

Dr. Nándor Makkos, PhD, LL.M

THE EVOLUTION OF COMPLIANCE

*From Equal Treatment to Acceptable Treatment
in Global Governance*



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Treatment in Global Governance

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2026

IMPRESSUM

Title:

The Evolution of Compliance

From Equal Treatment to Acceptable Treatment in Global Governance

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Year of publication:

2026

Publisher:

Compliance & Governance Studies

(self-published / magánkiadás)

Place of publication:

Budapest

ISBN:

978-615-02-6084-6

(PDF / electronic edition)

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* PhD degree awarded; formal certificate not yet issued by the university.

Acknowledgements

I would like to express my sincere gratitude to the scholars, practitioners and institutions whose work has shaped the way we understand compliance today. The field stands on the shoulders of theorists who clarified the nature of law, philosophers who deepened the ethical foundations of responsibility, and professionals who transformed these insights into practical governance systems.

My thanks extend to the countless colleagues working in public administration, the judiciary, higher education, and the wider compliance community. Their daily engagement with complex, evolving normative environments has been a continuous source of inspiration for this book.

I am particularly grateful to the authors whose seminal writings appear throughout these pages. Their contributions laid the intellectual groundwork for many of the arguments developed here. Any errors or omissions remain my own responsibility.

Finally, I acknowledge the support of those who encouraged the completion of this work, directly or indirectly. Research, writing, and reflection require both solitude and a community. I am fortunate to have benefitted from both.

Foreword

The Evolution of Compliance: Law, Ethics and Institutional Accountability in Modern Governance

Compliance has evolved from a reactive set of controls into a comprehensive framework that shapes the ethical, legal, and operational foundations of modern governance. What was once a narrow regulatory tool has become a multidisciplinary system aligned with principles of accountability, integrity, and institutional responsibility. This book examines that transformation. It brings together historical development, legal theory, organizational practice, and emerging technological challenges in order to provide a coherent narrative of how compliance became indispensable to contemporary public and private institutions.

The changes of recent decades have radically expanded the expectations placed on organizations. Legal systems have introduced stronger mechanisms of transparency. International standards have established measurable operational requirements. Technological innovation has intensified the need for risk based oversight. At the same time public trust has increasingly depended on the perceived fairness and legitimacy of institutional processes. In such an environment compliance is not an administrative formality but a structural condition of lawful and ethical operation.

This volume explores these themes in an integrated manner. It traces the roots of compliance in legal history and political thought. It examines how complaint mechanisms, anti corruption frameworks, equal treatment regulations, data protection regimes, cybersecurity obligations, and AI governance have converged into a unified integrity system. It also highlights the growing importance of organizational culture, risk management, accountability mechanisms, and responsible leadership in sustaining compliance in practice.

The aim of the book is to offer readers a comprehensive and analytically structured overview of the normative, institutional, and operational dimensions of compliance. While the chapters engage with robust theoretical foundations they also reflect the practical realities faced by public sector institutions companies and professionals who must navigate increasingly complex regulatory environments. In this sense the work is intended not only as an academic contribution but also as a resource for those involved in governance, oversight, human resources, financial regulation, data management, and technology driven decision making.

Compliance is ultimately a system of collective responsibility that extends beyond rules. It is shaped by values that guide institutions by expectations that safeguard dignity and by practices that preserve the legitimacy of public and private power. Understanding its evolution is essential for anyone committed to strengthening integrity and fairness in organizational life.

Dedication

To those who believe that integrity is not merely a requirement, but a foundation of human dignity. To every scholar, practitioner and public servant who strives to build institutions worthy of trust. And to the next generation, who will inherit both our systems and our responsibilities.

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Part 1

1. Introduction: Academic and Normative Contribution

Compliance as Governance. The establishment of compliance instruments with the evolution of a more complex set of mechanisms in the past few decades changed how public and private organizations have been operating and one of the significant horizontal guarantees for the rule of law, accountability, transparency and human dignity has now become compliance. Although early forms of compliance developed in the context of legal regulation and the world of business, workplace discipline, and traditional practice norms, compliance can no longer be seen as a strictly legal or technical concept in its modern form. Instead, it is a multi-layered governance system that encompasses legal, sociological, ethical, and technological elements.

This book maps the historical, legal and institutional processes that have facilitated this transformation and the new organizational and social changes it brings forth. Regulatory compliance has also evolved not along a fixed path nor as a function of the same regulatory logic. Compliance, rather, has emerged out of intersecting reactions to legal risk, moral expectations, institutional failure, and technological change. It follows that merely doctrinal legal analysis or strictly managerial approaches fail to be able to make sense of the relevance of it in our time.

The early compliance systems were primarily reactive, focusing on prohibitions, sanctions, and ex post control. It also dawned, though, that there were no longer some ways in which organizational integrity could be achieved through “cleaving” against abuse. It needs instead that there is the planning ahead of responsible behaviour and that normative risks are anticipated and that accountability is institutionalized. This transition has been fostered by increasing societal expectations, global macro-level integration, and fast-paced technological advancement. European Union equal treatment law, data protection regimes, whistleblower protection frameworks, public procurement integrity requirements and increased regulation of artificial intelligence all demonstrate that compliance has become an indispensable factor in organising the process of governance today.

Therefore, this book especially focuses its attention on the empirical recognition of general structural principles of compliance in the legal disciplines and organization contexts. Advances in complaint and whistleblowing, compliance processes for internal accountability, global diffusion of data protection standards, institutionalisation of ESG (Environmental, Social and Governance) frameworks, and the rise of AI compliance point to intersecting regulatory logics. These phenomena do not only generate isolated legal rules; they shape organizational cultures wherein legal, ethical and technological considerations run concurrently.

Methodologically, the book takes an explicitly interdisciplinary and genealogical approach. Instead of treating compliance as a stand-alone legal method, or management tool, the analysis reconstructs the historical, normative and institutional arrangements in which compliance obligations emerged, stabilised and transformed. The approach combines legal-historical reconstruction, doctrinal legal studies, normative theory, organizational sociology, concepts and theories from technology studies and anticipatory governance. The genealogical view doesn't imply linear causation or simply institutional continuity; rather, it identifies recurrent normative patterns - such as the requirements of

disclosure, mechanisms of accountability, and expectations of integrity - that emerge across different legal systems, political realities, and technical situations.

