

Original Paper

The Evolution Law of the Subject of Enterprise Compliance Management in China Conflicts with the Logic of Regulation

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Received: May 10, 2024

Accepted: May 27, 2024

Online Published: May 29, 2024

doi:10.22158/elp.v7n1p116

URL: <http://dx.doi.org/10.22158/elp.v7n1p116>

Abstract

This paper aims to discuss the conflict between the evolution law of the enterprise compliance management subject and the regulation logic in China. By analyzing the background and demand of the evolution of compliance management subjects, the innovative compliance management concept is put forward, and the application of this concept in enterprise compliance management is introduced in detail. The results show that this concept has significant advantages in promoting the development of enterprise compliance management and solving the conflict of regulatory logic. The study of this paper is of great significance for the deep understanding and application of the evolution law of enterprise compliance management subjects in China.

Keywords

enterprise compliance management, subject evolution, regulation and logic logic, innovative concept

1. Introduction

With the continuous growth of China's economy and the continuous change of the market environment, the importance of enterprise compliance management is becoming increasingly prominent. Since the 1990s, the practice of compliance management in Chinese enterprises has been gradually deepened, and the relevant regulatory policies and regulatory systems have been gradually improved. However, in practice, there is still a certain degree of conflict between the evolution of enterprise compliance management subjects and the logic of regulation, which has become a key problem to be solved urgently.

This paper aims to discuss the conflict between the evolution law of the enterprise compliance management subject and the regulation logic in China. First, this paper analyzes the background and needs of the evolution of enterprise compliance management subjects, including the change of regulatory environment, the development needs of enterprises and the improvement of social responsibility awareness. This part can cite some related management studies, such as Hess analysis of enterprise compliance drivers (Hess, 2007, pp. 453-476), and Weaver theoretical model on the evolution of compliance management (Weaver, Treviño & Cochran, 1999, pp. 539-552).

Secondly, this paper identifies the stage characteristics of the evolution of enterprise compliance management subjects, and conducts an in-depth analysis combined with the corresponding regulatory principles. Existing research shows that the enterprise compliance management subject has shown significant evolution characteristics from the initial passive compliance, to the later active compliance, and then to the current strategic compliance (Tyler, 2005, pp. 1287-1312). However, in different stages, there are certain deviations in the goals and means between enterprises and regulatory agencies, which leads to the conflict between the logic of regulation and the evolution of subjects (Hemphill & Cullari, 2014, pp. 317-340).

In order to solve the above problems, this paper proposed the innovative compliance management concept, and detailed the application of this concept in enterprise compliance management. This concept emphasizes the establishment of a dynamic and collaborative compliance management system to effectively integrate the regulatory needs and the reality of enterprises, and promote the balance and win-win interests of both sides.

2. The Evolution Background and Demand of Compliance Management Subject

2.1 The Status and Role of Compliance Management in China's Economic Development

In the context of China's rapid economic development, compliance management, as an important part of enterprise operations, has gradually attracted more attention. With the increasing trend of globalization and the increasing market competition, while pursuing economic benefits, enterprises should also need to abide by national laws and regulations, social ethics and other norms to ensure the sustainable development of enterprises and the fulfillment of social responsibilities (Birnik & Bowman, 2007, pp. 303-324). As a modern way of enterprise management, compliance management has multiple functions, such as promoting the integrity management of enterprises, enhancing enterprise reputation and reducing legal risks.

Compliance management has its own new mission. First of all, compliance management is not only a simple laws and regulations to follow, but also a deep-rooted culture and concept. It requires enterprises to fully respect the rights and interests of employees, environmental protection and social responsibilities in daily operations, to achieve the organic unity of economic and social benefits (Husted & Allen, 2006, pp. 838-849). In the stage of China's economic development transforming from high-speed growth to high-quality development, compliance management has been endowed with a

more important mission and become an important driving force for the sustainable development of enterprises (Doh, Howton, Howton & Siegel, 2010). Secondly, enterprise compliance management is not only in line with laws and regulations, but also a business mode based on integrity, reflecting the social responsibility and entrepreneurial spirit of enterprises. In a highly competitive market environment, enterprises with a good compliance record can gain the trust of consumers, investors and governments, thus winning greater market share and business opportunities.

