigation are listed below together with the short titles used in the tables.

Cost of implementation	Cost Imp	Clarity of the benefits of regulations	Benefits
Cost of administration and reporting	Cost Adm	Amount of consultation about regulations	Consult
Clarity of the design of regulations	Design	Amount of time for implementation	Time

The following table compares the aggregated internal and external views about the relative importance of the six factors to organisations when deciding how to implement regulations. Importance was measured with Best/Worst scaling and a ratio scale⁷ was derived meaning that relative differences can be accurately measured and compared between groups of individuals. Results are displayed on a scale ranging from 0 to 100. Scores closer to 100 indicate factors of higher importance and scores closer to 0 indicates factors of lower importance.

Comparing the placement of factors on the scale provides an assessment of whether factors are more or less important and to what degree. No relationship was observed between the relative importance of the six factors and the perceived levels of these six factors. Therefore for this sample the relative importance of factors acts only as a descriptor not a predictor for the state of the organisation response.

Overall Relative Importance Assessment



Key Points

- All six factors are important to the organisation's response based on the aggregate internal and external views because no factor is at the bottom of the scale.
- Internal and external views agree on the order of relative importance for three factors however differ on clarity of the design of regulations, cost of administration and reporting time for implementation.
- Cost of implementation is relatively more important to the external view. This indicates that people from an external view perceive that people in organisations place more importance on cost of implementation than indicated by the results for the internal view.

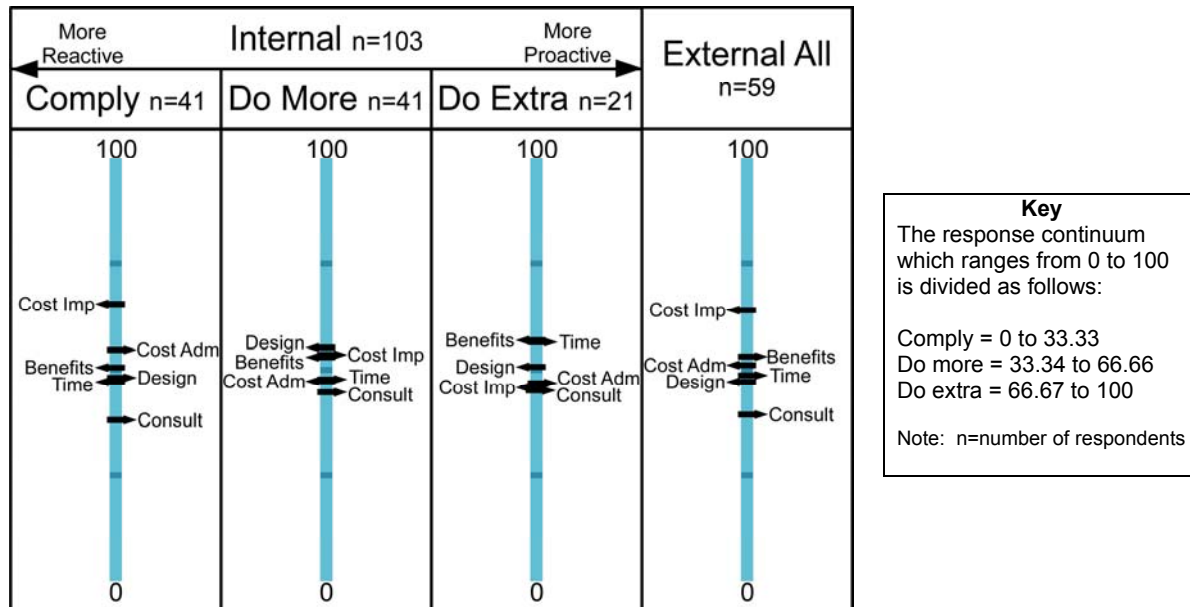
Note: n=number of respondents

⁷ See Appendix 1 for more information about best/worst scaling, ratio scales and importance measures and Appendix 5 for more information about interpretation of relative importance diagrams.

- Does the relative importance of factors change if organisations are more reactive or more proactive?

The following graph shows the internal view divided into three parts representing organisations with a more reactive response (Comply), organisations with a mid range response (Do More) and organisations with a proactive response (Do Extra). A similar graph for the external view has not been generated due to the smaller sample size and the concentration of responses towards the reactive end on the continuum.

Segmented Internal Relative Importance Assessment



Key Points

- As organisations move along the continuum to be more proactive the relative importance of factors change and factors become more similar in importance.
- This 'journey' starts with a greater focus on issues such as cost at the more reactive end of the continuum but as the organisation response becomes more proactive issues such as design and then benefits become relatively more important.
- The external view most closely maps to the internal view for organisations with a more reactive response. This is not surprising given that the external view see organisations as generally more reactive and therefore would see issues that concern these organisations as relatively more important. It is interesting to note that the external view includes observations about organisations of all sizes.
- This means that people external to organisations may be interacting with people in organisations that are more reactive on the response continuum and therefore well aligned in their priorities. It also means that for a number of more proactive organisations there may be some level of misalignment of priorities with external people.

Influence of Context on Organisation Response

Q3. Are organisation characteristics or aspects of the regulatory regime related to how organisations respond when implementing regulations?

Correlational analysis⁸ was used to investigate the relationships between the organisational response and the organisation characteristics or the regulatory regime, including the perceived levels of factors associated with regulations discussed previously. Correlations reported are at a

⁸ See Appendix 1 for more information about correlational analysis.

0.001 level of significance and a coefficient of at least +/- .35. Note correlation is about association not causation.

Key Points

- o From the internal view organisation response was associated directly with all aspects of organisation readiness. Organisation readiness which measures the capacity and receptivity to implementing new or amended regulations.
- o From the external view organisation response was associated directly with the level of consultation and whether regulations were more principles based. Consultation was directly associated with whether experience with previous implementation was more positive or negative, an aspect of organisation readiness.
- o These findings indicate clearly for the internal view that whether an organisation responds more proactively or reactively may be related to past experiences associated with regulatory implementation. The results for external view see this working directly through consultation with organisation readiness possibly having an indirect role to play.

Summary of Results

For this research the views of people involved in implementing regulations or with compliance responsibilities in organisations (the internal view) are contrasted with the view of people designing, researching or assessing the implementation of regulations (the external view).

