

# Who Is The Corporate Client? The Compliance Answer

**Robert Eli Rosen**

School of Law, University of Miami, Coral Gables, FL USA - [rrosen@law.miami.edu](mailto:rrosen@law.miami.edu)

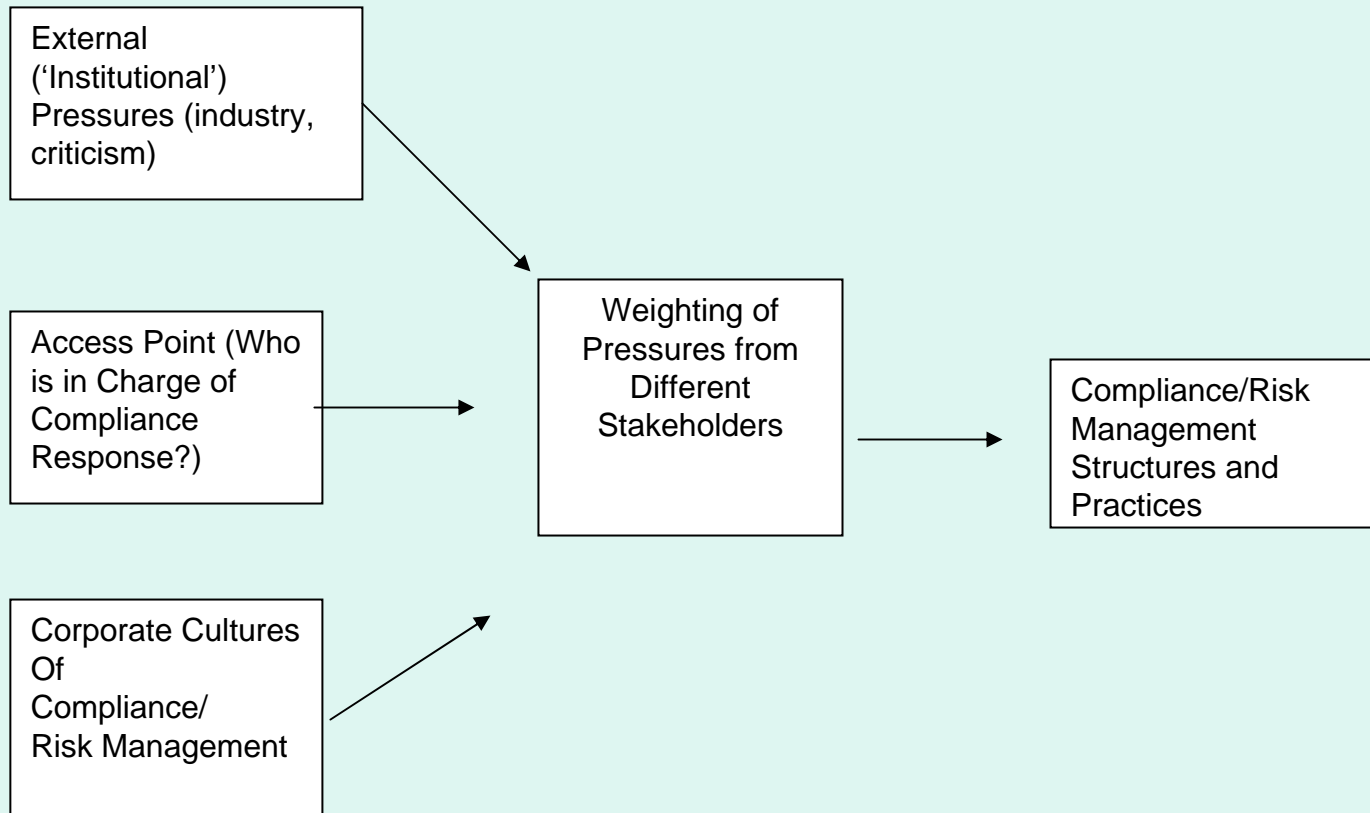
**Christine Parker**

Law School, University of Melbourne, Australia - [c.parker@unimelb.edu.au](mailto:c.parker@unimelb.edu.au)