By mapping these patterns back through the early dimensions of complaint law and whistleblowing to current compliance architectures, the book frames compliance as an iterated governance logic woven into history as opposed to a contemporary regulatory artefact. In the process it consciously avoids purely descriptive legal thinking on the one hand and instrumental policy analysis on the other. Its overall purpose is a central aim: analytical integration: to show how legal norms, ethical values, organizational procedures and technological networks emerge together or work together to co-evolve and mutually condition one another.

The book thus becomes engaged at the junction of legal theory, governance studies and the discipline of compliance theory and offers a theoretical perspective that can be adapted to the fields of public administration, corporate governance and even nascent algorithmic regulatory regimes.

Academic and Normative Contribution.

This book outlines an interconnected theoretical and dogmatic view of compliance as an independent normative infrastructure of governance. It is mainly a scholarly work insofar as it proves that compliance has ceased to simply be an instrument of legal enforcement in the face of pre-existing legal duties and has become rather a locus of norm emergence, moral critique, and institutional self-comprehension. Today, compliance is not just the vehicle for conformity; it is the structure in which organizations determine legitimacy, accountability, and acceptable behaviour.

The book's first significant contribution is the re-contextualisation of compliance as a historically nuanced phenomenon. By drawing connections between early forms of grievance handling, accountability, and equal treatment on one hand, and modern systems of compliance on the other, the analysis argues that compliance is not a new managerial creation but a persistent institutional problem relating to power asymmetry and trust. This historic overview opposes technocratic narratives that perceive compliance as 'neutral' risk management practice, and instead exposes it as something of standard practice driven by moral requirements, political conflict, and legal transition. The past is not a closed chapter, but an active structuring force that shapes what modern institutions can meaningfully foresee and reform.

The second central work is to rethink equality in compliance systems. The book goes further to state that equal treatment should not be considered simply as one of several compliance obligations or a formal legal standard, but considered as the minimum moral threshold of legitimate compliance. On one hand, the critique shows that formal equality is not enough as a standard compass to institutional behaviour. Rather the normative question is one which in increasingly complex regulatory environments is not necessarily strict equality, but indeed acceptable, proportionate and fair treatment under conditions of structural inequality. By merging legal doctrine, sociological insight, and moral philosophy, the book reconceptualizes equality as a dynamic evaluative principle balancing between legality, legitimacy, and lived institutional experience.

Third is the construction of anticipatory governance as a normative obligation rather than simply technical capability. Above and beyond predictions on the basis of predictive and risk-based foresight, the book locates anticipation in historical knowledge

and ethical continuity. For those institutions that are able to think through future risks, it shows, only if they recognize how past wrongs, exclusions and institutional failures continue to shape present vulnerabilities. By this token, anticipation is not anti-tradition; rather it depends on its critical interpretation. In the book the notion of anticipatory responsibility becomes an important construct for connecting the past, present, and future into a single system of legal and moral liability.

The fourth is the examination of artificial intelligence and the regulation of standards-based governance. The book demonstrates that the most significant normative effects of AI are not to be attributed to legislation or adjudication, but to an infusion of AI into compliance protocols and governance systems, such as ISO-based systems. In these contexts, AI serves as a silent normizing influencer, shaping legal and ethical expectations into metrics, indicators, and automated reviews. Such a transition displaces normativity from democratically accountable legal institutions towards technocratic systems legitimized by expertise and efficiency. The book presents a legal-dogmatic study of this evolution and shows how accountability, justification for the rules, and rights protections are further compromised when compliance decisions are guided by algorithmic standards rather than legal logic.

Finally, this book adds to more general debates in legal theory by revealing in what ways the tension between legality and normativity structures in current governance structures, a tension that characterizes contemporary governance. Although law is the formal determinant of obligation, compliance becomes a *de facto* normative regime that moulds behavior, disburses responsibility, and is a matter of institutional identity. This tension can not be simply rectified by increasing law and rules at the level of the legal system, the review found. Its necessity lies in the reinsertion of a legal consciousness within a practice of compliance where principles such as proportionality, due process and substantive equality can still function even in incredibly automated and standardised environments.

Collectively, these contributions situate compliance as a key locus in which law, principle, and an accountable governance in the future play out. A core thesis of the book is that compliance is no longer primarily about conformity to rules, but about the ongoing institutional negotiation of justice under high-level complexity, uncertainty, and technological change. As the authors articulate this shift, the book places itself within a lineage of post-2020 scholarship on compliance, equality, and the normative challenges raised by algorithmic governance.

2. The Development of Whistleblowing

The history of whistleblowing began much earlier than when medieval English kings first institutionalized the role of whistleblowers, because the moral and legal logic of exposing abuse was already recognizable in the functioning of ancient states. The legal texts of the Sumerian city-states required anyone who became aware of a serious abuse to report it to the temple or royal authority, and according to Kriwaczek, this obligation served not only to maintain order but also to protect divine justice (Kriwaczek, 2010, p. 88). Several points in the Code of Hammurabi also stipulated that failure to report was punishable in itself, so individual silence was considered a behavior that threatened the integrity of the state. The administration of ancient Egypt followed a similar principle, and Andrews notes that royal inquisitors often acted on anonymous complaints, establishing an early form of official accountability (Andrews, 2015, p. 132). Papyri evidence suggests that maintaining administrative integrity was a communal obligation, and whistleblowers often acted as defenders of public morals.