Organisation response to implementing regulations was measured on a continuum ranging from more reactive doing the minimum to more proactive doing extra. It was found that organisations do vary in how they respond from the internal and external view. However the internal view sees more organisations towards the middle and proactive end of the continuum compared to the external view. Organisation size was not associated with how organisations respond from either the internal or external view.

Six factors typically noted as impacting regulations were tested to assess their importance for the implementation of regulations. 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. All six factors were found to be important from both the internal and external view meaning that they all require attention for effective implementation of regulations.

An assessment of the relative importance shows for the internal view that as organisations move along the continuum to be more proactive the relative importance of factors changed. This 'journey' starts with a greater focus on issues such as cost at the more reactive end of the continuum but as the organisation response becomes more proactive issues such as clarity of design and benefits become relatively more important. The aggregate external view most closely maps to the internal view for organisations with a more reactive response. This means that people external to organisations may have well aligned priorities with some organisations that are more reactive on the response continuum however there may be some level of misalignment of priorities for more proactive organisations. Again organisation size was not found to be associated with these assessments.

An assessment of characteristics of the organisations and the regulatory regime were showed that organisation readiness was directly related to organisation response from the internal view. Organisation readiness measures the capacity and receptivity to implementing new or amended regulations. From the external view organisation response was associated directly with the level of consultation and whether regulations were more principles based. Consultation was directly associated with the experience with previous implementations. This means that from an internal view if the previous experience is more positive the organisations are more likely to be more proactive in their response the next time they implement regulations. The results for external view see a high level of consultation associated with organisations being more proactive.

The implications of these results are discussed further in Section 6 of this report.

6. Insights about implementing Regulations in Organisations

Differences between Regulations

Q4. *Are there differences between types of regulations?*

This research shows that there are similarities between the results for the core Financial and Insurance Services Industry regulations (FIS) and the cross industry Occupational Health & Safety regulations (OHS) in Australia.

- **Organisations do vary in their response:** Based on the results for FIS and OHS, organisations were found to vary in how they respond when implementing regulations from both the internal and external view. These responses vary across the full continuum ranging from a more reactive response doing the minimum to a more proactive response doing extra. For both FIS and OHS the internal view sees more organisations towards the middle and proactive end of the continuum compared to the external view.
- **All six factors noted as impacting on regulation are important:** The results based on this sample indicate that all six factors tested were important for FIS and OHS from both the internal and external view. For both FIS and OHS the relative importance of factors did vary depending on whether organisations were at the more reactive end on the continuum, in the middle or at the more proactive end of the continuum. As organisations went on the 'journey' along the continuum the relative importance of issues such as cost reduced and the relative importance of issues such as design increased.
- **Alignment of priorities presents a challenge:** For both FIS and OHS the aggregate external view most closely maps to the internal view for organisations with a more reactive response. Therefore people external to organisations may be well aligned with more reactive organisations but there may be some level of misalignment of priorities with more proactive organisations.
- **Organisation readiness is most important to the type of response:** This research found that organisation readiness was directly associated with organisation response for the internal view for both FIS and OHS, the external view for FIS and potentially through consultation for the external view for OHS. The regulatory regime, including the levels of the factors, was not directly associated with organisation response other than consultation for the OHS external view. Organisation size was not associated directly or indirectly with any other aspect of implementation measured in this survey for either FIS or OHS.

However there are also some differences.

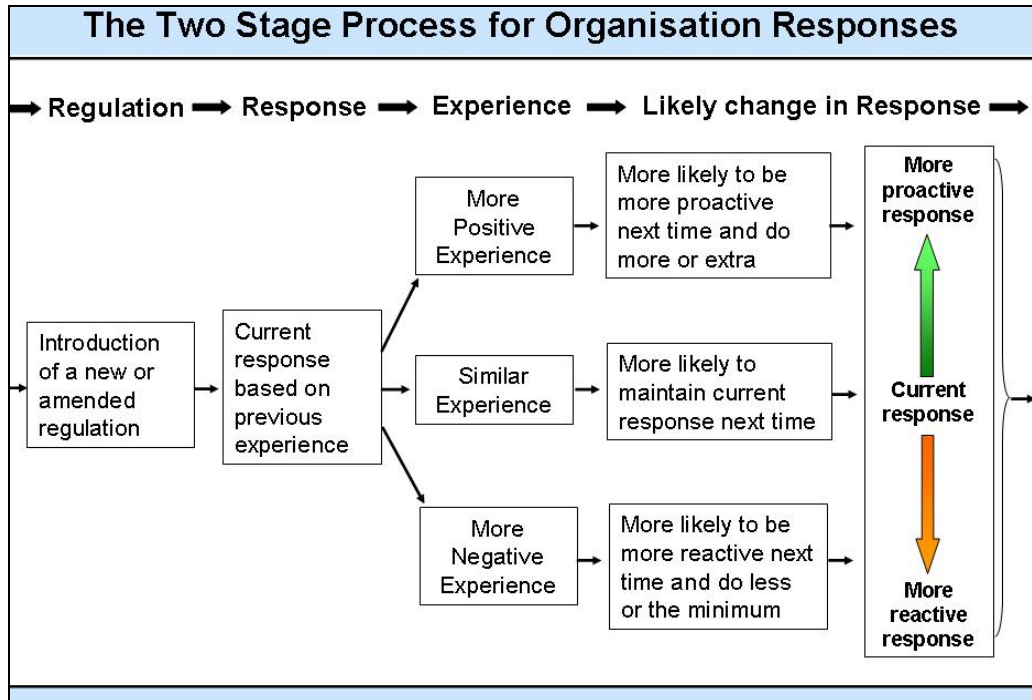
- **Regulations differ dependent on the amount of change in the regulatory regime:** While there was significant agreement about the relative importance of some factors the internal and external views for both FIS and OHS, the level of agreement was higher for OHS compared to FIS. This may reflect the amount of new regulation introduced into FIS during the 2000s with people still coming to terms with the new requirements.
- **The same approach may not work for all regulations:** Organisations in FIS and OHS differed on their priorities on 'journey' to become more proactive. While both FIS and OHS started with cost as the highest priority at the reactive end of the continuum, the most important factor for OHS changed from cost to design issues at the middle of the continuum and to benefit issues at the proactive end of the continuum. In contrast FIS changed from cost to design issues only at the proactive end of the continuum.