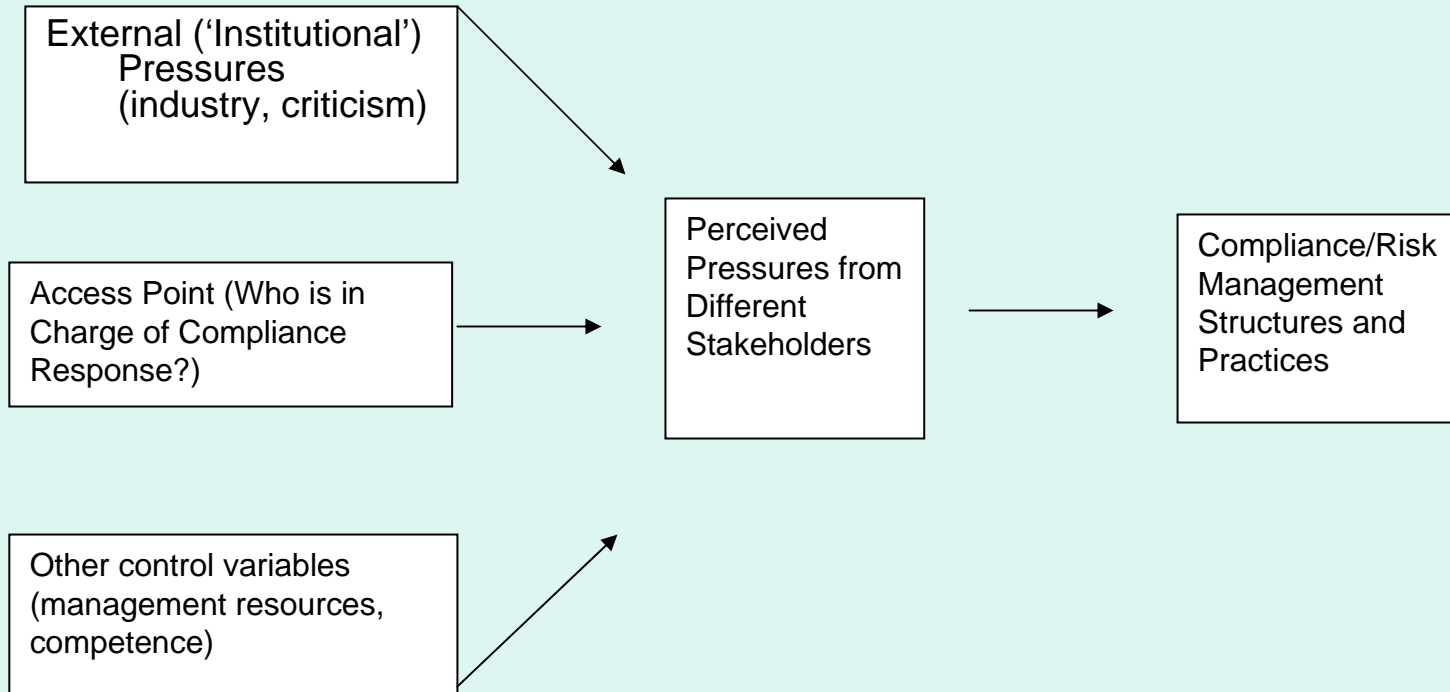
**Vibeke Nielsen**

Political Science, University of Aarhus, Denmark - [vln@ps.au.dk](mailto:vln@ps.au.dk)

# THEORETICAL MODEL



# RESEARCH MODEL



# (1) Perceived Pressures from Different Stakeholders

- **(A) Worries About Economic Losses**  
(n=924-964)

<p>If your organisation were accused of breaches of the TPA one day in the future, how much would your organisation worry about economic losses in relation to the following groups of people:</p>	<p>Mean 1 to 5 ('Worry very little' to 'Worry very much')</p>
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Your customers	4.18
Your shareholders	4.08
Your employees	3.87
The media	3.52
Your business partners	3.50
Consumer groups/NGOs	3.13
Informal business networks	2.99
Other organisations in your industry	2.90
Your suppliers	2.82
Your industry association	2.73
Total mean – All added in an index	3.37

