1. Internal compliance programs and safety culture

Michael Faure, Professor of Comparative Private Law and Economics
Peter Mascini, Professor of Empirical Legal Studies
Sharon Oded, Professor of Corporate Compliance and Enforcement

Introduction

In the last decades, the manner in which business presents itself in relation to society has rapidly changed. Its emphasis on profit maximization in order to generate shareholder value has shifted towards a focus on serving the interests of different stakeholders thereby creating public value. This shift has been accompanied by the appropriation of regulatory responsibilities. As a result, business has become increasingly involved in the implementation of management systems and private standards the compliance of which may be overseen by companies themselves or commissioned to external auditors. At the same time, companies continue to be responsible for complying with public regulations. This means that in current society, internal compliance programs play a crucial role in the regulation of economic activity. At the same time, there is consensus that the sheer presence of internal compliance programs by no means guarantees effective risk control. It is generally acknowledged that culture plays a decisive role in how formal policies play out in practice. Yet, the concept of safety culture is contested. Safety culture can be conceived at different levels (artefacts, attitudes, basic assumptions); as integrated, differentiated or ambiguous; as manipulable or emergent; as an identifiable independent culture, as indistinguishable from organization culture or as embedded in an even broader social surround. The PhD project for the sector plan proposes a specific approach of safety culture. It does so by focusing on shared practices of risk handling on the shop floor. As such the project fits into the broader theme that deals with the role of safety culture in internal compliance programs. In current era wherein business increasingly assumes responsibilities in safeguarding public values, it is crucial to open the black box of internal compliance programs in order to find out how they play out in practice.

PhD project: the interaction between formal and informal risk-handling strategies on the shop floor

The central research question of the PhD project is how formal and informal strategies of handling technological risks interact. There is a trend towards the formalization of the handling of technological risks (Dekker, 2014). This trend refers, among others, to organizations implementing and expanding management systems based on rules and prescriptions, formal training, and enforcement. However, the formalization of risk-handling has not extinguished informal risk-handling strategies such as the use of discretion (responsibly bending rules when necessary), tacit knowledge (unverbalized experiential knowledge) and taking personal responsibility for tasks.

Three incompatible ideas of how these formal and informal risk-handling strategies relate to each other can be found abreast in the literature (Mascini & Bacharias, 2012). Some

researchers conceive of informal risk-handling strategies as conflicting with formal safety policy. This can either be because parties whose interests are underrepresented in the formal safety policy frustrate or sabotage it by applying informal tactics or because employees revert to informal strategies because formal policies fall short (see also Almond & Gray, 2017). Conversely, for instance the so-called high-reliability theory states that a centralized formal safety policy optimizes the reliability of organizations precisely in combination with decentralized informal risk-handling strategies. This presupposes that the positive effects of the formal and informal risk-handling strategies complement each other. Still others argue that the relationship between formal and informal risk handling strategies is context dependent. They assume that formal and informal risk-handling strategies are most likely to be complementary when the trust exists between hierarchical layers and professional categories within organizations, while it is most likely that divergence between safety management systems and informal risk-handling strategies becomes routinized and institutionalized when intra-organizational trust is absent (Gunningham & Sinclair, 2009). Although the debate about the different views on the relationship between formal and informal risk-handling strategies is undecided yet due to a lack of empirical evidence, the latter contains the potential of integrating the different views by contextualizing the (in)compatibility between formal and informal risk-handling strategies. The research question is as follows:

- To what extent are formal and informal risk-handling strategies applied in accident-prone organizations such as banks, utility companies, construction companies, chemical industries, or health care institutions?
- To what extent do formal and informal risk-handling strategies prevent mishaps such as under-reporting of potential white-washing, unsafe working conditions or environmental pollution within these organizations?
- To which extent does intra-organizational trust determine the complementarity of formal and informal risk-handling strategies?

This study aims to contribute to the literature by integrating incompatible views on the relation between formal risk-management and informal implementation practices. It does so by exposing the conditions under formal and informal risk-handling strategies are compatible or incompatible.

Empirical research

This is an empirical study using mixed methods. More specifically, the study combines a comparative case study with a survey. For the comparative case study at least two work units (preferably within the same organization) will be selected: one with high levels of intra-organizational trust and one with low levels of intra-organizational trust. In each work unit the use of and interaction between formal and informal risk-handling strategies will be studied. For the survey, several work units (teams, departments or branches) within at least one organization will be selected, so that the use of the different risk-handling strategies can be compared between different work units. The number of work units must be sufficiently large to allow for meaningful quantitative analysis. Moreover, in order to assess the effects of the different risk-handling strategies as well as of their interaction, the rate of incidents and accidents needs to be measured at two different moments at least: when the survey is conducted and at a sufficiently long period after the survey. Because of the mixed-method research design, the PhD candidate needs to be proficient in both quantitative and qualitative research methods.

Literature

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