These differences highlight that just as organisation can go on a 'journey' to be more proactive regulations can also go on a similar 'journey'. The results indicate that this journey starts with a focus on implementing the fundamentals of the regulations, moves onto ensuring the regulations run smoothly, and then onto doing the extra and ensuring the benefits are achieved.

Doing more than the Minimum

Q5. How can organisations be encouraged to do more than the minimum to comply?

The results based on the FIS and OHS internal views indicate that higher levels of organisation readiness are associated with being more proactive and doing more than the minimum to comply. Organisation readiness is primarily a measure of what has happened in the past and influences the current approach. Therefore while organisations may be more proactive or reactive in particular situations, a more sustained change in response is likely to develop through a two stage process.



The process could work as follows. The organisation has a current response level based on past experiences with implementation of regulations. This may range from more proactive to more reactive. The current situation provides a new set of experiences that may be more positive, more negative or similar to last time. Based on this the organisation readiness level may change. More positive experiences are more likely to encourage the organisation to be more proactive next time, similar experiences will probably have no impact and more negative experiences are more likely to encourage a more reactive response to do less or the minimum to comply next time.

This research also indicates that focusing on the priorities most relevant to the level of organisation proactivity is more likely to create positive experience. For example if an organisation is more reactive and concerned about costs but this issue is apparently being ignored then the experience may be more negative. In contrast, if an organisation is more proactive and concerned about the clarity of design and the focus is on design then the experience may be more positive.

Other events or constraints can, of course, impact the organisation response. For instance additional regulations to implement or a downturn in business could reduce the resources available for all organisation activities limiting the actions by people internal to organisations. Equally, the regulatory frameworks could require certain actions that may potentially limit the ability of people external to organisations to act on the priorities relevant to organisations.

In summary, based on this sample positive experiences encourage organisations to engage on the 'journey' do more and be more comprehensive in how they implement regulations. This is important because doing more than the minimum may be necessary to achieve the intent of the regulations, especially with the trend to more principles based regulation using risk based assessments.

Using the Insights from this Research

Implementing regulations can be difficult due to the mandatory nature of regulations with penalties for non-compliance. In addition, organisations are often required to comply with a variety of different types of regulations and may be at different stages of implementation for each. Yet this research has shown that some organisations are doing more than the minimum to comply even in this apparently difficult and potentially 'negative' change environment. It has also shown that there is a significant level of agreement between people with the internal and external view about how regulations work and how they are implemented. The challenge is therefore how to build onto this and encourage more organisations to implement regulations effectively and to do more than just comply. The key it would seem is creating the opportunity for positive experiences.

From a change perspective creating positive experiences does not mean removing all rules and penalties. Rather it means using a comprehensive approach to change implementation that includes push, pull and clarity change levers⁹ to support organisations to be successful. Effective change programs contain a mix of all three change levers however there may however be a different emphasis as regulations go on their implementation 'journey'¹⁰. Based on insights from this research the following questions framed around this change approach are posed that may be useful to explore when considering how to create more positive experiences for organisations.

Push Change Levers: ensure organisations know what they should or should not do.

The legal basis of regulations provides a 'push levers' through rules supported by potential penalties. The current move to more principles based regulations and risk based assessment may reduce the rules but not the penalties. This research shows a perceived moderate level of prescriptive and effective enforcement for regulations in Australia (see benchmarks in Section 7).

- Are these levels appropriate? Can regulations be introduced effectively if some details are yet to be defined? How can organisations be taken on this regulatory 'journey' so they know when and where to allocate resources to minimise rework?

Clarity Change Levers: describe how organisations need to change what they are doing.

For effective implementation of regulations attention needs to be paid to the clarity of design, consultation and time for implementation recognising that organisations may have a different focus dependent on their level of proactivity. Streamlining of the regulatory regime is also important. This research shows that respondents perceive moderate levels of process support and streamlining of regulations in Australia (see benchmarks in Section 7).

- How can organisations signal their current or changing level of proactivity so that the relevant support can be provided by external people? How can external people provide the range of support required by different organisations? How does this support need to differ for different regulations? What else can be done to streamline regulations?

Pull Change Levers: provide the encouragement for organisations to change.

This research shows both costs and intended benefits are perceived to be moderate in Australia, with costs slightly higher (see benchmarks in Section 7). Effort has been put into understanding and reducing the cost of regulations to business in Australia.

- Is this the right balance of cost and benefits? Are there other benefits that could be identified from the perspective of all stakeholders that could be used to engage organisations? How can regulations be used to promote not limit business innovation?

⁹ For an explanation of the change lever model see: Hackman, K. 2005 *Providing customers with the 'right help': Implementing the Financial Services Reform in Insurance Australia Group*. Journal of Change Management, 5, 3, 345-355.

¹⁰ For an application of the model to regulatory change see Hackman, K. 2008. *Fit for purpose: Strategies for effective implementation of regulations*. Compliance & Regulatory Journal, November, 5, 33-38.

7. Benchmarks for Implementation of Regulations

Implementation Metrics for 'Smart' Regulation

Q6. What are appropriate metrics to track changes in the implementation of regulations in organisations?

A number of benchmarks to track changes in the implementation of regulations have been set up through this research. These have been based on the concept of smart¹¹ regulation. Smart regulation involves a balance between costs and benefits to achieve the desired outcome. It is seen as beneficial if regulations operate in a streamlined context with no unnecessary, overlapping, confusing or uncoordinated regulation. It is also seen as not just about removing red tape but also about enabling and encouraging action by organisations. These benchmarks are:

Implementation Benchmarks		
Focus: How regulations are operating now	Target: Smart regulation perspective	Short title: Used on graphs
Organisation proactivity: the response by the organisation ranging from more reactive to more proactive	Higher results seen as better	Org Proactivity
Cost Benefit comparison: cost of implementation, administration and reporting compared to the intended benefits of the regulations	Balance of cost and benefits with lower costs and higher benefits seen as better	Regulatory Costs and Intended Benefits

Enabling Benchmarks		
Focus: Supporting action to be more proactive	Target: Smart regulation perspective	Short title: Used on graphs
Organisation readiness: capacity, receptivity, resources, past experiences and level of previous success with implementation	Higher results seen as better	Org Readiness
Process support: clarity of regulation design and benefits, amount of consultation and amount of time for implementation	Higher results seen as better	Process Support
Regime support: streamlined regulations with no duplication, overlap, confusion, contradiction or unintended outcomes	Higher results seen as better	Regime Support