## (B) Worries About Losing Respect and Esteem (n=939-973)

<p>If your organisation should be accused of breaches of the TPA one day in the future, how much would your organisation worry about losing the respect and esteem of the following groups of people?</p>	<p>Mean 1 to 5 ('Worry very little' to 'Worry very much')</p>
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Your customers	4.41
Your shareholders	4.22
Your employees	4.13
Your business partners	3.83
The media	3.66
Consumer groups/NGOs	3.51
Other organisations in your industry	3.28

Your industry association	3.27
Your suppliers	3.26
Informal business networks	3.21
Lawyers/compliance professionals	3.14
Politicians	3.13
Relatives	3.03
Total mean – All added together in index	3.54



## (2) Compliance/Risk Management Structures and Practices

(A) Questions Included in Measure of Compliance Management in Practice

<p><b>Questions</b></p>	<p><b>Mean Responses for Each Question (Scale from 1-5 'Strongly disagree' to "Strongly agree.")</b></p>	<p><b>Whole Measure</b></p>
<p><b>In our organization the people responsible for compliance find it easy to get access to top management;</b></p>	<p>4.10</p>	<p><b>Cronbach Alpha: 2.83</b></p> <p><b>Mean: 3.51</b></p> <p><b>n = 869 to 993.</b></p>
<p><b>In my organization compliance problems are quickly communicated to those who can act on them;</b></p>	<p>3.99</p>	
<p><b>In my organization systemic and recurring problems of non-compliance are always reported to those with sufficient authority to correct them;</b></p>	<p>3.77</p>	

<p>Compliance requirements of laws, regulations, codes and organizational standards are integrated into my organization's day to day operating procedures;</p>	<p>3.69</p>	
<p>Managers in our organization know what aspects of compliance they are responsible for;</p>	<p>3.61</p>	
<p>Compliance failures are always investigated to understand their cause;</p>	<p>3.58</p>	
<p>In our organization everyone knows where the buck stops for compliance (reversed);</p>	<p>3.58</p>	

My organization allocates adequate resources to enable the implementation of the compliance policy;	3.40	
In my organization we review our compliance program on a regular basis;	3.39	
My organization is not one of those organizations that try to have the best compliance of any organization in the country (reversed);	2.96	
My organization invest a lot of time and money in compliance training;	2.94	

<p>My organization sometimes spends time and resources figuring out how to get what we want without directly breaching the Trade Practices Act;</p>	<p>2.69</p>	
<p>In my organization compliance advice is often ignored by line managers (reversed);</p>	<p>2.14</p>	
<p>In my organization compliance advice is often ignored by the board (If you don't have a board, please skip this question) (reversed);</p>	<p>1.79</p>	

**(B) Four Groups of (Formal)  
Compliance System Elements and  
their Level of Implementation  
(n = 952-982)**

<p style="text-align: center;"><b><i>Group</i></b></p> <p>&amp; Mean Implementation for Each Group <a href="#">[1]</a>  <a href="#">[1]</a> Yes = 1; No = 0.</p>	<p style="text-align: center;"><b>Elements Included in Each Group (Yes/No)</b></p>	<p style="text-align: center;"><b>% Implementing Each Element</b></p>
<p style="text-align: center;"><b>(1)Complaints Handling</b></p> <p style="text-align: center;">0.57</p>	<p style="text-align: center;">In my organization there is a clearly defined system for handling complaints from customers/clients;</p>	<p style="text-align: center;">91</p>
	<p style="text-align: center;">In my organization we keep records of complaints from customers, competitors and/or suppliers;</p>	<p style="text-align: center;">87</p>

	<p>In my organization there is a clearly defined system for handling compliance failures identified by staff, competitors, suppliers or the ACCC;</p>	<p>53</p>
	<p>In my organization there is a clearly defined system for handling compliance failures identified by staff, competitors, suppliers or the ACCC;</p>	<p>40</p>
	<p>In my organization we have a hotline for complaints about our compliance with the TPA.</p>	<p>13</p>

[1] Yes = 1; No = 0.



