

Abstracts

The determinants of BSE risk representations and practices among French food safety managers

Thomas Alam and Jérémie Nollet

This paper is based on collective research in the field of political science - undertaken in 2003 on the political and administrative management of BSE risks. Analysing the public policies as regards the handling of this epizooty in France, it appeared important to realise a sociography of the different actors involved (civil servants from the health, agriculture and trading standards administration; political managers of these administrations; scientific experts). The BSE episode was instrumental in the development of new modes of regulation in the food sector mainly based on a risk paradigm. Our central hypothesis is that behind the generic and encompassing term of 'risk' hide a plurality of representations of it and a plurality of risk management practices. As such, the representation of BSE as a food risk is not equally shared between, for instance, a minister and a street-level bureaucrat. Added to that, differences may well be found between street level bureaucrats themselves according to their administration and according to their direct experiences of BSE or not. Quantitative (questionnaire) and qualitative inquiries will help us to highlight the social (social origins, education and training) and professional determinants of these differentiated representations and practices.

Supporting Risk and Regulation decisions with improved empirical insight

Anna Andrianova

Risk and Regulation strategies can often benefit from insight into the likelihood of occurrence of various events and conditions. In particular, estimates for the occurrence of various types of weather over a season are useful in a wide variety of policy and risk management applications, including both hedging (weather derivatives) and operational risk management (supply and logistics). Traditional statistical methods are typically ineffective in estimating this information from limited observations. The available historical weather observations are often too short to estimate the statistics of interest. A new statistical approach to dynamic simulation of synthetic environmental time series (eg, a weather generator) is presented. Ensemble Random Analog Prediction (ERAP) method constructs synthetic scenarios by generating ensembles which are consistent with the statistics of the historical data. The method is tested both on a known non-linear process, where the long term statistics are accessible, and on actual weather data. Finally, limitations of the method and remaining questions are explored.

The regulation of water service in Italy: governance and accounting issues

Daniela Argento

The notable importance assumed by water services has induced the EU countries to adopt more suitable forms of regulation with the aim of directing the companies to assume efficient behaviours, to safeguard the "collective well-being" (health and environment) and, at the same time, to favour the economic development of the whole sector.

For many years, in Italy the waterworks, sewer and purification systems were managed at a local level, in an unsatisfactory way, making obvious the necessity of introducing radical innovations. The reform of the sector, begun in 1994 with the emanation of the Water Act, has consequently sanctioned the separation of the functions of direction, planning and control from the functions of the management of

integrated water services. Furthermore, for the first time private operators and private investors were allowed.

These changes have attributed a central role to the activity of regulation carried out by the Local Water Authorities (made up of local governments falling within the same optimal territorial area) with the task of guiding the companies, which operate in a system of natural monopoly, toward reaching economically efficient and socially desirable results. In particular, the Local Water Authorities must plan the management of water services, entrust this function to an operator and carry out the controls necessary for verifying the reaching of provided objectives.

The present study is aimed at exploring the levels of regulation and relationships between the many actors operating in the Italian water sector in light of the changes which have occurred during the past few years.

In the project attention is given to the complex governance structure of the water sector and to the role given to accounting data in order to plan investments and control the behaviours of water companies.

Our analysis shows that accounting plays a major role in shaping the well-being and power relationships in many local communities.

Public Policy Implementation: Industry and Organisational Change in the Italian Water Sector (1994-2001)

Alberto Asquer

The field of public policy implementation still attracts considerable interest because of the search for the factors influencing the success of implementation outcome and for the mechanisms through which the implementation process unfolds. This research intends to address this issue by analysing the case of the implementation of the water policy reform launched by the Italian Parliament in 1994. The reform intended to dramatically reorganise the whole water sector, through the merger of several water firms, the concession to manage water services granted through tender offers only, and the regulation of local water services through local water Authorities. Seven years after the launch of the reform, the Supervising Committee on the Use of Water Resources reported on the disappointing implementation outcome on the whole, in spite of a few cases of local implementation success. This research analyses the process dynamics of the implementation of the water reform in the period 1994-2001 on the whole, and also focuses on the local cases of implementation success in particular. Two theoretical perspectives are alternatively called to explain the case dynamics and outcome, namely the policy network and the institutional processualism.

Implementation in a Multilevel Democracy: Wind Power Facility Siting in Sweden

Mats Bengtsson

The central Swedish government aims to increase the amount of renewable energy in the Swedish energy system. It has stated as a policy goal that wind power alone should produce 10 terawatt hours by the year 2015.

Several levels of government, stakeholders, interest groups as well as citizens, are directly involved in this implementation process. In Sweden, the municipality has jurisdiction over the land usage within its territory. The county administration, in its turn, decides on the environmental soundness of any wind power facility. The citizens

and certain stakeholders have the opportunity to influence the facility siting process through mandatory consultative practices.

Some municipalities have taken unambiguous stands for, or against, wind farms and thus attempts, through various means, to either promote or inhibit the implementation process. One aim of my research is to understand the sources of these diverging positions, why they occur, what they represent, and what they implicate.

A second aim is to study the consultative processes to see if the participating citizens view of and trust in the local government and municipalities are affected by their participation, and if so, how.

The social construction of categories, and implications for Information Systems development

Ana Isabel Canhoto

This project investigates the construction of categories in profiling. It uses the case study of profiles of money-laundering behaviour being developed by financial regulators and institutions, to detect and prevent the processing of funds from criminal activity.

Profile developers identify patterns of banking behaviour, group them into categories and, then, apply that knowledge to mine transaction databases. The individuals flagged during this process are investigated and, eventually, convicted.

Hence, the grouping of patterns and the creation of categories is a critical step. Whilst quantitative scientists argue that we should "let the data speak for itself", social scientists highlight that the institutional thinking and pragmatics frames the answers "accepted" by decision-makers.

Therefore, it is critical for regulators and the regulated institutions to understand how the definition of a Money Laundering criminal comes to be constructed, how classifications emerge and what the implications are for information systems use in financial services.

Semiotics theory is used, as it addresses the use of information and the creation and dissemination of meaning within the organization and in society. It is complemented with classification theory to provide an understanding of how and why linguistic labels affect information processing and subsequent behaviours, at the individual level.