Characterisation Benchmarks		
Focus: Descriptions of regulations	Target: Smart regulation perspective	Short title: Used on graphs
Prescription: whether regulations are more rules or principles based, take a risk based approach, are more mandatory or voluntary	Matter of debate so tracked for information purposes at this stage.	Prescription
Enforcement: whether regulations have effective enforcement powers and requirements for reporting on performance and material breaches.	Matter of debate so tracked for information purposes at this stage.	Enforcement

¹¹ For descriptions of smart regulation, see for instance: Office of Best Practice Regulation website www.finance.gov.au/obpr and the Queensland Government Smart regulation Annual Report 2007-2008 www.treasury.qld.gov.au

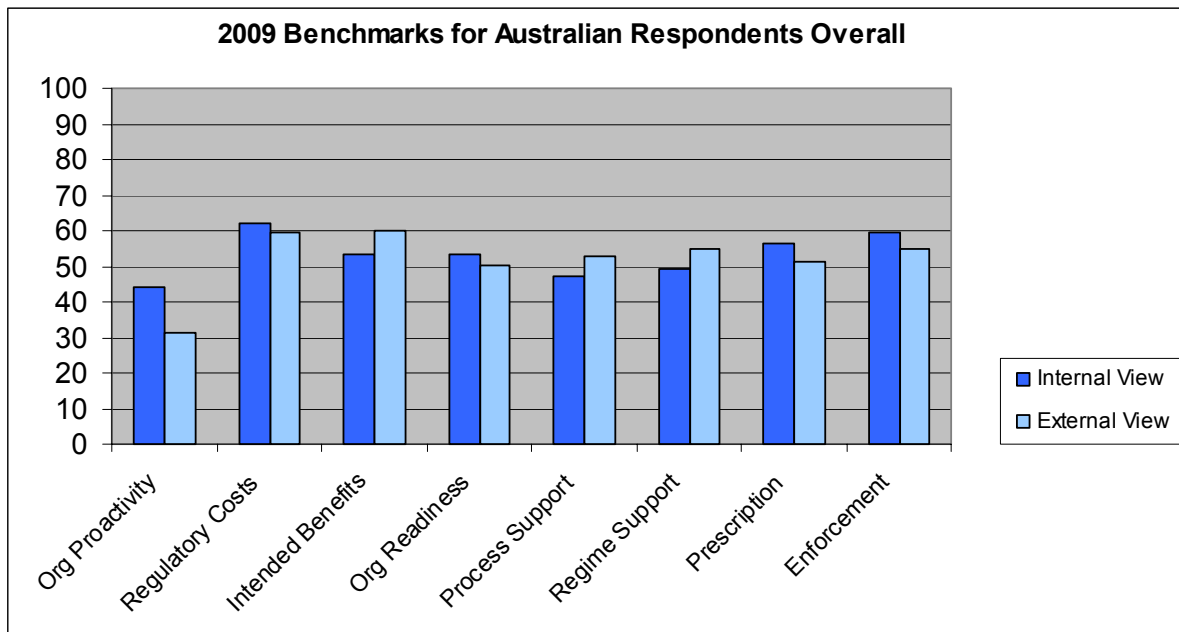
Implementation benchmarks are at the 'sharp' of regulatory change and consider what organisations do, what it costs and whether the intended benefits of regulations are achieved. Enabling benchmarks are about supporting implementing and consider the readiness of the organisation, how regulations are designed and introduced and how the wider regime operates in terms of streamlining regulations. Characterisation benchmarks are descriptions of regulations and consider the level of prescription in regulations and the level of effective enforcement powers and reporting.

Benchmarks are based on the perceptions of respondents and are reported as averages from the internal and external view. Where possible, whole of country benchmarks will be provided as well as benchmarks for core and cross industry regulations. Benchmarks will be assessed and reported each year.

Benchmarks based on the 2009 Survey

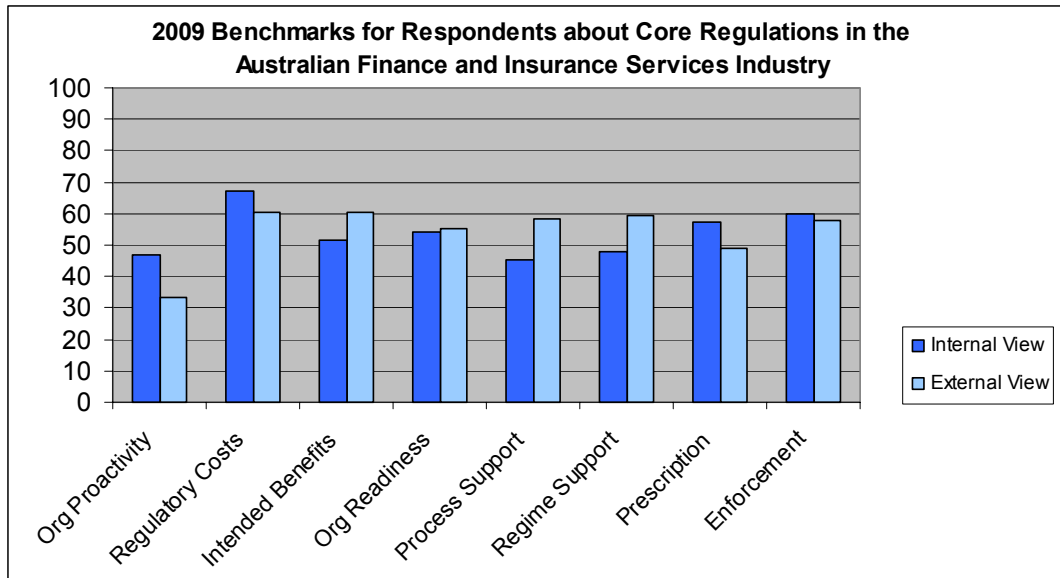
The following benchmarks have been calculated from the data collected in the 2009 survey about implementation of regulations in organisations. Benchmarks are shown to Australia overall which includes results for all respondents located in Australia. Breakdowns of these benchmarks are provided for the core Financial and Insurance Services industry regulations and the cross industry Occupational Health & Safety regulations in Australia. Comparisons of the internal and external view are provided for all benchmarks. These results set an initial baseline for the benchmarks.