Roman law further developed this logic by introducing the institution of *delatio*, which Saller describes as one of the earliest legal precedents of modern whistleblowing, because delatores served both the interests of the *fiscus* and the control of public power (Saller, 2007, p. 211). Whistleblowers were rewarded and often initiated official proceedings that the Roman bureaucracy could not have resolved with its own investigative capacity. In the late imperial period, *delatio* often became a tool for abuse, but even this deformation indicated that the power of reporting carried significant political weight. The moral norms of early Christianity partly attempted to counterbalance the excesses of the Roman system, and Brown notes that in church communities, reporting abuse was justified by the protection of morality and communal purity, rather than by the pursuit of rewards (Brown, 2012, p. 94). The Benedictine Rule contained specific provisions for reporting abbey abuses, and this normative legacy later lived on in the reporting obligations of medieval canon law.

The role of whistleblowers gradually developed in medieval secular law. In the English royal justice system, presentment juries collected abuses based on community knowledge, and Sharpe argues that this practice was close to modern public interest reporting, because action taken in the community's interest initiated proceedings in a formalized manner (Sharpe, 2010, p. 143). Early whistleblowers, operating under local norms, were tasked with reporting customs fraud, corruption, or the use of false measures, and some city-states even offered financial rewards to whistleblowers. For example, the trade rules of the Hanseatic cities stipulated that anyone who uncovered abuses that harmed the economic interests of the community was entitled to a share of the goods seized. This practice protected the security of medieval trade, and according to Reynolds, the role of informers became increasingly important as the risks of trade networks increased (Reynolds, 1998, p. 67).

The most direct antecedent of modern whistleblowing – who sues in the name of the king and in his own interest – is the *qui tam* mechanism, which allowed a private individual to bring proceedings against the offender in the name of the king and keep part of the fine. According to Kohn, this construction became successful because the central state did not yet have adequate investigative capacity, so “civil enforcement” was one of the most important forms of law enforcement (Kohn, 2011, p. 34). The *qui tam* logic became particularly effective in commercial, tax and corruption cases, and the number of

proceedings increased rapidly. However, the strengthening of the early modern state gradually narrowed the role of private prosecution, and according to Peters, this decline resulted from the increased efficiency of centralized bureaucracies (Peters, 2009, p. 67). In maritime trade, however, reporting rewards remained, especially in the area of combating smuggling and insurance fraud, which was already institutionalized by the British Admiralty.

In the late 18th century, the Enlightenment and the American republican ideal gave a new moral basis to whistleblowing. The Whistleblower Resolution of Congress in 1778 stated that all officials had a duty to report corruption and were entitled to protection for acting in good faith. According to Martin, this law arose from the revelations of naval malfeasance and placed the republican ideal of transparency at the center of legal thought (Martin, 2013, p. 104). The French Revolution also strengthened the ethos of public interest whistleblowing, and Deneen argues that it became a duty for citizens to speak out when the public good was being harmed, which also laid the foundation for the moral principles of modern whistleblowing (Deneen, 2014, p. 58).

The industrial revolution of the 19th century created new risks that moved whistleblowing into the realm of workplace safety and organizational ethics. Miceli and Near point out that a significant proportion of industrial disasters stemmed from abuses that workers had previously reported but had been ignored, resulting in the normalization of retaliation (Miceli & Near, 1992, p. 41). At the same time, progressive reforms began to create the antecedents of modern administrative integrity systems, such as civil service reforms, which Simon argues formed one of the foundations of civil service ethics (Simon, 1998, p. 75).

By the second half of the 20th century, whistleblowing had become an important institution of democratic control and the protection of public funds. The 1986 ratification of the United States False Claims Act again expanded *qui tam* mechanisms, and Kohn argues that this was a crucial turning point in modern whistleblowing (Kohn, 2011, p. 121). During the Cold War, the disclosure of national security abuses became a particularly sensitive area, and Friedrich notes that the publication of Ellsberg's Pentagon Papers opened up the political dimension of whistleblowing (Friedrich, 1999, p. 93).

At the beginning of the 21st century, digital publicity brought a new era in which whistleblowers can achieve global informational impact, and according to Bauman, modern whistleblowing protects the information integrity of democratic communities (Bauman, 2016, p. 143). The European Union's 2019 Whistleblower Protection Directive created continental-level minimum standards, and according to Brown, this regulation made whistleblower protection systematic for the first time in Europe (Brown, 2020, p. 58). Modern development thus leads from ancient reporting obligations to a global system of digital transparency, and in this long process, social norms, political structures, technological innovations and legal cultures have mutually reinforced each other and shaped the meaning of whistleblowing.

2.1 The Historical Development of Hungarian Complaint Law

The historical development of Hungarian complaint law reveals a distinctive continuity between moral obligation and legal authority, in which mechanisms of reporting wrongdoing emerged as foundational elements of legitimate governance rather than as auxiliary procedural tools. From its earliest stages, Hungarian public law conceived the

articulation of grievances and the disclosure of misconduct as integral to the maintenance of justice and communal order. This historical trajectory situates the *panaszjog* not merely as a remedial institution but as an early manifestation of compliance logic grounded in moral responsibility.

In the early eleventh century, the legal order of the Hungarian Kingdom was established through the laws of King Saint Stephen (Decreta I–II, 1000–1038), which integrated Christian moral theology with the foundations of state authority. As Hantos has demonstrated, the early Hungarian concept of *rex iustus* understood political legitimacy as deriving from moral order rather than coercive power (Hantos, 1930, pp. 28–31). Within this framework, the obligation to disclose wrongdoing was explicitly codified: Decretum I, Title 12 required that anyone witnessing a wrongful act report it to the judge or *ispán*, while Decretum II, Title 16 sanctioned concealment and false testimony as violations of both legal and moral order (Mezey, 2011, pp. 35–36).

The duty of disclosure thus functioned simultaneously as a religious obligation and a form of civic loyalty. Reporting wrongdoing constituted participation in divine justice, whereas silence signified a rupture of communal integrity. In this respect, the Hungarian ideal of *rex iustus* closely paralleled the Anglo-Saxon concept of the king's peace, insofar as authority derived its legitimacy from the preservation of moral truth. The *bejelentési kötelesség*, or duty to disclose, therefore emerged not as a procedural accessory but as a constitutive norm of Hungarian statehood.