Internet Regulation: Whose Responsibility Is It? - Exploring some regulatory options in chat rooms in cyberspace

Hanna Tal Comaneshter

This presentation discusses the issue of whose responsibility it is to regulate the Internet. It focuses on content regulation in chat rooms in cyberspace, as one of the spheres of the Internet, and claims that there is a need to regulate chat rooms in cyberspace due to their unique characteristics. Following is a discussion and examination of a number of options for regulatory strategies.

The first part of the presentation focuses on the question of the benefits of state regulation of chat rooms. This discussion will be based on various theories of

regulation that offer different criteria for deciding whether or not to regulate chat rooms.

Should the state choose to use chat room regulation, there will be a need to explore various strategies of regulation that will match/suit the unique characteristics of chat rooms in cyberspace, such as self-regulation, enforced self-regulation, co-regulation and responsive regulation - a pyramid of enforcement regulations.

The author will also argue that the ISP's should be responsible for conducting content regulation that will include the involvement of public regulatory agencies and regulation should not be a sole activity of one of them. Furthermore, since chat rooms can be defined as one of the ISP's business ventures, it is more reasonable to assume that ISP's will have incentives to control content in chat rooms. However, one should note that such content regulation can effect the freedom of speech and therefore should not be left to those who are mainly motivated by commercial interests.

Electromagnetic risk and regulation in Italy: Towards a mix of national government and local governance?

Paolo Crivellari

This paper deals with the regulation (here basically seen as an "authoritative set of rules") of the particular risk represented by electromagnetic pollution.

Although we all live in natural electromagnetic fields, the increasing quantity of electromagnetic emissions due to mobile phone technology are a cause of major concern for human health and environment. So far, experts haven't reached unanimous results on the possible negative consequences of emissions from base station transmitters for cellular phones. In this context of scientific uncertainty, the regulatory effort on this matter that has been produced in many different countries proved to be controversial.

The aim of my contribution, which is part of a Ph. D. research of a broader scope, is to show the evolution of the regulatory framework in Italy on this particular issue during the period 1998-2004. The results to which I will refer include evidences of: a) a change over the years from a lack of rules to overlapping rules at the national juridical level and b) a difference between the national level (where the normative frame takes the form of "government") and the local level (where in some cases the normative power of local administrations goes in the direction of "governance" involving different actors and 'lay knowledge'). This seem to be, for example, the case of the city of Padova (in the north-eastern part of Italy) which will be considered in detail.

Independent Regulatory Agencies in Practice: Oftel and the Local Loop Unbundling issue

Paolo Dasgupta

Over the past two decades, literature on independent regulatory agencies (IRAs) has assumed these bodies are independent from both governments and industry. A way of examining whether Oftel was an independent regulatory agency in practice is to assess policy processes for issues that have been viewed as highly important both by actors of the telecoms industry and the wider public. In the last few years of Oftel's existence, no major issue received the public scrutiny that local loop unbundling (LLU) did, because of its potential to make an attractive service like high-speed internet commercially viable for different operators and service providers, while aiming to be sufficiently economic for consumers. By providing the opportunity of

benefiting many more people than just the industry players involved in its implementation, local loop unbundling was cause for a significant political interest, as well as an economic one, with wide-ranging implications. The attention raised by local loop unbundling proved a major challenge to Ofel's practical authority as a regulator and the presumed independence associated with it. The presentation will focus on the main mechanisms affecting Ofel's activity with regard to LLU.

The Comite National d'Evaluation, the Quality Assurance Agency, and the evaluation of foreign student numbers, origins and services: An institutional analysis

Anneliese Dodds

From 1979, foreign student policy in Britain and France has become progressively de-linked from development and strategic foreign policy considerations and more frequently discussed within the rubric of trade and commercial policy.

Britain and France have often been categorised as "weak" and "strong" states respectively. The superior proportion of state funding for universities and the greater extent of a priori regulation of the sector, along with a historically weak university presidents' conference in France, would suggest a greater capacity for state-induced change in the French system.

This paper considers the role of evaluation as one element of state activity in foreign students' policy. It centres on the reports produced by the two key agencies in this field, the CNE and the QAA. Both agencies have apparently similar goals, in ensuring the quality of their respective national higher education sectors, including a consideration of the degree of institutional "internationalisation". However, there are extensive differences in the actions of the CNE and the QAA in relation to foreign students. This paper claims these differences reflect the institutional context of both state-university relations, and of evaluation as a public policy tool, in each country.

Illuminating the Legitimising Function of a Charity Regulator: a Case Story

Samantha Evans

This paper, based on ethnographic research at the Charity Commission, focus on how the shared assumptions of organisational members (the interpretative scheme) shape the way they understand, and legitimise, the concept of charity.

The Commission's interpretative scheme is evolving from being legalistic to proportional. For members of the organisation this means reinterpreting and finding fresh meaning in the new structures and cultural symbols that have been created.

The Charity Commission has a key role in legitimising what it means to be a charity. It is legitimised, in turn, by the charitable sector who acknowledges its ascendancy to act as regulator. The research seeks to understand how the change in the Commission's interpretative scheme has impacted on this legitimising function. My argument is that, when considering moral legitimacy, the basis of the Commission's evaluation of whether the activity of the focal organisation (the charity) is the proper one or not is changing in line with its new interpretative scheme of proportionality.

My primary unit of analysis in this research are case stories. The stories told within the Charity Commission predominately relate interactions between caseworkers and charities. These case stories provide a window into the inner life of the Commission's

regulatory work, illuminating the impact that the change in its interpretative scheme has had on how it legitimises the concept of charity.

New European Governance - a first mapping of Greek independent regulatory authorities

Panagiotis Flessas

I will offer a preliminary classification of Greek IPAs and then clarify what can be said in their regard from a constitutional and administrative law perspective.

Full abstract to follow

The role of complaint handling and consumer complaints in regulatory regimes

Sharon Gilad

The role of complaint handling of consumer complaints has been largely ignored by both regulation and bureaucracy scholars.

Complaint handling bodies are 'street level bureaucracies' as defined by Lipsky (1980). That is to say, they typically rely on discretion carried out by customer facing employees regarding individual cases. However, most street level bureaucracy studies look at organizations dealing with social services, having a single client base, where the bureaucrat is the service provider. In comparison, consumer complaint handling bodies face two types of clients - firms and complainants - and they adjudicate in a conflict regarding service provision by a firm to a client. In this sense they resemble regulatory bodies.

