

Chapter 6

Organizations as Social Networks: The Role of the Compliance Officer as Agent of Change in Implementing Rules and Codes of Conduct

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ABSTRACT

This chapter examines the role of the change manager in implementing compliance rules and codes of conduct within organizations. Various lines of enquiry from sociology and constructivist psychology are used to develop a perspective on organizations and organizational change. The role of the change manager is then discussed based on this perspective. In developing this perspective, various insights are offered that can be used by compliance officers and managers responsible for implementing rules and codes of conduct in order to reflect on their own actions. The chapter argues that equivocality and legitimacy are important conditions for successful implementation. The chapter also suggests that the implementation of rules and codes of conduct is not an activity generic to an organization, but a set of interventions generally specifically targeted at the individual, with the group serving as a point of leverage for change.

INTRODUCTION

The implementation of regulations and initiatives intended to result in greater ethical awareness and corresponding conduct is often doomed to failure or does not achieve the desired result (cf. Boonstra, 2000). Initiatives are often developed using a blueprint strategy and are frequently implemented by means of a project-based approach. In the course of implementation, managers often encounter opposition

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and unforeseen challenges. In addition, new regulations in the area of compliance and ethical codes of conduct often clash with other processes of change. Examples of this include projects intended to improve efficiency or even complete restructuring processes. Projects of change of the latter type result in a situation where the organizational context in which regulations and ethical codes of conduct are being implemented is subject to continuous change and implementation plans have to be repeatedly modified. The context in which the change is intended to take place often turns out to have transformed to such an extent that the roll-out of the change plan can cause more problems than it solves (Blomme, 2012a). Adjusting the objectives therefore becomes an attempt to deal with this changing context. However, because of its partial completion, the original project plan can no longer be adjusted. As a result of all of this, the objective, planning and implementation lose their coherence. Solutions are then sought in improved methods for diagnosing why people do not wish to cooperate and a plan of change based on the results of this diagnosis (Tsoukas, 2002). However, we would question whether this really offers a solution for increasing the success of the implementation of new rules and codes of conduct.

The traditional view of the implementation of codes of conduct and regulations has been that the management responsible and those in charge of compliance see an organization as an entity that can be observed, manipulated and monitored objectively. Ultimately, the implementation of codes of regulations and codes of conduct is seen as a top-down activity: senior management uses plans and targeted interventions in order to impose and safeguard rules and codes on the rest of the organization (Balogun & Hope Hailey, 2009). In this, we can see the implementation of rules and codes of conduct as organizational change, as this implementation also relates to compliance with these rules and codes of conduct and therefore to a change in attitude and behaviour in all members of the organization. In this context, compliance officers can also be seen as change managers.

This chapter aims to help change managers responsible for the implementation of and compliance with regulations and codes of conduct to understand what is and what is not possible in interventions intended to bring about change. The chapter also aims to explore an organizational perspective which argues that organizations are not objective entities in which change is initiated from outside, but that the change manager is part of the context of change in which he or she acts, and groups are the point of leverage for successful implementation.

Firstly, we would like to take a critical look at the traditional perspective taken on organizations and reach an alternative perspective on organizations and organizational change. We then examine the role of legitimacy and the group as a point of leverage for change. This is followed by a discussion of the implications for change managers and a general conclusion. In developing this argument, we would like to present change managers with 16 insights for reflecting on their interventions and, we hope, improving the success of their actions.

INDIVIDUAL LINKED-BEHAVIOUR

Organizations are frequently represented in the form of an organizational chart depicting the functionalities and the hierarchical relationships of dependency between them. These functionalities are staffed by people. The position in the organizational chart determines the functionality that forms the basis for someone having a say over someone else and the areas of focus or disciplines covered by a particular officer. In this, a distinction is often drawn between line functionality and corporate functionality, the premise of which is that the line organization is responsible for carrying out moneymaking activities

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