<p><b>(2) Communication &amp; Training</b></p> <p>0.31</p>	<p>My organization has a written compliance policy about trade practices compliance;</p>	<p>45</p>
	<p>In my organization employees are now and then sent to a brush up course on how to comply with the TPA;</p>	<p>38</p>
	<p>Live training sessions are a part of our training of employees in trade practices compliance;</p>	<p>34</p>
	<p>In our organization we use a compliance manual in trade practices compliance;</p>	<p>31</p>

	My organization has a dedicated compliance function taking care of trade practices compliance;	30
	Induction for new employees includes substantial training in trade practices compliance;	28
	At least half our employees have attended an employee seminar about the TPA during the last 5 years;	21
	In my organization we use a computer based training program in trade practices compliance.	17

**(3) Management Accountability & Whistle-blowing**

0.30

My organization has written policies to encourage and protect internal whistleblowers;

In the last 5 years an external consultant has reviewed our compliance system;

In my organization managers are asked to report regularly on compliance;

In my organization we have systematic audits by external professionals to check for trade practices breaches.

**(4)**

# **Compliance Performance Indicators & Discipline**

0.13

Trade practices compliance performance indicators are included in the corporate plan;

Compliance performance indicators relevant for the TPA are among the individual performance indicators for our employees;

In my organization in the last 5 years employees have been disciplined for breaching our trade practices compliance policy.

# **RESULTS**

**Stage 1, Model A: Explaining differences in level of worries of economic losses and worries of losing respect and esteem without adding access point.**

**Model A – without access points**

Worries of economic losses in relation to:			Worries of loosing respect and esteem of				
	Empl-oyees	Informal business network	Consumer Groups /NGOs	Shareholders	Employees	Informal business network	The media
<b>Independent variables</b>							
<i>Level of experienced criticism</i>	NS	-.11*** (3.31)	NS	NS	NS	-.12*** (3.55)	NS
<i>Size</i>	NS	NS	NS	NS	NS	NS	NS
<i>Industry</i>	NS	NS	NS	NS	NS	NS	NS
1. Primary Industries							
2. Manufacturing & Construction	NS	NS	-.12*** (3.60)	NS	NS	NS	-.17*** (5.39)
3. Wholesale Trade	NS	NS	NS	NS	NS	NS	NS
4. Retail & Hospitality	NS	NS	NS	NS	NS	NS	NS

**Model A – without access points**

**Worries of economic losses in relation to:**

**Worries of loosing respect and esteem of**

<b>Independent variables</b>	<b>Employees</b>	<b>Informal business network</b>	<b>Consumer Groups /NGOs</b>	<b>Shareholders</b>	<b>Employees</b>	<b>Informal business network</b>	<b>The media</b>
5. Financial & Insurance, Property & Business Services, Transport & Storage	NS	NS	NS	NS	NS	NS	NS
6. Government & Essential Services	NS	NS	NS	NS	NS	NS	NS
7. Education & Other Services	NS	NS	NS	-.11 (3.37)	NS	NS	NS
<i>Organizational Resources</i>	NS	.10** (2.97)	NS	NS	NS	NS	.11*** (3.54)
<i>Managerial Competence</i>	.13*** (4.03)	NS	.14*** (4.26)	.16*** (4.78)	.14** (4.32)	NS	NS
<i>Respondent is Business Executives, CEO or CE</i>	#	#	#	#	#	#	#
<i>Respondent is Legal or General Counsel</i>	#	#	#	#	#	#	#
<i>Respondent is Finance Officer or CFO, CFE</i>	#	#	#	#	#	#	#
<i>Respondent is Compliance Officer</i>	#	#	#	#	#	#	#
<i>Respondent is Corp. Secretary</i>	#	#	#	#	#	#	#
Model statistics: N = Adjusted R <sup>2</sup> F-value of full model	931 0.02 16.26***	923 0.02 8.79***	933 0.03 15.61***	907 0.03 17.11***	936 0.02 18.65***	928 0.01 12.58** *	937 0.04 20.76

Stage 1, Model B: Explaining differences in level of economic worries and worries of losing respect and esteem adding access points.