The regulatory literature has so far dealt with either with policy making (standard setting) or supervision and enforcement (inspection) tasks. The role of individual complaint handling within regulatory regimes (although a common phenomenon, either as separate bodies or departments within regulatory organizations) has been overlooked.

The current research focuses on decision making by customer facing employees in a public body in the UK, dealing with consumer complaints against private firms in a contained economic sector. The empirical investigation is based on an analysis of a sample of complaint files and semi-structured interviews with decision makers across the studied organization. The theoretical aim of the research is to explore the applicability of rational choice vs. socio-cultural explanations in the context of a consumer complaint handling body.

Drawn into an intellectual maelstrom. The vulnerability of the naïve researcher encountering idiosyncrasy: strategies for evaluating contribution to scholarship

Cedric Gilson

In a programme to investigate the tensions between science and law in legal contexts and find resources for their mediation, sometimes the naïve or innocent researcher encounters distinctive but idiosyncratic scholars whose unorthodox approaches are suspected of inhering value but are cloaked in controversy and criticism. Encircled by this intellectual maelstrom the dilemma for the susceptible inquirer who seeks nevertheless to add significantly to knowledge is whether to risk adoption of non-

empirical theory but potentially invite innovative solutions or adhere to established beliefs and possibly deny this opportunity. In such a position and because the research question begs consideration of radical proposals, the naïve researcher must formulate strategies to assess them for their contribution to scholarship. This presentation will explore the unique and highly diverting writings of Bruno Latour, the French sociologist of science through his ethnographic analyses of a scientific research institute in his book with Steve Woolgar, *Laboratory Life*, and the French administrative court in *Scientific Objects and Legal Objectivity*. Criteria will be described for evaluating these works in relation to the current programme, comparisons made with the prescriptions of other contributors and parallels drawn with new movements in the sociology of science and others illuminating the area.

The Risk Society and Policy Change: A Comparison of Risk Decision-Making for GM Crops in Canada and the UK

Sarah Hartley

Extra-scientific concerns about the risks of new technologies are socio-economic and ethical considerations that cannot be described as "scientific". Risk decision-making was traditionally a technical domain where science was hegemonic as a source of policy relevant knowledge (prescribed by scientific experts) and extra-scientific concerns were subordinated. The conceptualisation of science as neutral and objective, allowed for the impartial assessment of new products, leaving the market to determine extra-scientific concerns. These issues were seen to be complex and subjective, complicating international harmonisation efforts. Extra-scientific concerns were further marginalized because they were primarily seen as irrational "public" concerns. However, a comparison of risk decision-making for GM crops in the UK and Canada demonstrates significant challenges to this narrow model of risk decision-making. This paper compares the emergence and evolution of extra-scientific concerns in the case of GM crops in the UK and Canada, from abstract concerns about tampering with nature, to tangible concerns about economic risks and the distribution of risks/benefits. In particular, the comparison investigates who advocated these concerns, how and when in the policy and/or regulatory process governments considered them and the mechanisms established to facilitate the understanding and weighing of these concerns alongside science. The evidence suggests that the old dichotomies between facts/values and expert/lay may need re-conceptualising.

Once upon a time in Latin America: Institutionalisation of (Anti) Money laundering Regulations

Antonio Herrera

The international banking system has been forced to re-act at the international pressure of macro organisms: such as the International Monetary Fund, World Bank, Financial Action Task Force (FATF); aiming at controlling money laundering activities. Hence, Banking organisations and Regulatory bodies have been re-acting to comply with the (minimal) requirements set by both international and national organisms. In so doing, banking and regulatory organisations institutionalise an anti money laundering regime with a neglected intention of controlling the exploding money laundering phenomenon but guarding and protecting their organisation's reputation. Hence their actions are legitimised at both international and national arena.

This research explores, investigates and analyses the process of the institutionalisation of anti money laundering legislation in the banking system of a Latin American country whilst the anti money laundering legislation and practices from the macro environment are taken into practice at the micro environment in such

a fashion that they become institutionalised in the banking sector. Moreover, explores some consequences of this institutionalisation regarding privacy, security, open society, and so forth.

The ontology informing this research is that of socio-constructivist viewpoint and an interpretive stance as an epistemological approach. Moreover, this research is informed by neo-institutional theory.

Notions on Homogeneity and Heterogeneity of a Global Economy: International Accounting Standards and their Impact on Economic Governance and Organizational Knowledge

Alexandra Hessling

This paper explores the relevance of 'generally accepted' accounting standards (IFRS, US-GAAP) for a deeper understanding of homogeneity and heterogeneity within a global architecture of finance. While the debate on globalizations tends to consider global standards as a form of regulation that results in homogeneity among organizations, the paper refuses an overemphasis of global homogenization. Instead, it will be explored how organizations converge in terms of standardized financial communication and differ at the same time in using their non-standardized freedom. For these purposes the paper mirrors the standardized with the non-standardized, the non-financial with the financial, and transparencies with obscurities and investigates the impact of accounting rules on economic governance and organizational knowledge. Particularly in view of the increasing importance of knowledge as an economic resource it becomes apparent that accounting rules not only allow for more transparency, they also result in obscurity since knowledge assets remain for the most part invisible. Although the paper primarily accentuates obscurities and diversities beyond standardized financial communication, the prominence of both is assumed: homogeneity and heterogeneity within global finance.

Trust and responsive regulation: understanding the creation and generalisation of social trust

Jenny Job

Social trust has been highlighted as an essential aspect of responsive regulation and necessary for effective government. Trust encourages voluntary compliance without the need to resort to control and sanction in the first instance. The literature reports an ongoing decline in trust since the 1960s in people generally, in government, and in government organisations in western democracies. Some see this decline in trust as a risk to compliance, regulation and to effective government. Robert Putnam, the social capital theorist, is urging government to encourage people to join organisations to rebuild civil society. This view has been criticised as pushing the agenda of the Right. There is no agreement in the literature on how trust is created or generalised, and whether generalisation of trust is a top down or bottom up process. This empirical study examines cultural and institutional theories to improve our understanding of the mechanisms for the creation and generalisation of trust and the direction in which this occurs.