The medieval continuity of this norm is further evidenced in István Werbőczy's *Tripartitum Opus Iuris Consuetudinarii Regni Hungariae* (1514). Book II, Title 39 defined the complainant as a lawful petitioner entitled to denounce violations before the palatine or the king, thereby institutionalising moral agency within legal procedure (Bónis, 1972, pp. 36–47). Although embedded in a feudal hierarchy, this framework translated ethical dissent into legitimate legal speech, preserving the disclosure obligation as a foundational element of Hungarian public law.

The medieval system of petition, *supplicatio*, was based on royal favor and estate loyalty, and according to Szente, this practice resulted from the personal nature of political participation, since the exercise of power at that time was still based on hierarchical relationships (Szente, 1999, p. 41). The noble complaint law codified by the *Tripartitum* was – in Jakab's interpretation – one of the seeds of early Hungarian constitutionalism, since it allowed the estates to have limited control over the king's decisions (Jakab, 2008, p. 113). Hoffman points out that in this era the function of complaint was still closely intertwined in a political and legal sense, therefore complaint was not separated from political influence (Hoffman, 2016, p. 52).

As Ambrus and Farkas point out, these historical mechanisms reveal that compliance logic did not originate as a modern corporate technique but as a response to structural deficits of centralized enforcement, relying instead on individual reporting and proceduralized correction of misconduct (Ambrus & Farkas, 2019, pp. 24–26). From this perspective, Hungarian *panaszjog* may be understood as a proto-compliance mechanism, functionally comparable to modern whistleblowing systems.

With the development of the early central state organization, complaint handling began to become institutionalized. According to Erdei, the petition handling practice of the royal chancelleries became a prototype of the modern administrative structure (Erdei, 2004, p. 87). The rationalization efforts of the 18th century – especially the Habsburg reforms – moved the system towards unified, procedurally regulated complaint mechanisms. Balogh

emphasizes that under Maria Theresa and Joseph II, the right to complain had already become a tool to reflect government efficiency (Balogh, 2011, p. 61). The rise of urbanization and social modernization further strengthened the need for regulated, transparent state operation, which, according to Csefkó, was related to the emergence of modern forms of interest representation (Csefkó, 1998, p. 29).

The 1848 state organizational change fundamentally transformed the function of the right of complaint, as the emergence of the principle of popular representation eliminated distinctions based on class privileges. Jakab emphasizes that the expansion of the rights of remedy was connected with the adoption of modern forms of the division of powers, which necessitated the institutionalization of the control of the executive power (Jakab, 2008, p. 121). The administrative judiciary that emerged during the dualism period clearly strengthened the legal remedy function of the right of complaint: according to Erdei, this was the historical point when the complaint separated from the assertion of political interests and became primarily an administrative control mechanism (Erdei, 2004, p. 112). Szabó adds to all this that the rise of the rule of law in Europe required new procedural guarantees, which also left their mark on the Hungarian public administration system (Szabó, 2002, p. 78).

At the turn of the 20th century, the right to complain was interpreted differently by changing political systems. The socialist state after World War II transformed the complaint into a tool of political control. Kukorelli showed that the petitions then fulfilled two functions: on the one hand, they conveyed citizen dissatisfaction, and on the other hand, they served as a mechanism of party-state control (Kukorelli, 1989, p. 33). Although Act IV of 1954 formally regulated the complaint procedure, Jakab and Fröhlich point out that the legal institution did not ensure independent control, as it continued to be embedded in the hierarchy within the offices (Jakab & Fröhlich, 2019, p. 59). The 1977 legal changes primarily followed efficiency considerations and, according to Valuch, did not result in an actual extension of the right (Valuch, 2014, p. 91). The function of the complaint then followed the logic of socialist paternalism, in which the state strengthened its caring role.

The democratic transformation after the change of regime put the right to complain on a fundamentally new basis. The independent ombudsman institution appeared, which, according to Hoffman, was one of the most significant guarantee innovations in the history of complaint law, as it removed the investigation of complaints from the administrative hierarchy (Hoffman, 2016, p. 201). Szente emphasizes that the ombudsman system resulted not only in the strengthening of legal protection, but also in the structural transformation of the control system of the Hungarian public administration (Szente, 2017, p. 93). The spread of digital public administration further increased transparency: Koi showed that new technologies also transformed the culture of complaint management, creating new communication and reporting channels (Koi, 2015, p. 48).

The 2016 General Administrative Procedure already interpreted the right to complain as part of the constitutional principle of good public administration. According to Jakab and Fröhlich, the reason for this change was the increase in the complexity of public administration services and the strengthening of social expectations, which imposed new transparency and customer rights requirements (Jakab & Fröhlich, 2019, p. 75). Varga adds that complaints can only fulfill their quality assurance function if they are followed by real institutional learning processes that strengthen administrative integrity (Varga, 2020, p. 122). Thus, the right to complain is no longer just a tool for redressing individual grievances, but a structural feedback system for the functioning of a democratic state,

which – as Lőrincz puts it – is a key element of administrative fine-tuning (Lőrincz, 2010, p. 89).

This historical arc also traces the prehistory of Hungarian public law compliance. From the founding of the state, control mechanisms were present that, as Makkos points out, are the prototypes of the ethical and legal requirements of modern compliance: the prohibition of judicial and official abuses, the moral and legal condemnation of bribery, the institutions of accountability, and the spiritual legitimation of the exercise of power (Makkos, 2025, p. 30). Later eras – from the conflict of interest rules of the Tripartite through the 19th century codifications to the complaint mechanisms of state socialism – all contributed to the hybrid, both formal and ethical control culture that still defines the structure of Hungarian public law compliance systems today.

The latest wave of regulation – the strengthening of the whistleblowing institution, the GDPR, FATCA and the incorporation of ISO-based compliance structures – already functionally connects complaint law and compliance systems, creating a multidisciplinary control environment in which legal formalism, ethical compliance and organizational risk management build on each other. This continuity will be analysed in detail in section 2.2. Unless otherwise indicated, references to Makkos (2025) refer to the author's article: *Compliance elvek előzményei a magyar közjogban*.