Compliance management can generate more internal motivation. Compliance management refers to the formulation and continuous modification of internal norms in accordance with the requirements of external regulations, and supervises the implementation of internal norms. By establishing a sound compliance management system, enterprises can detect and solve potential legal risks as soon as possible and avoid losses caused by negligence (Vardi & Weitz, 2016). The main body of compliance management optimizes the resource allocation of the enterprise based on compliance, reduce costs, improve production efficiency and then promote the internal control and risk control of the enterprise, so as to maximize economic benefits and stimulate the maximum internal power.

2.2 Requirements and Challenges under the Background of the Evolution of Compliance Management Subjects

Enterprise compliance management subject is experiencing the evolution from a single law and regulation compliance provider to a comprehensive compliance management implementer. In this context, compliance management subjects are faced with new demands and challenges, which need to have a more comprehensive understanding of the connotation of compliance and cope with multiple challenges like in Table 1.

Enterprise compliance management conforming to the management philosophy. The compliance management subject should realize that if compliance is insufficient to support the long-term development of enterprises, it should jump out of the scope of the middle layer of system culture and create new value under the background of the new era. In the new era of compliance management, the primary demand of enterprises is to deepen the understanding of the connotation of compliance, integrate compliance into corporate culture and strategy, penetrate into the spiritual culture of the core layer from the level of prescribed laws and regulations, and create a corporate management philosophy closely related to the strategy, mission and values of the enterprise. Enterprise development is a comprehensive dimension of compliance management is no longer only to avoid fines and litigation, but also a way of sustainable development (Ayres & Braithwaite, 1992). Compliance management subjects need to understand how compliance affects corporate image, reputation and long-term development, as well as how to integrate compliance into corporate strategic decisions and cultural construction.

With the rapid changes of the market and the continuous update of laws and regulations, the compliance management subjects are faced with diversified challenges in the implementation process, and enterprises need to constantly adapt to the new compliance requirements. For example, with the

rise of the digital economy, compliance issues such as data privacy protection and network security have become more complex, and compliance management subjects need to constantly learn, update knowledge, maintain sensitive risk awareness, and timely adjust compliance strategies. In addition, compliance requirements may also vary in different regions and countries, and multinational enterprises need to face compliance challenges under different legal systems and cultural backgrounds. With the deepening of the transnational operation of enterprises, enterprises need to abide by the laws and regulations of different countries or even regions at the same time, and these laws and regulations may differ or even conflict. Compliance management subjects need to build a global compliance management network and establish transnational compliance teams to ensure that compliance can be achieved in different regions. International cooperation and information sharing have also become crucial to address compliance challenges on a global scale.

Table 1. Enterprise Compliance Requirements or Challenges

Normalization	Demand/Challenge	Content
Requirement	Content in-depth	Deepen the understanding of the compliance connotation, and integrate the compliance into the corporate culture and strategy
Requirement	Diversified challenges	Adapt to market changes, update regulations, and maintain risk sensitivity
Requirement	Globalization challenge	Establish a global compliance network, transnational cooperation and communication
Challenge	Balance of regulations with commerce	Look for a balance between regulation and business development
Challenge	Internal and external consistency	The consistency of internal management and employee behavior
Challenge	Transnational compliance	Dealing with the differences and conflicts between different regional regulations
Inspiration	Balance principle	Find a balance in the conflict and weigh the various interests
Inspiration	Multi-party cooperation	Cooperate to resolve conflicts and achieve common goals
Inspiration	technological innovation	Innovate solutions and apply technology to solve problems

3. Proposal and Application of Innovative Compliance Management Concept

3.1 Core Concepts and Principles of the New Concept

The new compliance management concept is an innovative way of enterprise management, aiming to regard compliance as a strategic asset, so as to achieve higher value creation in enterprise operations. The core concepts and principles of this concept cover multiple aspects to ensure that compliance is no longer limited to regulatory compliance, but in a deeper direction.