An analysis of reputation risk management practices within food retailing businesses in the UK

Clive Jones

This paper is an introduction to the central research question of work in progress which focuses on understanding an aspect of management practice by food retail business

In recent years a general decline in the reputation of the business sector in the UK economy is perceived to have occurred amongst a range of stakeholder groups. Consequently corporate reputation has emerged as an issue of high importance to senior management in many businesses. The reputation, or goodwill, of a business is an intangible asset; by nature complex, dynamic, difficult to define and measure.

The societal and organisational drivers of reputation risk management are examined by using a qualitative research approach. Through analysis of a number of cases from field research an attempt is made to identify the motivations for compliance by individual managers with both external regulation and internal risk management systems.

As little exists by way of an established literature it is unclear as to the extent that such actors are aware of the potential reputational risk from failures in food safety risk management systems. It is also unclear which they fear the most: reputational damage or the impact of a fine on company profits.

Regulation beyond the State: Non-State Actors and Private Transnational Regulation in Theory and Practice

Dimitris Katsikas

Non-State Actors (NSAs) have traditionally been treated by analysts and scholars of both international relations and international law as marginal actors. The state has traditionally been considered the only entity with the ability and the legitimacy to decide both the form and content of international institutional and legal arrangements. The recent interdisciplinary debates on globalization and global governance however have led to a realization of the complex and multilayered nature of a new emerging transnational reality. Non-state actors are assuming an active part not only in the conduct of international and transnational activities, but also in the design and creation of the institutional and legal framework for the governance of the global political and economic system. This paper will focus on private, corporate sector actors and their ability to use a range of tools to perform a new regulatory role. "Soft law" instruments such as codes of conduct, standards and guidelines, increasingly determine and shape the governing institutions and arrangements on which the operation of the global economy rests. This paper examines how the inherent characteristics of the anarchical international system and the transformation of legal and regulatory arrangements at the transnational level are leading to the creation of a new private transnational regulation.

How to control gene technology - potentials and premises for regulation

Jussi Kauppila

Regulation on gene technology combines two regulatory goals: promoting the use of the technology (innovation) and preventing or averting any harm which it may cause to human health or the environment (risk). All though the technology is subject to major epistemic uncertainties and unknowns, legal decision-making is based on scientific expert knowledge. Therefore, the regulation has been criticised for being unresponsive to public concerns (Pellizzioni 2001), and as a result of this, for being ineffective: the goal of promoting the technology will not be met unless people are

truly involved in the decision making (Wynne 2002). To prevent future regulatory flaws, more reflexive regulation has been called for (de Sadeleer 2002, Sand 2001).

The demand for reflexivity and the fact that the regulatory object itself carries the characteristics of uncertainty and specialization of knowledge, challenge law and regulation. In my study I will pose two questions. First, what criteria norms should fulfil in order to provide an arena for a more reflex-ive risk management of GMOs ? Second, what normative or functional expectations can the regulation - be it reflexive or not - serve?

Project-based finance as regulation in the voluntary sector

Matti Kohonen

I will argue that project-based finance in the voluntary and social enterprise sectors create an environment of controlled sort-term planning. The voluntary sector is increasingly (according to the National Council of Voluntary Organisations over 50%) government funded. This results to the voluntary sector being increasingly monitored within funding application criteria, government targeting and ways of accounting their social utility through social accounting. The social enterprise sector on the other hand is finding ways of receiving targeted funding from the social investment funds through a new commission along with the Community Interest Company (modelled by the Charities Commission), which will oversee their social utility. Furthermore many of the social enterprise foundations, such as Ashoka and Community Action Network, only provide initial short-term funding and advice to the new social enterprises in the sector, rather than sustaining the sector as whole.

I will use the analysis of framing and entanglements to link up the financial, legal and accounting metrology to the activities of social enterprises in particular. The objective of the paper will be to look at the boundaries created by the methods of both social accounting and the qualitative measures of creating social value.

Bird Flu and BSE: Risk, Regulation and Crises in the Policy-Making

Natthanan Kunnamas

The paper presents a comparative empirical study of how human health risks associated with animal diseases have been regulated. The case studies of 'Bird Flu' or Avian Influenza virus, found in poultry, and BSE or Bovine Spongiform Encephalopathies, found in cattle are compared and the management of the crises by the Thai government on 'bird flu' and the UK government on BSE examined. The paper investigates how failures in transnational risk identification and regulation have affected both policy implementation and crisis management.

Although the two cases were different in places and types of animal, both 'bird flu' and BSE share similarities in how the relevant governments dealt with the two risks. From the outset, both sets of regulators identified 'bird flu' and BSE as animal matters alone. This judgement exacerbated the popular perception of risk when it was identified that the two diseases could present considerable danger to human-being. Moreover, the two governments also underestimated the trans-national consequences of the outbreaks and their impact on neighbouring states and meat exports.

The regulatory exchange of High Voltage Neoliberalism: The Uneven Deregulation of the US Electricity Sector

Michael LaBelle

The deregulation of electricity markets in the US has resulted in a new regulatory landscape that has spatially changed the electricity sector while creating new scales of operation and regulation. The introduction of competitive regulations into a market once considered a natural monopoly have reduced the authority of regulators, and expanded the geographic space and scale of operations for electricity companies. Since the early 1990s, all actors have been grappling with the changed regulatory landscape of electricity, some expanding others contracting. At the same time, different state bodies have been creating and encouraging a new regulatory environment. The use of the local dependency framework and Regulation Theory explores how local actors meet and adapt to national and international pressures that seek the elimination of barriers for capital expansion. This paper discusses how political and regulatory boundaries in the Midwest have changed as a result of the introduction of competitive regulations. It also explains how perceived failures in the monopoly system, political ideology and political reality both enabled and denied deregulation to occur in two Midwestern states.

Who Does the Public Trust? The Case of Genetically Modified Food in the United States

John Lang

Using information from a mail survey of 409 American respondents this study contributes systematic data on trust judgments of the American public toward organizations involved in genetically modified food. Analysis of the organizational field reveals public classification of three common institutional types - evaluators, watchdogs, and merchants. Evaluators - scientists, universities, and medical professionals - are the most trusted. Watchdogs - consumer advocacy organizations, environmental organizations, and media sources are moderately trusted. Merchants - grocers and grocery stores, industry, and farmers - are least trusted. Though often studied as the most important organization, the respondents did not classify the federal government in any of these categories. Organizations that the public trusts offer less of a risk to consumers. As such, consumers are less likely to view highly trusted organizations as problematic when explaining new, potentially risky technologies. High levels of trust will create openings for this relatively new technology, while lower levels of trust will make it harder for the American public to accept this technology as anything other than risky. Through the exploration of multiple sources and multiple dimensions of trust, this study offers a uniquely thorough exploration of public trust regarding genetically modified food.

