

## **The regulator-regulatee interaction: insights taken from a high risk business firm**

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The viewpoint taken in this paper is to give a description of the interaction between regulators and regulated organizations, built on an empirical case-study in the French chemical industry. The policy applicable in this case has been a safety case approach, one in which the regulatee has to demonstrate to the regulator that he has taken sufficient steps to prevent accidents. Regulation policy has acknowledged that at some point a certain level of residual risk could be admitted, provided that sufficient information was given to the public and damage mitigation measures were taken by all interested parties. It is therefore flexible, and rather not prescriptive. The regulator-regulatee interaction is taking place in that context.

One way to understand it is to consider it as an exchange, and somehow a strategic game between the two parties. In this view, the interaction may be located somewhere on a continuum between open conflict and full cooperation. The case studied undoubtedly is one of pacified cooperation, where dialogue and trust prevail. This cooperative equilibrium and the very good record of the firm in terms of safety (no accidents in 22 years) and regulation (no sanctions and not even a warning in about fifteen years) support the views of various scholars, according to whom cooperation and the maintenance of trust between regulator and regulatee are good for compliance and safety.

A different but somewhat complementary view would be to consider that this “game” is the stage for adjustments on both sides, depending on the constraints and resources in which each’s activities are set. In fact, if one looks at each party not as a unit but as what it is, namely a complex organisation, one gets a very different picture of the interaction. On one side, the firm shows characteristics of a High Reliability Organisation, but it is also the locus of various tendencies which could imply a drift towards lesser safety. On the other side, the Inspectorate is loaded with multiple and heterogeneous tasks, handicapped by a high rate of turnover and too little resources. The interaction between both organisational modes shows evidence of coordination problems, especially in terms of timing. The imbalance in resources and expertise also puts into question the capacity of the regulator to oversee the firm.

The outcome of the interaction appears all the more questionable when one considers incidents which took place in the premises, revealed a flaw in the technical architecture, but were undisclosed to the Inspectorate, most likely in order to protect both the image that the members of the organisation had of their own technical architecture, and the climate of cooperation and trust at play in the relation.

It appears that the outcome of the interaction, in that case, does not only depend on organisational constraints (resources, expertise). It is also a matter of abstention from doing harm to cooperation and trust. Both tendencies are complementary. Despite all that, the interaction works. But it is unclear whether it yields benefits in terms of risk prevention.

Our proposal stems from a collective interdisciplinary research study on risk management in high-hazard facilities. Therefore, the following discussion gathers the observations and reflections of a sociologist, a risk engineer trained in the social sciences, and a trainee political scientist who all spent some time studying the same case.