The new concept emphasizes the organic integration of compliance and corporate strategy. Traditionally, compliance is often seen as a passive obligation. However, the new concept holds that compliance should not be regarded as a limitation, but should be closely integrated with the strategic objectives of the enterprise. Enterprises can improve their reputation and competitiveness in the market through the implementation of compliance, so as to better achieve their strategic goals. Compliance can provide a more stable development environment for enterprises, and provide a strong guarantee for the sustainable development of enterprises. On the other hand, the new ideas emphasize the impact of corporate culture on compliance. Compliance is no longer just a single task, but requires a consensus and values within the enterprise. The implementation of compliance needs to be integrated into the corporate culture and guide employees to form compliance consciousness, so that compliance becomes a natural behavior in daily work. Enterprises should establish compliance cultures such as integrity, transparency and social responsibility, so as to effectively promote the grounding and inheritance of compliance concepts.

In addition, the new concept emphasizes innovation and flexibility in compliance management. In a rapidly changing market environment, traditional compliance management methods may fail to meet diverse compliance requirements. The new concept emphasizes that compliance management needs to be innovative and flexible to timely adapt to new regulations and market changes. Enterprises should establish a compliance management mechanism with rapid response, and constantly improve the efficiency and accuracy of compliance management through technical means, data analysis and other methods.

3.2 Application Cases of New Ideas in Enterprise Compliance Management

In order to deeply understand the application of the new compliance management concept in practice, the following is a specific case to show how the new concept can have a positive impact on enterprise compliance management. When a multinational enterprise integrates the new compliance management concepts, on the one hand, it has established the core concept of “creating integrity and sustainable development”. Enterprises emphasize the close connection between integrity and compliance, and regard it as an indispensable element to achieve sustainable development. Subsequently, enterprises began to build a comprehensive compliance management system, covering all aspects from internal governance to supply chain cooperation. Through professional training and internal publicity, the company has improved employees’ understanding and identity of the new compliance concept, and encouraged employees to consciously abide by the compliance standards. In addition, enterprises

cooperate with government agencies and industry associations to actively participate in the formulation and update of laws and regulations, which promotes the improvement of the compliance level of the industry.

Guided by the new compliance concept, the company has achieved remarkable results in compliance management (Paine, 1994, pp. 106-117). In the control of legal risk, it has upheld the new concept, effectively reducing the possibility of violation of laws and regulations. At the same time, the enterprise has set up the image of integrity, won the trust of investors and partners, and laid a solid foundation for sustainable development. In addition, enterprises have also gained advantages in the market competition, transforming the advantages of compliance management into economic benefits, and achieving steady growth.

4. Discussion on the Evolution Law of Compliance Management Subject

4.1 Characteristics and Changes of Compliance Management Subjects in Different Stages

The characteristics and transformation of the evolution of enterprise compliance management subject have important enlightenment for the understanding and application of compliance management. The compliance management subjects in different stages show different characteristics and changes, which reflect the gradual deepening of the compliance concept and the continuous improvement of the compliance practice.

In the early stage, the compliance management subject mainly focuses on the compliance of laws and regulations, with avoiding legal risks as the main goal. At this stage usually regard compliance as a passive obligation, and their main focus is to ensure that the enterprise operates under the framework of laws and regulations, and to ensure that the company's production and business activities follow internal and external laws, systems, regulations, norms, guidelines, etc. At this stage, the compliance practice of the compliance management subject is relatively simple, focusing on the implementation of the compliance process, but lacking in a deeper compliance concept.