**Model B – with access points**

**Worries of economic losses in relation to:**

**Worries of loosing respect and esteem of**

<b>Independent variables</b>	<b>Employees</b>	<b>Informal business network</b>	<b>Consumer Groups /NGOs</b>	<b>Shareholders</b>	<b>Employees</b>	<b>Informal business network</b>	<b>The media</b>
<i>Level of experienced criticism</i>	NS	-.11*** (3.32)	NS	NS	NS	-.12*** (3.53)	NS
<i>Size</i>	NS	NS	NS	NS	NS	NS	NS
<i>Industry</i> 1. Primary Industries	NS	NS	-.09* (2.77)	NS	NS	NS	NS
2. Manufacturing & Construction	NS	NS	-.11*** (3.40)	NS	NS	NS	-.18*** (5.41)
3. Wholesale Trade	NS	NS	NS	NS	NS	NS	NS
4. Retail & Hospitality	NS	NS	NS	NS	NS	NS	NS

Note: \*\*\* = p< .001; \*\* = p< .005; \* = p< .01 (two-tailed). Cell entries are standardized regression coefficients with the absolute value of t-statistics in parentheses.

**Model B – with access points**

Worries of economic losses in relation to:			Worries of loosing respect and esteem of				
Independent variables	Employees	Informal business network	Consumer Groups /NGOs	Shareholders	Employees	Informal business network	The media
5. Financial & Insurance, Property & Business Services, Transport & Storage	NS	NS	NS	NS	NS	NS	NS
6. Government & Essential Services	NS	NS	NS	NS	NS	NS	NS
7. Education & Other Services	NS	NS	NS	-.13*** (3.80)	NS	NS	NS
<i>Organizational Resources</i>	NS	.09* (2.76)	NS	NS	NS	NS	.11*** (3.46)
<i>Managerial Competence</i>	.13*** (3.94)	NS	.14*** (4.15)	.16*** (4.93)	.14*** (4.20)	NS	NS
<i>Respondent is Business Executives, CEO or CE</i>	NS	NS	NS	NS	NS	NS	NS
<i>Respondent is Legal or General Counsel</i>	NS	NS	NS	NS	NS	NS	NS
<i>Respondent is Finance Officer or CFO, CFE</i>	NS	NS	NS	NS	NS	NS	NS
<i>Respondent is Compliance Officer</i>	NS	NS	NS	NS	NS	NS	NS
<i>Respondent is Corp. Secretary</i>	NS	NS	NS	NS	NS	NS	NS
Model statistics: N = Adjusted R <sup>2</sup> F-value of full model	8.99 0.02 15.50***	891 2.02 8.25***	901 0.04 12.67***	875 0.04 19.35*	904 0.02 17.63*	896 0.01 12.45***	905 0.04 20.46

Stage 2, Model A: Explaining differences in level of compliance management in practice and differences in implementation of formal compliance system elements without adding access point.

**Model A – without access points**

<b>Independent variables</b>	<b>Compliance management in practice</b>	<b>Complaints Handling</b>	<b>Communication and Training</b>	<b>Management Accountability and Whistle-blowing</b>	<b>Compliance Performance Measurement and Discipline</b>
<i>Level of experienced criticism</i>	NS	.11*** (3.58)	.18*** (6.02)	.14*** (4.52)	.12*** (3.71)
<i>Size</i>	.15*** (5.19)	.12*** (3.61)	.22*** (7.29)	.17*** (5.39)	.15*** (4.44)
<i>Industry</i>					
*Manufac. & Construction	NS	NS	NS	-.12** (3.89)	NS
* Education & Other Services	NS	NS	-.14*** (4.75)	-.10*** (3.19)	-.09* (2.79)
<i>Organizational Resources</i>	.38*** (12.46)	.21*** (6.28)	.27*** (9.04)	.24*** (7.55)	.20*** (6.12)
<i>Managerial Competence</i>	.16*** (5.41)	.09* (2.72)	NS	NS	NS
<i>Worries about economic losses in relation to:</i>					
*Employees	NS	NS	NS	NS	.11** (3.46)
* Informal business networks	NS	NS	NS	.15** (3.35)	NS
<i>Worries about losing respect and esteem of:</i>					
* Consumer Groups/NGO	NS	.15*** (3.82)	NS	NS	NS
* Shareholders	NS	NS	.13*** (4.19)	.12*** (3.67)	NS
* Employees	.20*** (6.84)	.20*** (5.51)	NS	NS	NS