Auditing as Political Insurance

Tobias Lindeberg

This paper contributes to the understanding of how auditing relates to the risks involved in decision-making. By analysing auditing as political insurance comparable with economic insurance it is illustrated how auditing is capable of absorbing risk: Just as economic insurance distributes economic risk, auditing distributes responsibility. By using quality assured information in the decision making process blameability (Hood and Rothstein, 2001) is turned into deniability. Auditing promises to take (some of) the blame if a decision has adverse effects, e.g. if an investment in a firm turns out to be disadvantageous because the accounts did not provide a true and fair view. The comparison with economic insurance will draw upon concepts such as reinsurance and moral hazard.

The paper concludes by comparing insurance as a metaphor for analysing auditing with the ritual metaphor that has contributed to influential and illuminating auditing research (Gamblin, 1977, Pentland, 1993 and Power, 1997). This comparison draws on Lakroff and Johnson's (1980) insight that metaphors are not innocent, on the contrary, they shape the way we think.

Contract practice in business: the case of the television production industry in the UK and Portugal

Ana Lourenco

We use a cross-country sectoral case-study to look at the influence of legal norms and conventions on the governance of contractual relations between broadcasters and television producers. Based on evidence from the study of firms in the UK and Portugal, we explore how transaction cost economics and evolutionary game theory may help us to understand the effects of regulative structures on the development of a market in television production. Three particular regulative structures are examined: the use of compulsory quotas for independent productions, the creation of codes of guidance for the negotiation of broadcasting related rights, and the emergence of relations based on preferred dealing. These regulative structures are believed to have an ambiguous and unanticipated effect on the development of a market in television production.

The role of regulation in managing socio-economic risks in the water sector - conceptual and methodological issues

Patrícia Luís-Manso

The PhD will focus on risk and risk management in the water sectors. Traditionally, the types of risks considered in the analyses of the water sector pertained to technological, environmental, health and safety problems. Socio-economic risks have been somehow neglected in the literature. Therefore, the main objective of this research is to contribute to a better understanding of risk and risk management in the water sector, especially the socio-economic risks.

Within the field of risk management, the question of regulation is introduced as a tool for risk management. In the context of this research, risk regulation is a means to anticipate, prevent, or reduce the probability of occurrence of risk, and to reduce and correct its consequences.

The research will use selected case studies, whose aim is to verify: (1) whether the nature and the intensity of socio-economic risks vary according to different types of management, and if yes for which reasons; and (2) which regulatory instruments exist, with which consequences, and under which conditions they are best applied.

This presentation provides an analysis of the "work in progress", and aims at contributing to a constructive discussion in terms of conceptual and methodological issues.

Managing Major Risks with Minor Failures: Sensemaking and Incident Reporting in a Large Commercial Airline

Carl Macrae

Managing risk in safety critical organisations, such as airlines, requires identifying, making sense of, and resolving emerging problems before they escalate into major

disasters. To this end, organisations seeking high-reliability implement incident reporting programmes. These encourage the reporting of any instance with safety implications. Such programmes are well established in commercial aviation, and are rapidly appearing in other high-consequence industries such as healthcare and finance. However, using minor instances of failure to further advance and understand operational safety-and to effectively manage risk-is challenging. Warnings are weak, uncertain and ambiguous, and latent systemic problems are hard to uncover. Moreover, in mature reporting cultures huge quantities of diverse reports can be expected. As such, determining the risk of incidents, and the issues they point to, is currently largely based on professional experience and tacit expertise. Accordingly, this research has taken a qualitative, naturalistic approach to examine the practical management of risk by a team of specialist safety investigators in British Airways. This presentation will explore the social sensemaking processes, and the practical risk indicators, that underpin effective risk management in this context. Implications for risk management, safety culture, high-reliability and the avoidance of man-made disasters will be considered.

State traditions in institutional reform. A case study of French and German telephone policy debates from 1876 until 1997

Marit Sjoavaag Marino

This thesis tests the claim that national differences in sectoral state traditions diminish over time. The case study covers telephone policy debates in France and Germany in five time periods from 1876 until 1997: the 'consolidation phase' (1876 - 1900); the 1920s; the post-Second World War years; the debates leading up to corporatisation in the 1980s; and the debates around opening for full competition in the 1990s.

The analytical framework is founded in writings on state traditions and on the role of ideas and discourse in policymaking. The study's object of investigation, 'sectoral state traditions', is developed to allow for comparison both longitudinally within one country and cross-nationally.

Central concepts and ideas in public debates are identified in both countries for each period. The investigation of public political debates in each country shows that sectoral state traditions were highly resistant to change. Cross-national comparison further corroborates the persistence of the two sectoral state traditions, which, despite common external factors (technology, international cooperation, supranational legislation), showed little or no convergence.

The empirical investigation shows that central concepts' content to some degree changed. However, such change was generally expansions or precisions of scope rather than negation of earlier content. This thesis therefore does not provide empirical evidence supporting a convergence hypothesis.

Regulating Risks when Agents are Loss Averse

Astrid Matthey

Experiments show that as the result of loss aversion, subjects perceive and evaluate new risks differently from risks that are included in the status quo, an effect analogous to the endowment effect for deterministic assets. This paper models this effect and derives implications for regulation.

We first specify the reference state to be determined by past risk decisions, similar to models of habit formation and social comparison. We then analyse the impact of the reference state on the weighting function and value function of cumulative prospect

theory, obtaining a non-expected value of the risk. This shows that whether a risk is included in or excluded from the reference state changes its evaluation and hence subjects' willingness to pay for avoidance. Finally, we analyse the dynamic process and find a tendency of increased risk acceptance due to the externality one subject's risk acceptance causes on other subjects' reference states. Equal risks are evaluated differently depending on the level of habituation. This leads to inefficiencies, which must be considered when regulating market entry of risks or performing cost-benefit analyses. Changes in the external parameters can accelerate this process, implying tighter regulation. Also, a rationale for firms selling new products at a loss is provided.