- **Benchmarks for Australia**



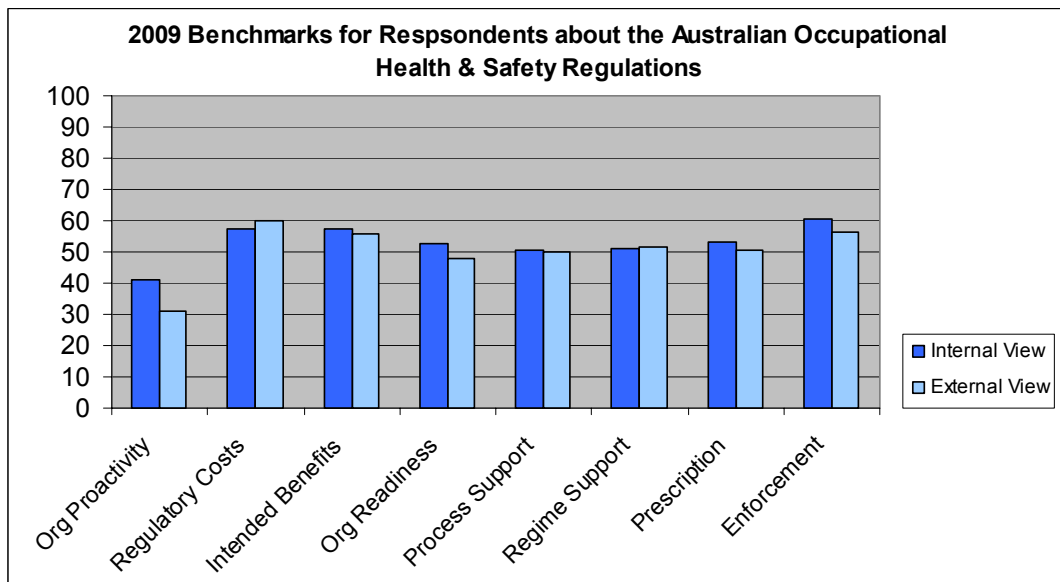
- There were 494 respondents from Australia, 337 from the internal view and 157 from the external view. Based on these responses the internal view was higher compared to the external view for organisation proactivity, organisation readiness. The internal view also saw regulations as higher in cost, prescriptions and enforcement. The external view was higher compared to the internal view for intended benefits and support for implementation from processes and from the regulatory regime. Most results were however relatively close in the mid range of the scale (between 40% and 60%) except for organisation proactivity from the external view.

- **Benchmarks for Financial and Insurance Services Industry Regulations in Australia**



There were 221 respondents for FIS in Australia, 157 from the internal view and 64 from the external view. The internal view saw organisation proactivity as much higher than the external view and to a lesser degree regulations as higher in cost, prescriptions and enforcement. The external view saw higher levels of intended benefits and support for implementation from processes and from the regulatory regime. Interestingly, the internal and external views had a similar view about organisation readiness. Most results were in the mid range of the scale except for regulatory costs from the internal view and organisation proactivity from the external view.

- **Benchmarks for Occupational Health & Safety Regulations in Australia**



There were 162 respondents for OHS in Australia, 103 from the internal view and 59 from the external view. The internal view saw organisation proactivity as much higher than the external view and to a lesser degree organisation readiness and regulatory enforcement higher. The internal view saw regulatory costs as higher than the internal view. Interestingly the internal and external views have a similar view about intended benefits, support for implementation from processes and from the regulatory regime and about the level of prescription. Most results were in the mid range of the scale except for organisation proactivity from the external view.

Appendix 1: Technical Notes about the Methods used for Analysis of Data

Definitions

Best/Worst scaling is an experimental method where respondents make trade-offs between objects on a perceptual scale such as importance. Respondents make a series of trade-offs by nominating which object from a set of 3 or more objects is most (or best, highest) on the scale and which object is least (or worst, lowest) on the scale. When completed at the individual level the trade-offs in the resulting data can be used to derive a ratio scale of an individual or group's perception of the objects.

Best/Worst scaling was first proposed in 1990 and its initial application was to establish the level of public concern for various food safety topics (see 1992 article below). Since then Best/Worst scaling has been applied to variety of policy related topics and other areas that depend on individual perceptions such psychology, marketing and food science. The psychological properties of Best/Worst scaling including the mathematical proofs to derive a ratio scale were published in 2005.

The first use of Best/Worst scaling was in public policy:

Finn, A. and Louviere, J.J. (1992) 'Determining the Appropriate Response to Evidence of Public Concerns: the Case of Food Safety', *Journal of Public Policy and Marketing*, 11(1), 12-25.

The mathematical proofs for the derivation of the ratio scale are in:

Marley, A.A.J. and Louviere, J. J. (2005) 'Some probabilistic models of best, worst, and best-worst choices', *Journal of Mathematical Psychology*, 49(6), 464 - 480.

Correlation is a measure of the strength of the association between two variables. The sign (+ or -) indicates the direction of the relationship. The values as indicated by the correlation coefficient can range from -1 to +1. A value of +1 indicates a perfect positive relationship, 0 indicates no relationship and -1 indicates a perfect negative or reverse relationship.

Descriptive Statistics: Descriptive statistics refers to statistical techniques used to summarise and describe a data set including frequencies, mean, median, mode and standard deviation. These can be provided in tables and utilised in, for instance, histograms.

Interval Scale: An interval scale has equal intervals between scale points and provides information about ordering. However there is no meaningful zero so relative differences between objects on the scale are difficult to state. Measures of temperature such as Celsius and Fahrenheit are examples of interval scales.

Ratio Scale: A ratio scale has equal intervals between scale points provides information about ordering and has a meaningful zero. Therefore '6' on a ratio scale implies twice as much of the thing being measured as a '3' and on an importance scale you could say 6 is twice as important as 3'. A measure of temperature such as Kelvin is an example of a ratio scale.

Sample: A sample is a portion of the elements of a population. A sample is chosen to make inferences about the population by examining or measuring the elements in the sample.

Some references for general statistical terms are:

Mansfield, E. (1990) *Statistics for Business and Economics*, 2nd ed, W. W. Norton & Co. New York.

Statistical Glossary <http://www.statistics.com/resources/glossary/i/intscale.php> [accessed July 2009]

Appendix 1: Technical Notes about the Methods used for Analysis of Data cont.