2.2 The Hungarian Compliance Legal Environment

The Hungarian compliance framework has developed into a complex legal environment in which several regulatory subsystems gradually form a coherent structure of integrity-based governance. As Hoffman (2016, pp. 48–53) explains, Hungarian public law does not usually adopt new international concepts directly in their original terminology. Instead, it integrates them into existing legal and administrative traditions. Jakab (2008, pp. 112–118) also argues that Hungarian administrative guarantees tend to evolve through functional enlargement rather than through the creation of separate and independent legal regimes. Compliance in the Hungarian context, therefore, appears not as a single branch of law but as a composite set of mechanisms aimed at ensuring legality, transparency, and accountability in both public and private organizations.

A central pillar of this system is the regulation of whistleblowing. Hungary introduced a significant reform with Act XXV of 2023, which transposes the European Union Whistleblower Protection Directive. Brown (2020, pp. 57–60) notes that the Directive transformed the European landscape by recognizing whistleblowing as an instrument of public interest that procedural guarantees must support. Hungarian law follows this approach. The Act requires organizations to operate internal reporting channels, confidentially manage investigations, and protect individuals who report wrongdoing from retaliation. According to Jakab and Fröhlich (2019, pp. 59–76), this represents a decisive shift away from the earlier petition-based model of Hungarian administrative complaint procedures. Szente (2017, pp. 89–97) further emphasizes the importance of the Commissioner for Fundamental Rights, who oversees the broader institutional environment in which whistleblowing now functions as a central element of integrity enforcement.

Data protection forms another significant component of the Hungarian compliance environment. Hungary applies the General Data Protection Regulation directly and supplements it with the 2011 National Information Act. Kuner (2017, pp. 137–142)

describes the General Data Protection Regulation as one of the most demanding compliance frameworks in the contemporary legal order, while Birnhack (2008, pp. 411–415) points out that the European approach to data protection imposes extensive duties on controllers that go far beyond technical data management. In Hungary, the National Authority for Data Protection and Freedom of Information plays a decisive role, and Péterfalvi (2019, pp. 22–29) shows that the Authority’s practice has established strong organizational expectations regarding documentation, risk assessment, and demonstrable adherence to the regulation.

Integrity and anticorruption obligations form another critical dimension of the Hungarian compliance environment. Lőrincz (2010, pp. 86–92) argues that integrity management became a systematic administrative duty during the 2010s when public administration reforms and European expectations merged into a unified concept of public sector responsibility.

The Criminal Code of 2012 defines offences such as bribery, abuse of office, and the misuse of public funds. Varga (2020, pp. 119–123) highlights that modern integrity systems do not rely solely on criminal sanctions but also on preventive organizational structures. Peters (2009, pp. 61–67) adds that the recent creation of the Integrity Authority reflects a broader European trend in which national systems increasingly incorporate supranational standards of accountability.

Public procurement is one of the most regulated and risk-sensitive areas of Hungarian compliance. Koi (2015, pp. 44–51) observes that the Hungarian Public Procurement Act is deeply embedded in the European Union procurement directives, which require transparency, fair competition, and strong procedural controls. Bovis (2016, pp. 137–141) explains that procurement law throughout the European Union functions simultaneously as economic regulation and as an instrument for preventing corruption. In Hungary, this results in extensive documentation requirements, conflict-of-interest controls, and the mandatory use of electronic procurement tools.

Financial compliance constitutes a further key element of the Hungarian system. From Arner's (2017, pp. 45–49) perspective, financial institutions in Hungary operate under a supervisory regime that adopts international standards on prudential conduct and anti-money laundering. The work of Unger (2013, pp. 17–23) and Levi (2010, pp. 63–70) shows that anti-money laundering frameworks require continuous customer due diligence, transaction monitoring, and detailed record-keeping. Hungarian law reflects this international approach and assigns a central role to the Hungarian National Bank as the supervisory authority.

Cybersecurity compliance completes the overall picture. Hungary has implemented the requirements of the Network and Information Security Directive and its successor, the Network and Information Security Directive. Hungary has implemented the requirements of the Network and Information Security Directive (NIS) and its successor, the NIS2 Directive.

Radu (2022, pp. 89–94) explains that these instruments introduce a governance-based model of cybersecurity that obliges organizations to conduct risk assessments, prepare incident response plans, and maintain continuous surveillance of their information systems. Hogben (2021, pp. 43–46) argues that this regulatory approach replaces a reactive mindset with a forward-looking model that emphasizes resilience and ongoing organizational responsibility.

The aforementioned regulatory dimensions form a coherent and increasingly integrated compliance framework in Hungary. Although they originate from different doctrinal traditions, their interaction demonstrates what Jakab (2008, pp. 115–118) describes as the functional unity of modern administrative guarantees. Hungarian compliance law therefore emerges not as a single statute but as a multilayered structure that aligns national practice with European expectations and contemporary concepts of responsible organizational governance.

2.3 The Ethical Foundation of Compliance

One of the fundamental values of the Puritan-Calvinist tradition was the profound moral content of individual responsibility: one is accountable for one's actions not only in a secular but also in a transcendent sense. The mutually reinforcing norms of "self-accountability" before divine law and "civil accountability" before the community provide the dual ethical basis from which organizational responsibility, audit controls, and the need for transparency later grew.

This approach created the double standard of law and morality in the 16th and 17th centuries: what the law permits, conscience may still prohibit, and vice versa. The later philosophical form of compliance – where a moral maximum is placed above the legal minimum – is its direct ancestor.

Puritan communities in New England made this ethic a collective norm. The Massachusetts Body of Liberties (1641) and the later Laws & Liberties (1648) established a dual system of norms in which divine commands and English common law were “equally binding.” Community life was thus both a religious-ethical code and an early legal compliance system. The disciplinary layer of congregational self-government and elected elders created a structure of accountability in which deviations were met with swift, public, and exemplary sanctions.

This normative discipline was not created by colonialism, but within its framework it became – in line with Kämmerer's interpretation – institutionally disseminated and transferable between continents. The moral, social and legal models brought by the settlers from Europe thus became a defining point of North Atlantic political culture.

