

Full versus Substantial Regulatory Compliance

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This research abstract builds off several other research abstracts/notes in this series on regulatory compliance. It will attempt to take a more overview approach than the more technical and methodological approaches utilized in previous posts.

There is an important distinction when it comes to regulatory compliance related to levels of compliance: Full or 100% regulatory compliance with no violations and substantial regulatory compliance where there may be 1-2 violations of low-risk rules/regulations. The goal of any licensing or regulatory system is to have programs meet all rules/regulations/standards. This has been an important focus of all licensing/regulatory agencies throughout the US, Canada and the world.

But this goal needs to be altered a bit based upon several research studies conducted by this author over several decades in which full regulatory compliance does not equate with a high-quality program. While this empirical result may change our thinking about the relationship related to full regulatory compliance and substantial regulatory compliance which appears to be more related to program quality, it does not alter the need for full regulatory compliance in making predictions of overall regulatory compliance in the selection of key predictor rules. In order to eliminate false negatives in licensing decision making, full regulatory compliance is critical as a continuous goal.

Substantial regulatory compliance turned out to be an important discovery related to the theory of regulatory compliance where programs at this level demonstrated a higher level of program quality than those programs that were in full 100% regulatory compliance. It had been assumed up until the introduction of the theory of regulatory compliance that full regulatory compliance equated to high program quality. Since then, substantial regulatory compliance and the issuance of licenses based upon substantial rather than full regulatory compliance is a sound public policy approach.

However, when utilizing the key indicator methodology for identifying predictor rules, full regulatory compliance is still the paradigm that needs to be employed. It is the only safeguard to decrease and/or eliminate false negatives in which additional regulatory non-compliance could occur when full regulatory compliance is attained with the key indicator tool.

The overall key element is that substantial compliance does not replace full compliance in license decision making. It is predominant when it comes to the theory of regulatory compliance but has a back seat when it comes to identifying predictor rules unless an adjustment is made to the 2 x 2 Key Indicator Matrix which has been addressed in previous posts. The use of substantial compliance is also a key measurement component of the Regulatory Compliance Scale which has been introduced as an alternative to licensing violation data. However, full compliance will remain as the goal of any key indicator predictor rule method.

In conclusion, full compliance equates to a healthy and safe environment, but it does not necessarily mean it is of the highest quality. Within a regulatory compliance schema, substantial compliance appears more related to program quality. Risk assessment rules are always in compliance in either one of these scenarios.