Investigations of Relationships in the Data Set

Correlation was used as one method to investigate relationships between variables in this research. Correlational analysis has a number of underlying assumptions that data must meet. These are:

1. Data must be collected from related pair from the same respondent (related pairs)
2. Scale must be interval or ratio (scale of measurement)
3. Data should be normally distributed (normality)
4. The relationship between two variables must be linear (linearity)
5. Variability for scores for a variable is roughly the same for all (homoscedasticity)

The data for this research used in correlational analysis was tested and met all assumptions. Assumptions 1 and 2 were designed into the research. Assumption 3 was tested using histograms, normal probability plots and de-trended normal plots, Kolmogorov-Smirnov and Shapiro-Wilks statistics and a review of skewness and kurtosis. Assumptions 4 and 5 were tested through examination of scatter plots of the variables.

Through this examination of scatter plots results a coefficient of at least +/- .35 with a 0.001 level of significance using a two tailed test was identified as an appropriate minimum level of correlation for reporting significant relationships in this data set. These significant relationships are discussed in the report.

Descriptive statistics were used to examine the relationship between the relative importance of the six factors and the perceived levels of the six factors. These factors are cost of implementation, cost of administration and reporting, clarity of design and benefits and amount of consultation and time for implementation.

This examination included a manual comparison of histograms and means. This approach was used because the relative importance measures by their nature do not necessarily meet the normality assumptions required by correlation. Using this method no relationship was observed between the relative importance of the six factors and the perceived levels of the six factors. The relative importance of factors was found to act in this research only as a descriptor for the state of the organisation response.

Some references for statistical methods are:

Coakes, S.J and Steed, L. G. (2003) *SPSS Analysis without Anguish*, V11.0, John Wiley & Sons Australia Ltd.

Hair, J.E., Anderson, R.E., Tatham, R.L. and Black, W.C. (1998) *Multivariate Data Analysis* 5th Ed, Prentice Hall, NJ.

Appendix 2: Overall 2009 Survey Respondent Demographics

Notes: Categories with fewer than 5 respondents have been aggregated except for 'no answer'. Percentages have been rounded to one decimal point.

Country	No.	%
Australia	494	93.9
Hong Kong and Singapore	12	2.3
New Zealand	8	1.5
Other	12	2.3
Total	526	100.0

Gender	No.	%
Female	179	34.0
Male	336	63.9
No answer	11	2.1
Total	526	100.0

Age Bracket	No.	%
18-24	5	1.0
25-34	66	12.5
35-44	140	26.6
45-54	190	36.1
55-64	98	18.6
65+	17	3.2
No answer	10	1.9
Total	526	100.0

Years of Experience	No.	%
under 1 year	9	1.7
1-4	83	15.8
5-9	132	25.1
10-19	178	33.8
20+	122	23.2
No answer	2	0.4
Total	526	100.0

Organisation Type	No.	%
Private Sector	332	63.1
Regulatory Agency or Government Department	112	21.3
Higher Education	13	2.5
Other Public Sector	34	6.5
Not for Profit Sector	35	6.7
Total	526	100.0

Organisation Size by No. of Employees	No.	%
1-19	44	8.4
20-49	36	6.8
50-199	75	14.3
200-999	143	27.2
1000-4999	106	20.2
5000+	122	23.2
Total	526	100.0

Appendix 2: Overall 2009 Survey Respondent Demographics cont.

Notes: Categories with fewer than 5 respondents have been aggregated except for 'no answer'. Percentages have been rounded to one decimal point.

Role	No.	%
1. Designated compliance role within an organisation e.g. compliance officer, risk & compliance manager, consultant working in one organisation	299	56.8
2. Role that includes compliance responsibilities within an organisation e.g. line manager, company secretary, systems analyst, project manager	65	12.4
3. Role that involves researching, developing or designing regulations e.g. research analyst, lawyer, university researcher, consultant working across a number of organisations	59	11.2
4. Role that involves supervising or auditing of organisational compliance with regulations e.g. regulatory investigator, external auditor	103	19.6
Total	526	100.0

Industry	No.	%
Agriculture, Forestry and Fishing	6	1.1
Mining	14	2.7
Manufacturing	43	8.2
Electricity, Gas, Water and Waste Services	31	5.9
Construction	31	5.9
Retail Trade	10	1.9
Transport, Postal and Warehousing	19	3.6
Information Media and Telecommunications	8	1.5
Financial and Insurance Services	242	46.0
Professional, Scientific and Technical Services	19	3.6
Public Administration and Safety	16	3.0
Education and Training	19	3.6
Health Care and Social Assistance	18	3.4
Other Service, All other industries with fewer than 5 respondents	50	9.6
Total	526	100.0

Selection of Regulation Type	No.	%
Industry based regulation	302	57.4
Cross industry regulation	224	42.6
Total	526	100.0

Cross industry Regulation Type	No.	%
Trade Practices	14	6.3
Privacy	8	3.6
Occupational Health & Safety	167	74.6
Workplace Relations and Discrimination	8	3.5
Water Management	5	2.2
Energy Use & Emissions	5	2.2
Other	17	7.6
Total	224	100.0

Appendix 3: Australian Financial & Insurance Services Industry 2009 Survey Respondent Demographics

Notes: Categories with fewer than 5 respondents have been aggregated except for 'no answer'. Percentages have been rounded to one decimal point. Industry is not listed because all respondents are in the Finance and Insurance Services Industry and selected to comment about the core industry regulations.

Age Bracket	No.	%
18-34	47	21.3
35-44	79	35.7
45-54	71	32.1
55+	18	8.2
No answer	6	2.7
Total	221	100.0

Years of Experience	No.	%
Under 4 years	46	20.8
5-9	72	32.6
10-19	73	33.0
20+	28	12.7
No answer	2	0.9
Total	221	100.0

Gender	No.	%
Female	96	43.4
Male	121	54.8
No answer	4	1.8
Total	221	100.0

Organisation Type	No.	%
Private Sector	150	67.9
Regulatory Agency or Government Department	48	21.8
Higher Education	0	0.0
Other Public Sector	7	3.2
Not for Profit Sector	16	7.2
Total	221	100.0

Organisation Size by No. of Employees	No.	%
1-19	20	9.0
20-49	22	10.0
50-199	30	13.6
200-999	49	22.2
1000-4999	42	19.0
5000+	58	26.2
Total	221	100.0

Role	No.	%
1. Designated compliance role within an organisation e.g. compliance officer, risk & compliance manager, consultant working in one organisation	137	62.0
2. Role that includes compliance responsibilities within an organisation e.g. line manager, company secretary, systems analyst, project manager	20	9.0
3. Role that involves researching, developing or designing regulations e.g. research analyst, lawyer, university researcher, consultant working across a number of organisations	22	10.0
4. Role that involves supervising or auditing of organisational compliance with regulations e.g. regulatory investigator, external auditor	42	19.0
Total	221	100.0

Appendix 4: Australian Occupational Health & Safety Regulations 2009 Survey Respondent Demographics

Notes: Categories with fewer than 5 respondents have been aggregated except for 'no answer'. Percentages have been rounded to one decimal point.