With the deepening of market economy and the influence of globalization, compliance management subjects gradually realize that the importance of compliance goes beyond the scope of legal compliance. At this stage, the compliance management subject began to pay attention to the corporate social responsibility and reputation. They gradually realize that compliance is not only to avoid legal risks, but also to maintain the corporate image and long-term development. Therefore, the compliance management subjects began to establish compliance management institutions within the enterprise, strengthen the construction of internal norms, and enhance the compliance awareness and education of employees. The subject of compliance management has gradually changed from passive compliance practitioners to active compliance practitioners, actively participating in social responsibility, and paying attention to the sustainable development of enterprises. With the rapid development of information technology, the compliance management subject further deepens the integration of the compliance concept and the modern management methods. At this stage, the compliance management

subjects gradually realize the importance of digitalization and informatization to compliance management. They began to combine compliance management with advanced digital tools and technologies to enable real-time monitoring and management of compliance information. At this stage, compliance management subjects pay more attention to the collection, analysis and utilization of data to predict potential compliance risks. The transformation at this stage makes the compliance practice of compliance management subjects more refined and can better respond to all kinds of compliance challenges.

To sum up, the enterprise compliance management subject has experienced the transformation from passive compliance with laws and regulations to active participation in social responsibility, and then to different stages of deep integration of information technology. The characteristics and changes of different stages show that the concept of compliance management is gradually deepened and the compliance practice is constantly improved, which provides useful experience for the future compliance management.

4.2 Trend and Mode of the Evolution of Compliance Management Subjects

The trend of the evolution of compliance management subjects is the organic combination of depth and breadth. Compliance management subjects will pay more attention to the implementation of the compliance concept. In the past, compliance management subjects may pay more attention to the compliance of laws and regulations, but with the continuous improvement of social requirements for corporate social responsibility, the connotation of compliance is gradually expanding. Compliance management subject is developing from a single legal compliance provider to a more comprehensive compliance practitioner. Enterprises will pay more attention to ethics, social responsibility, environmental protection and other levels, and integrate compliance into their corporate culture and core values. This organic combination will enable enterprises in the pursuit of economic benefits

5. The Solution Strategy of Regulating the Logic Conflict

5.1 Definition and Analysis of Logical Conflict

As a key problem in the practice of compliance management, the logical conflict of regulation and management covers the complex scenarios caused by the contradictions, inconsistency and conflicts with business development strategies under the premise of compliance with laws and regulations. The existence of such conflict makes the compliance management subject in a dilemma, and it has to weigh and choose between compliance and operation to ensure compliance and achieve economic benefits.

Based on this, the formation and causes of the regulatory logic conflict need to be analyzed in depth. These conflicts usually result from the differences in the formulation objectives, timeliness, geography and other aspects of different laws and regulations, as well as the mutual influence between laws and regulations. Enterprises often encounter different requirements of different regulations for the same problem, or the interpretation differences of the same regulation in different situations, thus resulting in compliance conflicts. In addition, updates and adjustments of laws and regulations may also lead to

conflicts between old compliance practices and new regulations. Therefore, understanding the background, purpose and application scope of different laws and regulations, and deeply analyzing the logic behind their formulation, are helpful to accurately grasp the essence of the logical conflict of regulation.

After analyzing logical conflict and grasping the essence of conflict, the resolution of conflict requires a series of strategies to follow compliance topics. Compliance management subjects need to establish a comprehensive understanding of different regulations, and start from the overall compliance system, and integrate compliance conflicts into a broader compliance strategy. It should be noted that the development of priorities and weights for compliance conflict resolution needs to give priority to regulations that affect the core values, business models and development direction of the enterprise. At the same time, a cross-departmental cooperation mechanism should be established to form joint efforts to jointly deal with compliance conflicts. In addition, risk assessment tools are used to analyze the risks and benefits of different solutions to help compliance management entities make informed decisions. Most importantly, establish a compliance culture that regards compliance as a basic guideline for the enterprise and enables employees to have clear guidance in the face of compliance conflicts.