**Model A – without access points**

<b>Independent variables</b>	<b>Compliance management in practice</b>	<b>Complaints Handling</b>	<b>Communication and Training</b>	<b>Management Accountability and Whistle-blowing</b>	<b>Compliance Performance Measurement and Discipline</b>
* Informal business networks	NS	-.11** (2.82)	NS	-.12* (2.69)	NS
* The media	NS	NS	NS	NS	NS
<i>Respondent is Business Executives, CEO or CE</i>	#	#	#	#	#
<i>Respondent is Legal or General Counsel</i>	#	#	#	#	#
<i>Respondent is Compliance Officer</i>	#	#	#	#	#
Model statistics: N = Adjusted R <sup>2</sup> F-value of full model	847 0.33 103.04***	845 0.20 30.41***	844 0.27 63.71***	844 0.21 28.61***	842 0.13 25.08***

Stage 2, Model B: Explaining differences in level of compliance management in practice and differences in implementation of formal compliance system elements without adding access point.

**Model B – with access points**

<b>Independent variables</b>	<b>Compliance management in practice</b>	<b>Complaints Handling</b>	<b>Communication and Training</b>	<b>Management Accountability and Whistle-blowing</b>	<b>Compliance Performance Measurement and Discipline</b>
<i>Level of experienced criticism</i>	NS	.11*** (3.28)	.12*** (4.66)	.13*** (4.02)	.13*** (3.71)
<i>Size</i>	.15*** (5.06)	.12*** (3.78)	.18*** (5.64)	.16*** (4.65)	.13*** (3.94)
<i>Industry</i>					
*Manufac. & Construction	NS	NS	NS	-.11** (3.30)	NS
* Education & Other Services	NS	-.08*** (2.62)	-.13*** (4.37)	-.09*** (2.84)	NS
<i>Organizational Resources</i>	.37*** (11.90)	.22*** (6.91)	.22*** (7.38)	.22*** (6.68)	.20*** (5.84)
<i>Managerial Competence</i>	.16*** (5.13)	NS	NS	NS	NS
<i>Worries about economic losses in relation to:</i>					
*Employees	.11*** (3.46)	NS	NS	.13*** (4.24)	.11*** (3.41)
* Informal business networks	NS	NS	NS	NS	NS
<i>Worries about losing respect and esteem of:</i>					
* Consumer Groups/NGO	NS	NS	NS	NS	NS
* Shareholders	NS	NS	NS	NS	NS
* Employees	.20*** (6.76)	.19*** (5.48)	.11*** (3.92)	NS	NS

Model B – with access points

Independent variables	Compliance management in practice	Complaints Handling	Communication and Training	Management Accountability and Whistle-blowing	Compliance Performance Measurement and Discipline
* Informal business networks *	NS	NS	NS	NS	NS
The media	NS	.09** (2.85)	NS	NS	NS
<i>Respondent is Business Executives, CEO or CE</i>	NS	NS	NS	NS	NS
<i>Respondent is Legal or General Counsel</i>	NS .09* (3.11)	NS	.25*** (7.88)	.10** (2.83)	NS
<i>Respondent is Compliance Officer</i>		.10** (2.84)	.14*** (4.70)	.12*** (3.69)	.14*** (4.10)
Model statistics: N = Adjusted R <sup>2</sup> F-value of full model	817 0.32 79.02***	815 0.20 29.71***	815 0.32 56.66***	815 0.21 28.46***	814 0.14 22.78***

Note: \*\*\* =  $p < .001$ ; \*\* =  $p < .005$ ; \* =  $p < .01$  (two-tailed). Cell entries are standardized regression coefficients with the absolute value of t-statistics in parentheses.