Age Bracket	No.	%
25-34	12	7.4
35-44	21	13.0
45-54	64	39.5
55+	63	38.9
No answer	2	1.2
Total	162	100.0

Years of Experience	No.	%
Under 4 years	13	8.0
5-9	27	16.7
10-19	63	38.9
20+	59	36.4
No answer	0	0.0
Total	162	100.0

Gender	No.	%
Female	41	25.3
Male	119	73.5
No answer	2	1.2
Total	162	100.0

Role	No.	%
1. Designated compliance role within an organisation e.g. compliance officer, risk & compliance manager, consultant working in one organisation	79	48.8
2. Role that includes compliance responsibilities within an organisation e.g. line manager, company secretary, systems analyst, project manager	24	14.8
3. Role that involves researching, developing or designing regulations e.g. research analyst, lawyer, university researcher, consultant working across a number of organisations	22	13.6
4. Role that involves supervising or auditing of organisational compliance with regulations e.g. regulatory investigator, external auditor	37	22.8
Total	162	100.0

Industry	No.	%
Mining	8	4.9
Manufacturing	33	20.4
Electricity, Gas, Water and Waste Services	15	9.3
Construction	24	14.8
Transport, Postal and Warehousing	12	7.4
Professional, Scientific and Technical Services	11	6.8
Public Administration and Safety	7	4.3
Education and Training	8	4.9
Health Care and Social Assistance	13	8.0
Other Service, All other industries with fewer than 5 respondents	31	19.1
Total	162	100.0

Organisation Type	No.	%
Private Sector	102	63.0
Regulatory Agency or Government Department	43	21.0
Higher Education	5	3.1
Other Public Sector	10	6.2
Not for Profit Sector	11	6.8
Total	162	100.0

Organisation Size by No. of Employees	No.	%
1-19	10	6.2
20-49	10	6.2
50-199	34	21.0
200-999	50	30.9
1000-4999	31	19.1
5000+	27	16.7
Total	162	100.0

Appendix 5: Interpretation of Relative Importance Diagrams

The interpretation of the relative importance diagrams for FIS (Section 4) and OHS (Section 5) and the appropriate use of this information is described below. Some key points to be aware of are:

- The data to assess the relative importance of factors was collected in this survey by means of an experiment involving 10 questions using Best/Worst scaling¹². The factors under investigation are listed below together with the short titles used in the tables.

Cost of implementation	Cost Imp	Clarity of the benefits of regulations	Benefits
Cost of administration and reporting	Cost Adm	Amount of consultation about regulations	Consult
Clarity of the design of regulations	Design	Amount of time for implementation	Time

- A ratio scale¹³ was derived meaning that relative differences could be accurately measured and compared between factors. The six factors were then presented on a scale of relative importance ranging from 0 to 100.
- As a ratio scale of relative importance it's values can range from 0 (zero) to ∞ (infinity) but due to the specific design of the experiment included in this survey the maximum score that can be achieved is 100.
- The scores on the relative importance scale only have meaning within the context of the experiment used to derive them and comparisons can only be made between groups of individuals that completed the same experiment. The scores cannot be used with insights or data from other sources or different surveys.
- However the order of factors on the relative importance scale can be compared with insights or data from other sources or different surveys.

Important caveats to remember when using this data

- The following are some examples of how to interpret the results presented in this report. It is important to note that the results are perceptions of what is important to organisations implementing regulations and this should always be mentioned when providing interpretations.
- Scores reported on these diagrams for groups are the aggregated results from individuals that belong to the group being reported. As with any aggregation there may be individual views that are different however the aggregation presents the overall view of factors.
- These diagrams only depict group's aggregated perception of the relative importance of factors to organisations implementing regulations. The perception of a factor's importance may be due to a variety reasons and why a factor is perceived to relatively more or less important is not addressed.
- Even if a group perceives a factor as relatively important it may not be able to act on this perception due to constraints. For instance additional regulations to implement or a downturn in business could reduce the resources available for all organisation activities limiting the actions by people internal to organisations. Equally, the regulatory frameworks could require certain actions that may potentially limit the ability of people external to organisations to act on the priorities relevant to organisations.

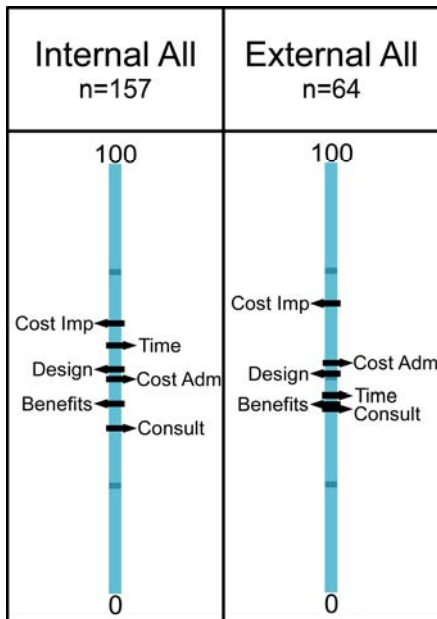
The examples are on the following pages.

¹² See Appendix 1 for more information about best/worst scaling.

¹³ See Appendix 1 for more information about ratio scales and importance measures.

Appendix 5: Interpretation of Relative Importance Diagrams cont.