Informing Basel II - Looking Backward to the 1988 Accord: Unintended Policy Consequences

Diane Maurice

The 1988 Basel Accord, an important and innovative regulation guiding global banking, had several unintended consequences. The most interesting from a regulatory perspective is related to growth of securitisation and similar forms of innovative lending. Critics of the securitisation technique claim its use, bypasses essential components of the Accord's regulatory initiatives.

The policy puzzle explores reasons why securitisation evolved. Two hypotheses are introduced. The first is an interest based explanation centring on the role of stake holders in the policy process. Central bankers from the Bank of England and the US regulatory agencies including the Federal Reserve guided the policy formation in the years leading up to the Accord's passage in 1988. They are seen as operating as one negotiating unit presenting a strategy in designing this important regulation solely for their own benefit. The Accord proved to be detrimental their other G10 counterparts.

A second hypothesis is advanced which credits several factors as contributing to the unchecked growth of securitisation. This assigns limited value to role of various stakeholders by considering the impact of economic influences, the presence of immature regulatory organizations, the presence of improper pricing mechanisms and the impact of technology and globalisation.

Which is correct? How does the answer inform the outcome for Basel II?

Design and performance of controls in conducting outsourcing due diligence

Peter McCormack

The FSA requires firms to remain responsible for the systems and controls in respect of the use of outsourcing and third party providers. The new integrated prudential sourcebook introduces high-level guidance on outsourcing for all financial service firms and creates a rule on maintaining such controls. The section talks about implementation and effectiveness of controls - design and performance being the terminology used in the industry. This paper looks at what firms should be doing in respect of both internal due diligence and external due diligence in respect of obtaining assurance that control frameworks are robust. The paper also looks at the relationship between risk profile, appetite, and their relationship to controls.

Mixed messages: housing associations and corporate governance

Morag McDermont

Housing associations have traditionally been bound together by notions of housing need, not-for-profit, tenant involvement and a voluntary ethos. Since the mid 1980s these understandings have altered: a developing private sector ethos; increased priority given to the needs of private funders; complex group structures and a diversification of activities; professionalisation of boards of management, largely at the behest of the state regulator; and tenants now viewed as 'customers'. These changes raise fundamental questions about the appropriateness of association's modes of internal governance. The shifts in culture potentially create difficult and contradictory subject positions for members of boards, who are both subjects of governance - from regulators, funders, senior professional staff - and themselves governors. Board members must reconciling responsibilities for ensuring that the association meets financing obligations, with the needs of tenants and the community.

This paper will present some preliminary observations on housing association governance in a changing environment, as a prelude to a new research project. My aim is to engage in dialogue with those researching corporate governance in other spheres, and in particular to raise issues of the appropriateness of applying private sector applying principles of corporate governance to organisations in the voluntary/quasi-public sector.

The new EU regulatory impact assessment procedure and its capacity to highlight value trade-offs

Anne Meuwese

The worldwide, partly OECD-driven, trend increasingly to subject proposed legislation to a consolidated set of mostly economic tests to measure its impact, has recently culminated in the adoption of a regulatory impact assessment (RIA) procedure by the European Commission in 2003. On the one hand the introduction of this new European meta-regulatory regime has instilled fears about economic rationality taking over the - already technocratic - legislative process, on the other it has raised hopes about improvement of both the substantive and the procedural legitimacy of European legislation. The reality of the procedure will inevitably take a middle course between these theoretical expectations.

The exact path this middle course is taking will be explored in the paper, on the basis of a preliminary content analysis of the first RIA's new style. Special attention will be given to the question how constitutional values feature next to the value of efficiency in the RIA procedure so far. I will argue that the RIA format, especially its focus on transparency, evidence and legislative culture is still promising, as long as its shortcomings are acknowledged. To conclude some issues to be dealt with in further, in-depth, empirical research will be advanced.

The Role of Incumbents in Regulatory Reform: The Case of Telecommunications in Ireland and Jamaica

Indianna Minto

This study aims to analyse the state-incumbent relationship with a view to tracing the role of the incumbent in regulatory reform. Telecommunications has received extensive attention in academia over the past 20 years. Emphasis has been on issues such as, accountability and transparency and various institutions created to monitor and regulate the sector. A common tendency has been to focus on the state while portraying incumbents as 'recipients' of regulation, thereby ignoring the role they have played in assisting governments with reforms and even in designing the regulatory regimes to which they have been 'subjected'. There is also another view which sees incumbents as rationale actors governed purely by economic reasoning.

This viewpoint ignores the role of incumbents in governance, for example, in small developing countries such as Jamaica. It is argued that sociological institutionalism offers a more meaningful way of viewing the multiple roles that incumbents play in telecommunications and their impact on the state. It is here that one can assess and understand their level of influence on the sector (formal and informal) and assess the factors affecting this influence.

Politicising Risk: Discourses of Citizenship and Famine in Africa's Genetically Modified Foods Debates

Adeyinka Richard Oduwole

The introduction of Genetically Modified (GM) foods into Southern Africa in 2002 as food aid generated a risk controversy which attracted global attention. As with most risk disputes, media coverage of the debates revolved around the issues of expert knowledge, trust and the place of the precautionary principle. This paper seeks to examine the politicisation of risk in that event via the discursive construction of citizenship by the recipient nations on the one hand, and the appeal to food politics by the donor agencies on the other.

It is the intention of this paper to argue that scientific risks are rarely assessed purely on the merit of empirical or expert knowledge. Rather, they are often conflated with political, cultural, or social positionings on the part of actors in a risk crisis, thus having implications for how the perceived risk is managed or regulated. The paper will, therefore, engage in the discourse analysis of news reports in global and local media.

Being a relevant part of my PhD dissertation at the Cardiff School of Journalism, Media and Cultural Studies, Cardiff University, Wales, it is hoped that the contribution of participants at this conference will contribute to the progress of this research.

How to develop the vigilance of a network organisation? The case of French plant protection organisation faced to emergent risks as GMO or exotic invasive species

Aïnhua Pará-Chamontin

The French Ministry of Agriculture is willing to study how the plant protection organisation can deal with new problematics as GMO or exotic invasive species, linked to huge scientific uncertainty. The surveillance is based on following legal procedures. But no procedure can foresee the unexpected. Therefore, our research aims to propose a model of a vigilant organisation.

The followed approach is to confront theoretical multidisciplinary models of vigilance to a practical knowledge of the real organisation already set. Four steps are planned: a) representation of the laid down organisation of the French territory surveillance; b) construction development of an organisational model of vigilance; c) analysis of the present real organisation; d) confrontation and propositions.