One of the key concepts of compliance ethics, the duty to expose wrongdoing, existed in 17th-century Puritan communities. Reporting fraud was not just a privilege, but a religious command. The Massachusetts Bread Law of 1686 – which gave half of the fine to the inspector who uncovered the wrongdoing – is the legal embodiment of this ethos. The later Anglo-Saxon model of whistleblowing (*qui tam*, 1778 Whistleblower Resolution, False Claims Act) is thus an institution of moral origin, not a mere technical procedure.

Another important feature of the ethical model of the Puritan communities was the logic of collision-negation: rights and freedoms can only extend as long as they do not violate the divine and social order. John Winthrop's concept of "civil liberty" meant that true freedom inherently contains its own limitations, and therefore cannot be against the common good. This view - in which freedom cannot conceptually conflict with the moral order - is echoed in the goal of modern compliance: the limitations of the organization's operation do not represent external restrictions, but rather the conditions of legitimate operation.

The Puritan ethos is also an early precursor to the concept of equal treatment. Article 94 of the Body of Liberties stated that “there is no personal privilege in court,”

which is the first historical appearance of the later principle of equal protection. From this grew the civil equality logic of the 14th Amendment, and then the 20th century Equal Employment Opportunity Commission (EEOC) system, which has become a central element of today's global compliance systems.

Puritan ethics was thus not a simple religious doctrine, but a moral, communal, and legal matrix in which the three fundamental principles of modern conformity were born:

1. transparency as a moral imperative,
2. responsibility as a community duty,
3. equal treatment as a minimum of justice.

This tripartite structure later seeped into common law liability models, audit and control systems, whistleblowing mechanisms, and modern doctrines of ethical and equality compliance.

The historical ethical basis of compliance is therefore not a product of 20th-century regulation, but a deep cultural heritage, rooted in the Protestant concept of responsibility, the Puritan community order, and the Anglo-Saxon system of norms that emerged from it. The moral maximum above the legal minimum – which was an everyday practice among the Puritans – is today the most important philosophical backbone of modern compliance.

3. Anti-corruption

Anti-corruption and integrity-based compliance is one of the earliest and most deeply rooted subsystems of the operation of modern organizations, the theoretical background and practical apparatus of which were formed over many centuries. The logic of taking action against corruption emerged in ancient administrative systems, when the misuse of community resources threatened political stability and the order of divine justice. The provisions of the Code of Hammurabi clearly prohibited fraud by officials, and according to Kriwaczek, in the administrative culture of ancient Mesopotamia, official integrity was the basis of the functioning of the state, which was supported by strict accountability (Kriwaczek, 2010, p. 144). Egyptian sources also testify that the corruption of officials threatened the foundations of the royal order, which is why early forms of administrative investigations and hierarchical control appeared at that time. Andrews explains that during the time of the pharaohs, integrity standards were based partly on religious morality and partly on the prestige of official rank, which is one of the earliest examples of ethical regulation in the public sector (Andrews, 2015, p. 153).

Roman law represented a new level in the institutionalization of action against corruption, because it created a formal procedure for investigating abuses through the *lex repetundarum* and the *praetorian edicts*. According to Saller, for the Roman public administration, anti-corruption rules were not only legal regulations, but also mechanisms of imperial control that guarded over the loyalty of officials and the purity of public power (Saller, 2007, p. 218). The peculiarity of the Roman system was that it used preventive and repressive tools at the same time, so abuses were considered an essential threat to the state structure. In the Middle Ages, anti-corruption norms appeared partly in church texts and partly in city statutes, where the disclosure of abuses often unfolded in a moralized form, in the interplay of church and secular power. According to Brown's analysis, medieval

Christian ethics placed significant emphasis on fair administration, which is one of the historical roots of the concept of integrity (Brown, 2012, p. 114).

In the era of early modern state development, anti-corruption principles gradually migrated into secular administrative regulation. The strengthening of states in the 16th–18th centuries was accompanied by the expansion of financial and customs systems, and Peters emphasizes that combating abuses became an important dimension of measuring government effectiveness at this time (Peters, 2009, p. 61). The development of the modern concept of corruption is linked to the political thought of the Enlightenment, especially the writings of Montesquieu and Beccaria, who described the structures of abuse of power as the enemy of political freedom. According to Beetham, the legitimacy of power can only be achieved if the norms of the exercise of power are transparent, accountable and morally justifiable, which is a fundamental principle of modern thinking about integrity (Beetham, 1991, p. 33).

In the 19th century, industrial capitalism and the development of the bureaucratic state system made the use of public funds and the public administration network so large that institutional action against corruption became necessary. The literature on public administration began to differentiate at this time, and Max Weber's analyses of ethics and bureaucratic rationality showed that the integrity of modern bureaucracy is based on the adherence to norms by officials. The "service ethic" in the Weberian sense became a universal reference point for public service integrity, which is still considered one of the theoretical pillars of compliance systems today.

In the 20th century, anti-corruption compliance developed in two directions: on the one hand, at the state level, and on the other, at the corporate level. International organizations – especially the UN and the OECD – created standards that turned anti-corruption norms into global guidelines. The OECD's 1997 Anti-Bribery Convention, followed by its detailed implementation guidelines, formulated systemic integrity requirements for both companies and public bodies. According to Johnston, these standards were groundbreaking because they were the first to unify the concept of international corruption and the prevention requirements (Johnston, 2005, p. 77). The emergence of corporate compliance became decisive with the adoption of the US Foreign Corrupt Practices Act (FCPA) in 1977, which for the first time stipulated the integrity of accounting and internal control systems as a legal obligation. According to De George's analysis, this was not just a legal technical reform, but the beginning of a new era of corporate ethics, because companies now had to incorporate integrity norms into their organizational culture (De George, 2005, p. 121).