FIS Overall Relative Importance Assessment



Examples

In this diagram for overall relative importance from the internal and external view in FIS, the following statements are appropriate when comparing two factors in one group:

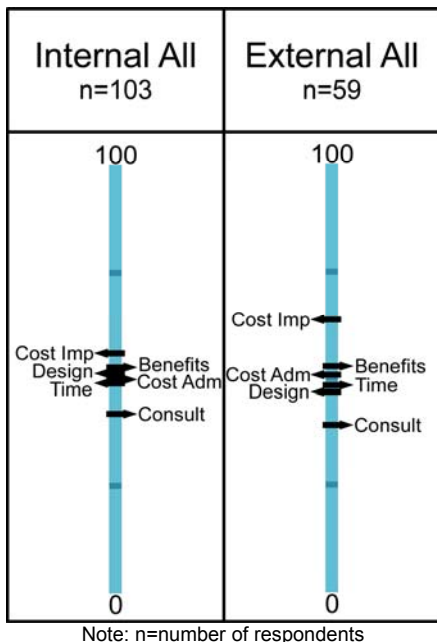
Cost of implementation is perceived to be about 20% more important than clarity of design from the overall FIS internal view.

Cost of implementation is perceived to be about 30% more important than clarity of design from the overall FIS external view.

Equally the following statement is appropriate when comparing one factor across two groups:

Cost of implementation is perceived to be relatively more important by the overall FIS external view than the overall FIS internal view.

OHS Overall Relative Importance Assessment



Examples

In the diagram below for overall relative importance from the internal and external view in OHS, the following statements are appropriate when comparing two factors in one group:

Cost of Implementation is perceived to be about 5% more important than clarity of benefits from the overall OHS internal view.

Cost of Implementation is perceived to be about 20% more important than clarity of benefits from the overall OHS external view.

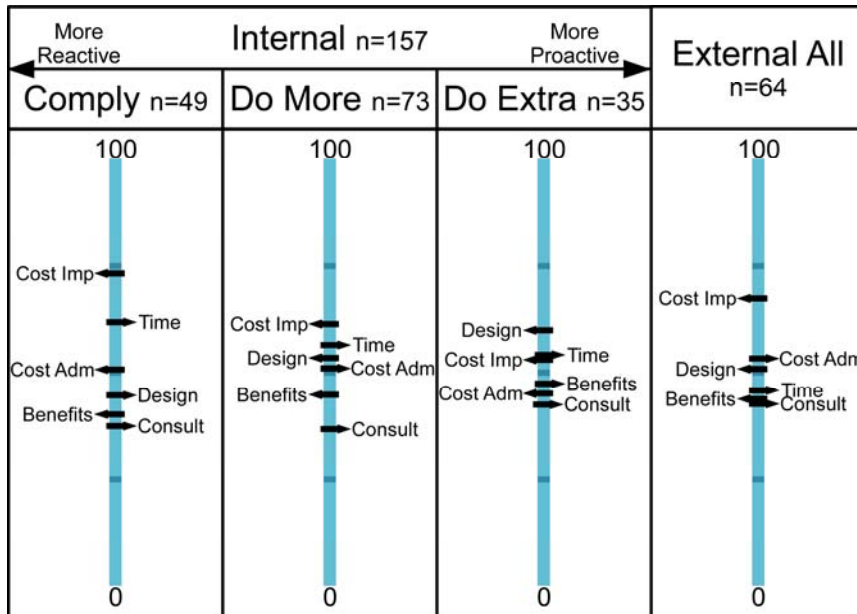
Equally the following statement is appropriate when comparing one factor across two groups:

Cost of implementation is perceived to be relatively more important by the overall OHS external view than the overall OHS internal view.

Appendix 5: Interpretation of Relative Importance Diagrams cont.

Two or more groups can also be characterised by describing the differences in relative importance of factors in a series of statements. This is how to describe the 'journey' described in this report as organisations become more proactive when implementing regulations from the internal view.

FIS Segmented Internal Relative Importance Assessment



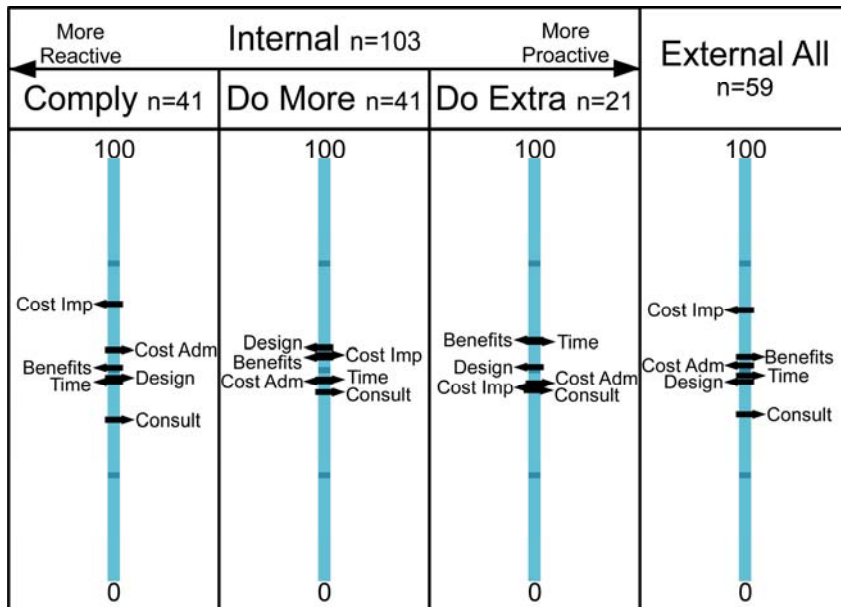
Note: n=number of respondents

Example

In this diagram, the following statements are appropriate when comparing two factors for the three internal views:

Cost of implementation is perceived to be about 65% more important than clarity of design for organisations at the more reactive end of the continuum. For organisations in the middle of the continuum, cost of implementation is perceived to be about 15% more important than clarity of design. However organisations at the more proactive end of the continuum cost of implementation is perceived to be about 10% less important than clarity of design.

OHS Segmented Internal Relative Importance Assessment



Note: n=number of respondents

Example

In this diagram, the following statements are appropriate when comparing two factors for the three internal views:

Cost of implementation is perceived to be about 30% more important than clarity of benefits for organisations at the more reactive end of the continuum. For organisations in the middle of the continuum, cost of implementation is perceived to be about as important as clarity of benefits. However for organisations at the more proactive end of the continuum, cost of implementation is perceived to be about 20% less important than clarity of benefits.