Cognitive psychology, epidemiology, ethology, data processing are the major disciplines mobilised in order to build an organisational model of vigilance. The fieldwork is based on interviews carried on with every potential actor of the surveillance organisation, in order to understand better their activities, how they dealt with previous unexpected problems (experience feedback) and how they imagine they could manage with different ones (brainstorming, simulations, etc.). Interviewing local actors not only will bring us knowledge on the potentiality of the present

organisation but also involves them in this reorganisation process which is, we suppose, a guarantee of better implementation.

Regulation, public awareness and democracy in the US credit scoring industry
Martha Poon

In the US a standard numerical representation of credit behaviour called a FICO(tm) score can be issued for every participant in the US consumer credit market. These scores quantify the 'credit-worthiness' of individual consumers. By assuming that individuals with a shared set of characteristics will behave similarly, scores claim to statistically measure the likelihood that someone will default in a business transaction based on the previous behaviour of like individuals. Commercially available FICO(tm) scores are becoming a powerful nation-wide general purpose indicator for evaluating people even in situations unrelated to credit because they permit institutions to deskill risk assessment processes and to engage in calculated top-down decision making strategies. Two episodes of regulatory pressure by minority and consumer advocates mark the establishment of credit scoring. In 1976, the Equal Opportunity Credit Act mandated that 'race, colour, religion, national origin, and age' be removed as factors in lending decisions. In 1997, amendments to the Fair Credit Reporting Act mandated that users disclose credit scores to rejected applicants, bringing the scores to public attention. The paper will examine the way in which, in combination, these regulations enable the credit industry to link the scoring industry to a political language of fairness and democracy.

Risk Regulation Regimes in the Electricity Sector: Capturing Challenges or Challenging Capture?

Imma Puig

Abstract to follow.

Innovations in Participatory Technology for Environmental Monitoring: an Initial Sociological Assessment

Eugénia Rodrigues

Monitoring seems to be a growing demand in every society. If we assume that risk is a defining feature of contemporary societies (as 'risk societies') we could simply interpret the demand for monitoring as a consequence of 'risk obsession' and of the extended series of activities developed with the objective of measuring, assessing and gathering information. Within this perspective, monitoring would be conceived as a mechanism, amongst others, to control and regulate. In this paper, however, I shall argue that the analytical interest of monitoring goes far beyond its apparent 'nature' and 'instrumentality'. Conceiving monitoring systems as socio-technical assemblages allows us to map and situate this concept in articulation, for instance, with technologies and public participation. Clearly, technologies play a decisive role in gathering, regulating and measuring all sorts of information especially having in mind the quest for accountability in western democracies. However, what is yet to be seen is whether these technologies can have a similar role when we take into account calls for more creative and participative forms of intervention as well. Using the case of environmental monitoring systems, this paper outlines how innovative participatory technologies can transform the scope and meaning of monitoring.

Risk and the economic (ir)rationality of infrastructural projects: the case of Venice safeguard

Rita Samiolo

In many areas of public policy the language of risk and risk expertise are spreading, while regulation comes to be seen as a form of risk management. At the same time, decision-making in the case of complex technical and scientific problems is increasingly based on expert - often contested - forms of quantification, economic calculations or quantitative risk-analysis. A push for impersonal bases for decision-making and control has been especially traced in contexts that are highly charged politically, characterised by strong external pressures for accountability, low trust and institutional fragmentation (Porter, 1995). Typical examples of such developments are audit and financial regulation, public administration reform, or big infrastructural projects.

My research wishes to discuss this view and its underlying assumptions by examining the case of infrastructure projects and in particular that of the defence of Venice from high waters and the related safeguarding program. Despite high political and financial stakes, institutional conflict and distrust, quantification and economic calculations are playing a marginal role in sustaining the policy process and in defining its accountability requirements. A pattern of un-accountability or a different notion of it emerges, where ideals of efficiency and economic rationality seem to be suppressed by the perception of a 'chronic' crisis or an 'endemic' risk.

Competitive Advantage, Regulation and the Environment in the German and Swiss Chemical Industry

Jazmin Seijas

My thesis will contribute to the debate between the conventional "win-lose" perspective, which assumes a trade-off between environmental benefits and a firm's competitiveness and the revisionist "win-win" perspective, which expects economic benefits from environmentally friendly operations.

I will analyse (1) the effects of market and regulatory conditions on corporate environmental strategy, (2) the effects of these strategies on firm level environmental performance and competitiveness, and (3) the influence that these strategies will have on future market and regulatory conditions. My thesis will focus on the Swiss and German chemical industry.

I will examine different environmental policies such as conventional regulation and market based mechanisms and voluntary measures and also look at a set of corporate strategies such as certification of environmental management systems (EMAS, ISO 14001), environmental R&D, product design, marketing, and lobbying to influence regulation.

The EMF Case: How to Communicate About Risks if Scientific Knowledge Lacks?

Andrea Theresia Thalmann

Nowadays, debates on technology - such as the EMF-Debate - are often full of suspense and characterized by emotional discussions between different stakeholders. Due to the fact that science is not able to prove the harmlessness of a new technology in short term and that uncertainty regarding possible adverse effects exists public controversies are evident. In the arena of such a debate a successful risk communication holds a key position. Besides the fact that ill risk communication fails when it comes to enable laypeople for making their own risk decision, ill risk communication amplifies debates on technology and constrains a fair and reasonable

discussion on possible health risks due to new technologies. Regarding risk communication, the question is raised if current risk communication strategies meet the demand to inform laypeople and adequately about the uncertainty in the state of science.

This question is addressed in several experimental studies. The results shows clearly that current communication strategies lacks of comprehensibility, transparency and clarity. The conclusion can be drawn that more emphasis has to be put on the construction of risk communication tools aiming to establish a fair and rational discussion regarding new technologies between different stakeholders.