In general, the regulatory logic conflict is a complex challenge in the field of compliance management, but it is also an opportunity to promote enterprises to continuously improve the compliance management system. Through in-depth analysis of the causes of contradictions and conflicts between different laws and regulations, formulating reasonable solution strategies, and establishing a compliance culture with full participation, enterprises can better balance the relationship between compliance and operation, and realize the organic unity of compliance and development. This is not only of great significance for the sustainable development of the enterprise itself, but also can provide useful reference for other fields in the face of similar conflicts.

5.2 Impact of Innovative Compliance Management Concept on Conflict Resolution

The concept of innovative compliance management has a significant impact in resolving the conflicts of regulatory logic. Traditional compliance management is often limited to meeting the requirements of laws and regulations, and it is easy to fall into mechanical compliance behavior, ignoring the internal connection between compliance and the long-term development of enterprises. However, the innovative compliance management concept has given compliance a broader connotation, brings compliance into the enterprise strategy and culture, and becomes a part of the enterprise value creation. An innovative compliance management philosophy emphasizes seeing compliance as part of value creation rather than simple legal compliance. Under the guidance of this concept, enterprises will integrate compliance into their core price.

6. Conclusion

6.1 The Leading Role of the New Ideas in the Future Enterprise Compliance Management

The new compliance management concept provides a clearer direction and goal for the future enterprise compliance management. In the changing economic environment, enterprises are facing more complex and changeable compliance challenges, and the traditional compliance management methods have been unable to meet the needs. The new concept emphasizes the guidance of compliance by values, and the integration of compliance and corporate strategy, not only at the legal level, but also to be implemented at the cultural level. This will guide enterprises to pay more attention to integrity, social responsibility and sustainable development in compliance management, and enable enterprises to achieve a higher level of value creation on the basis of compliance.

The leading role of the new ideas is also reflected in promoting innovation in compliance management. In the current rapidly changing business environment, enterprises need to constantly adapt to new laws and regulations while meeting the challenges brought by the technological revolution. The new compliance management concept encourages enterprises not to stick to the traditional compliance management method, but to encourage bold innovation. Enterprise compliance management subjects can actively explore compliance practice methods suitable for themselves, and develop more efficient and intelligent compliance management tools with the help of scientific and technological means, such as artificial intelligence, big data analysis, etc. This can not only improve the efficiency of compliance management, but also can more accurately identify and respond to potential risks.

In addition, the new concept of compliance emphasizes the close integration of compliance and corporate culture. Under the leading role, the enterprise compliance management subject should take the cultivation of integrity culture as the starting point, and integrate compliance into the daily operation and employee behavior of the enterprise. By strengthening compliance training and advocating honest management, the enterprise can cultivate a staff team who consciously abide by laws and regulations in practice, so as to promote the effective implementation of compliance management at a deeper level.

To sum up, the new compliance management concept provides a clear leading role for the future enterprise compliance management. By combining compliance with values, innovation, culture and other elements, enterprise compliance management subjects can better cope with the complex and changeable compliance challenges, realize the comprehensive upgrade of compliance management, and lay a solid foundation for the sustainable development of enterprises.

6.2 The Reference Significance of the Experience of Regulation and Logic Conflict Resolution to Other Fields

The experience of solving the conflict of regulatory logic in the field of compliance management also has far-reaching reference significance for other fields. In today's society, various fields may face similar conflicts, such as environmental protection and economic development, privacy protection and information sharing, etc. From the experience in the compliance field, some useful implications can be

used to guide other areas to solving similar issues.

Experience in the field of compliance management emphasizes that the key to conflict resolution is in finding a balance point. When dealing with the logical conflict of regulation, the enterprise compliance management subject usually needs to find a balance between laws and regulations and business development. This principle applies equally in other areas. For example, in the conflict between environmental protection and economic development, environmental protection technology innovation can be explored to find ways that can protect the ecological environment without hindering economic growth. In the conflict between privacy protection and information sharing, stricter data protection regulations can be formulated, while the transparency and legitimacy of data sharing can be encouraged to balance the rights and interests of both parties.

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