By the beginning of the 21st century, anti-corruption and integrity compliance had become a mature, multidisciplinary system, which was based on the coordination of legal, organizational, ethical and risk management approaches. In addition to anti-corruption compliance, the concept of modern integrity also includes the areas of equal treatment, financial discipline, public service ethics and organizational transparency. The OECD Public Integrity Framework considers the three pillars of prevention, monitoring and accountability as decisive, and according to Lewis, this system is able to stabilize the operation of organizations in the long term by reducing the risks of corruption in organizational processes (Lewis, 2011, p. 212).

According to current practice, anticorruption compliance is based on shaping organizational culture, internalizing behavioral norms, early detection of abuses and operating reporting channels. Strengthened whistleblowing systems, risk mapping and

evidence-based decision-making are all elements that make the modern integrity mechanism operate as a complex, self-regulating system. Anticorruption compliance thus means not only following norms, but also a quality guarantee of the operation of the state and companies, in which the principles developed during historical development and modern global norms are continuously built on each other.

4. ISO Standards

The point in the history of compliance that allows the development of ISO systems to be fitted into the arc of C-history becomes truly understandable if we examine the standardization process not as a technical innovation, but as the intersection of social and institutional constraints. Starting from the 1990s, not only did new management tools appear, but a normative and organizational ecosystem gradually emerged in which compliance – until then often an optional internal rule – became a measurable, auditable and enforceable requirement. The genealogy of the process therefore does not consist of isolated technical developments, but is the result of social demands and institutional conflicts that necessarily steered organizations towards standardized rule-following (Herz, 2016, p. 142).

The first stage of the story was the emergence of the ISO 9001 and ISO 14001 standards, which extended the principles of process-based management, management review and auditability both vertically and horizontally to organizational operations. These standards – although not originally about compliance – nevertheless created an approach in which organizational integrity could no longer rely on the goodwill of managers or the loose recommendations of internal ethical codes. The integration of the PDCA logic into operations (ISO, 2009, p. 11) also meant that organizational responsibility now appeared in a cyclical, measurable and documentable order – this became one of the historical foundations of modern compliance.

The second turning point was brought by the Australian AS 3806:2006, which was the first to codify the organizational ideal of compliance. The standard explicitly emphasized managerial responsibility, the setting of measurable objectives and the establishment of transparent control points, pillars that became prerequisites for subsequent international standardization (Parker & Gilad, 2011, p. 27). This document extended the PDCA logic rooted in risk management – already established in AS/NZS 4360:1995 and the professional submissions that prepared it (Fraser & Simkins, 2010, p. 47) – to the whole of organizational compliance. At that time, compliance was not yet certifiable, but its structure was already clearly separated from the soft rules of ethical codes: it increasingly embodied the balance between organizational autonomy and external accountability.

The third phase began with the introduction of ISO 19600:2014, which, although still a “should” standard (Christensen, 2015, p. 88), nevertheless created the possibility of global standardization. The standard used the high-level structure of Annex SL, making it compatible with quality management, environmental management and information security systems. This horizontal compatibility was the point where compliance no longer appeared as an isolated function, but as an integrated management element – a normative framework that is simultaneously nourished by the need for control under the rule of law and the requirements of organizational rationality (Herz, 2016, p. 142).

ISO 37301:2021, built on the same architecture as ISO 19600, now created certifiable, “shall” obligations (ISO, 2021, p. 5). Compliance thus moved from the realm

of soft guidelines to the realm of auditable systems, similar to ISO 9001 or ISO/IEC 27001. The document transformed risk-based thinking into a technical structure for organizational responsibility: control points, management review, indicator-based performance measurement and documentable accountability became the focus of organizational practice. Compliance thus not only took over the logic of quality management, but also modified its normative content: the issue of organizational integrity became the basic structure of internal operations.

Compliance is no longer a legal sideline, a forced administrative obligation, but a historically established form of governance that does not limit the autonomy of organizations, but structures it. Just as the crown, colonial trade controls, early modern monopoly prohibitions, or modern anti-corruption regimes (OECD, 1997, p. 3; ISO, 2016, p. 6) sought to make the operation of power and the economy transparent and verifiable, so the ISO systems of the 21st century express that the purity of operations is not a voluntarily assumed virtue, but a condition for legitimate operation. This settlement, however, did not occur without tension.

ISO is thus not an external technical import, but the natural historical fulfillment of compliance thinking... ISO is thus not an external technical import, but the natural historical fulfillment of compliance thinking: the modern node of a long structural transformation in which organizational responsibility, social integrity, and the transparency of the rule of law have finally settled into a common normative space.

5. Financial Compliance

Financial compliance, especially anti-money laundering (AML) and know your customer (KYC) compliance, is one of the earliest institutionalized, yet constantly evolving areas of the modern economy, the historical development of which is closely linked to globalization, financial innovation, and the organizational transformation of transnational crime. Its evolution was not driven by financial rationality alone, but by the growing inability of classical criminal law to cope with cross-border financial risks.

Risks to the integrity of financial systems emerged as early as the mid-20th century, when cross-border financial flows, the institution of bank secrecy, and early forms of organized crime created a threat that could no longer be adequately addressed by the tools of classical criminal law. Naylor's historical analysis shows that anti-money laundering was originally a crime-law category, not a financial one, aimed at seizing the profits of organized crime, and only later became a fundamental compliance obligation of the financial sector (Naylor, 1999, p. 42).

In the post-Cold War period, the spread of liberalized financial markets and offshore centers created a new quality of risk. According to Sharman, the global financial system then became a dense network in which the origin, route, and ownership structure of money could be easily concealed, necessitating a radical strengthening of banking compliance systems (Sharman, 2011, p. 67). As a result, the role of financial institutions became part of law enforcement and national security, and compliance as a function first took institutional form within the internal control mechanisms of banks.

The turning point was the establishment of the Financial Action Task Force (FATF) in 1989, which was established as a G7 initiative and which developed international standards for combating money laundering. The FATF's 40 recommendations introduced

a risk prevention framework that is still used as a binding norm by the vast majority of the world's financial systems. According to Unger, these recommendations fundamentally changed the functioning of the financial sector, because banks had to examine the legal and economic background of their customers on a system level for the first time (Unger, 2013, p. 18). The birth of the KYC logic developed in parallel, and customer identification, customer profiles, beneficial ownership disclosure, and transaction monitoring are still essential elements of financial compliance today.