The Role of Political Institutions in Providing Water and Sanitation Services in Developing Countries

Iris Vernekohl

Providing water and sanitation services (W&S) efficiently is of critical importance in developing countries (DCs), as this type of public interest service does not only serve essential living needs but is also closely connected to maintaining public health. Among others, the efficiency is determined by the institutional arrangement regulating W&S provision. As W&S are politically sensitive and often provided by state owned enterprises, the change of and choice between alternative institutional arrangements involves public decision-making processes, which, in turn, are governed by the respective political institutions prevalent in a country. Hence, the research objective is to analyse the link between political institutions, the choice of the institutional arrangement for and the performance of W&S provision in DCs, employing game theoretic modelling. On a theoretical level, based on (incomplete) contract economic research literature focusing on the optimal allocation of ownership and decision-making rights between the public and the private sector in the provision of public interest services, the question arises how these models can be combined with public choice models in order to explain how different political institutions impact on (the relative efficiency of) the choice of alternative provision modes. Aspects of modelling preference functions of political actors at different political levels & in different political regimes will also be considered.

What is a fact and what is a value in toxicological risk assessment?

Birgitte Wandall

A widespread, even if somewhat naïve, assumption about risk assessment is that to perform a risk assessment is to be establishing matters of fact. However, there is no such thing as a freestanding fact when it comes to toxicological risk assessment. Even seemingly simple experimental results such as frequency of tumours in experimental animals must be interpreted in order to be used as facts, and this interpretation depends on numerous assumptions that do not have a factual character.

Giving up a simple view of a fact as something that can be directly observed without the intermediary of auxiliary assumptions, we run the risk of reducing everything to the status of unfounded assumptions. But in order to be able to accumulate knowledge at all, we need to be able to treat some hypotheses/issues as matters of facts - as a foundation on which we can stand while investigating other hypotheses.

The aim of this paper is not to solve the deep underlying philosophical questions, but simply to create some viable conceptual definitions of what distinguishes a fact from

a value. These definitions, while giving up the naïve concept of a fact, should still allow us to justifiably confer some propositions with the status of 'fact'.

The Analysis of the precautionary principle from a Behavioural Law and Economic perspective

M.R.A.G. Wibisana

Since 1970s the precautionary principle has marked the development of legal instruments, especially those related to the human health and environmental protection. According to this principle, the decision-makers should err on the side of safety, namely by conjecturing that the risks of irreversible consequences will appear, although such appearance has not been supported by the scientific certainty.

Despite the precautionary principle has been adopted in various international conventions and national legislation in some countries, the controversy regarding this principle has also become a prominent one. From the legal perspective, the debates of the precautionary principle are usually triggered by the fact that until now there is no international agreement concerning how to apply this principle. Some scholars then conclude that the precautionary principle is not a legal principle or at least an "empty principle", since it is impracticable. It is also often argued that since all activities involve risks, a measure taken without being supported by scientific evidence is arbitrary and unjustifiable. Such a measure will restrain human activity and impede the introduction of new technologies. Accordingly, the introduction of new technology should not be restricted, unless it is proven to be dangerous.

On the other hand, the proponents of the precautionary principle argue that the principle has been widely recognised as a legal principle, no matter how clear this principle is. The adoption of this principle in several international conventions has been exerted to prove such recognition.

However, it is not sufficient to argue that the precautionary principle has been recognised as a legal principle. A crucial issue to be answered is whether or not the precautionary principle will lead to inefficiency and over-regulation. If, the principle is proven to be inefficient, there is no need for us to maintain it as a legal principle (if it has been recognised as a legal principle). Hence, economic analysis on the precautionary principle inevitably becomes important. And through this analysis, namely by incorporating economic and legal analysis, I would like to give my contribution to these absorbing debates.

For this moment, my focus is the analysis of the precautionary principle from behavioural law and economic perspective. This is to show that people judgments towards risks are prone to be biased, leading to some errors in decision making. In this situation, a question arises as to whether the decision makers should take into account the public perception on risks, or they just have to follow the results from their experts' judgments. To answer this question, I analyse some factors that influence the public perception, and on the other hand, try to analyse whether experts have similar problems encountered by lay persons in judging the risks. More importantly, it is interesting to analyse the contributions of the precautionary to this problem.

Beginning in October this year, my research will be focused on the economic theory on utility, leading to some theories such as safe minimum standard or those developed by Arrow and Fisher (1974), Gollier, Jullien, and Treich (2000). In this respect, the possibility of combining the precautionary principle and cost-benefit analysis will also be studied.

The County Governor's Role in Municipalities' Safety Learning

Siri Wiig

The County Governor (CG) is the regulatory authority in Norwegian municipal safety work. In practise, this involves diverse patterns of interaction between the CG and the municipalities and the paper focuses on: Control, expert advise/guidance and dialogue.

The overall purpose of the paper is to reflect on how different patterns of interaction influence municipalities' safety learning. The research question is: How can different patterns of interaction promote or restrain safety learning in Norwegian municipalities? To answer the question, the paper will include empirical data from a pilot study of six municipalities in two counties in Norway, carried out in 2003. The paper discusses how municipalities learn, their learning conditions, and in what context learning takes place. In addition, the paper discusses the regulatory authority's influence on the process of learning and suggests how it may be possible to ensure a better process of safety learning in municipal organizations.

The pilot showed that different patterns of interaction have an influence on municipalities and their process of safety learning. Control or inspections led to compliance with demands from the regulatory authority. Expert advice resulted in a process of increasing awareness, while dialog fostered a co-operative climate.

Evaluating the effectiveness of local authority enforcement strategies upon food safety compliance in small and medium-sized enterprises (SMEs)

Charlotte Yapp

SME compliance with environmental regulations is often examined using limited methods, e.g. surveys identifying preferred contact methods; interviews with companies to establish levels of compliance (Groundwork 1998; Petts 1999 & 2000). Whilst these indicate approaches that may influence compliance, they do not show that these actually improve compliance within SMEs.

This paper presents empirical evidence from food SMEs. Multiple methods were used to evaluate the effect of different approaches used by local authorities in enforcing food safety legislation within SMEs.

A theoretical compliance decision model was developed showing how SMEs decide to comply with food safety law using previous work (Henson & Heasman 1998) and interviews with gatekeepers. This model was used to analyse data obtained from the case studies.

Gatekeepers identified three issues believed to affect food safety compliance: the level of deprivation within the local authority, the level of formal enforcement and level of educational activity undertaken. These issues were examined using eight local authorities showing "extreme" levels of each of these factors. A statistical analysis of an indicator of hygiene evaluated the effect of interventions on food safety. Finally, SME case studies examined attitudes and motivations towards compliance using document analysis, observation and interviews with SME proprietors.