After the terrorist attacks of September 11, 2001, a new era began, as a different kind of threat to financial systems became visible. The fight against terrorist financing expanded the toolkit of financial compliance, and according to Levi, this was the first moment when banks became operational actors not only in law enforcement but also in national security (Levi, 2010, p. 63). The Patriot Act and other international regulations significantly increased the monitoring, reporting and data sharing obligations of banks, so that the compliance function of the financial sector became an extension of state control. Meanwhile, offshore financial centers, shell companies and anonymous ownership structures posed a challenge to which the global regulatory community could only gradually respond.

In the 2010s, the spread of financial innovation, especially digital payment systems, cryptocurrencies and fintech providers, added a new dimension to compliance risks. According to Arner's analysis, the fintech sector, in addition to democratizing financial services, has created a fast-moving, technology-driven risk environment where classic AML and KYC mechanisms are no longer sufficient (Arner, 2017, p. 45). The reaction of regulators is therefore twofold: on the one hand, they include new players in the financial sector under compliance obligations, and on the other hand, they create a new generation of thresholds, control technologies and data sharing systems. Cryptocurrencies and decentralized finance systems (DeFi) pose a challenge in which law enforcement and compliance are forced to apply new methodologies due to the pseudoanonymity of transactions.

The central concept of modern AML and KYC compliance is the risk-based approach, according to which banks should conduct risk-based rather than general controls. Organizations pay more attention to risky customers, transactions and geographies, and monitoring is based not on static rules, but on predictive algorithms, artificial intelligence and real-time data analysis. According to Hou, the effectiveness of modern financial compliance systems is determined by data-driven processes, especially in recognizing suspicious patterns and reducing false positives (Hou, 2020, p. 112).

The development of financial compliance systems is increasingly based on transparency and accountability. The Beneficial Ownership Register, the Common Reporting Standard (CRS) and the new generations of the EU Anti-Money Laundering Directives all serve the purpose of making the ownership structures behind financial movements visible. Moreover, banking compliance is no longer just a legal obligation, but also a matter of reputation, as major money laundering scandals – such as the Danske Bank or Swedbank cases – have shown that compliance deficiencies endanger organizational integrity and market position in the long term.

The development of financial compliance thus follows three major arcs: it started from the logic of law enforcement, became systemic risk management in the globalized economy, and then in the digital era it evolved into a technology-driven, predictive and continuous monitoring institution. Modern AML and KYC compliance is therefore a

financial, legal, technological and ethical structure, centered on the assumption that the integrity of financial systems is a global public interest, and its protection is the shared responsibility of banks, states and international organizations.

6. HR and Equal Treatment Compliance

HR and equal treatment compliance is one of the most complex, sensitive and socially impactful areas of modern organizational functioning, because it is located directly at the intersection of human dignity, workplace equality, organizational culture and accountability systems. HR and equal treatment compliance is one of the most complex, sensitive and socially impactful areas of modern organizational functioning.

This complexity stems not only from legal regulation, but from the fact that organizational power is exercised directly over individuals. Its development traces a long historical arc, leading from the labor rights movements of the 19th century to the algorithmic discrimination of the 21st century.

The importance of this compliance branch is particularly great in the public sector and in armed or law enforcement organizations, where hierarchy, command and formalized power create particularly intense forms of risk.

The historical roots of HR compliance can be traced back to the second half of the 19th century, when the rapid spread of industrial capitalism made the extent of employee vulnerability evident.

According to Marshall and Webb's analysis, early labor protection regulations – working time restrictions, the prohibition of child labor, the basics of accident prevention – were the first measures that can be considered as prototypes of modern HR compliance, because they made it a legal obligation for organizations to ensure a safe working environment and respect for the fundamental rights of employees (Marshall & Webb, 1897/1993, p. 41).

The labor movements of the early 20th century and the institutionalization of collective bargaining further strengthened this process, and legal frameworks were created that made employers accountable to employees.

After World War II, with the emergence of welfare states, equality and human dignity in the workplace gained new emphasis. The prohibition of discrimination was first made a global political issue by civil rights movements. Fredman describes this era as the “beginning of the globalization of anti-discrimination law”, as the US Civil Rights Act and ILO conventions introduced minimum standards that later became the foundation of European and global HR compliance (Fredman, 2011, p. 29). International labor law and human rights conventions now explicitly prohibited discrimination on the grounds of sex, race, religion, disability or trade union membership.

The development of European Union law opened a new era with the 2000 Framework Directives. Directives 2000/43/EC and 2000/78/EC harmonized the anti-discrimination laws of the Member States and established a European model of equal treatment. In Bell's interpretation, these directives did not only formulate prohibitions, but also created active compliance obligations for employers: internal investigation channels, training, monitoring, and systematic HR data management rules became mandatory elements (Bell, 2002, p. 155). It became clear to organizations that equal treatment was not just a moral issue, but a documentable, auditable compliance requirement.

One particularly sensitive area of modern HR compliance is the management of workplace harassment, mobbing and psychosocial risks. Einarsen and colleagues have shown that psychosocial stressors – overload, hierarchical pressure, conflicting leadership styles – are directly related to workplace health impairment, which requires organizations to take preventive measures (Einarsen et al., 2011, p. 23). The emergence of internal investigation systems, ethics hotlines and codes of conduct has thus become not just a soft compliance element, but a measure of organizational integrity.

Another pillar of HR compliance is equal opportunity promotion and access within the organization. Kalev's classic study showed that formal diversity and equal opportunity programs are only effective if organizations reinforce them with internal accountability mechanisms – quotas, reporting obligations, management responsibility (Kalev et al., 2006, p. 590). Modern HR compliance thus clearly distinguishes between equal opportunity as a declaration and equal opportunity as an institutionalized compliance obligation.

The biggest change of the 2010s and 2020s was the emergence of digital HR systems and algorithmic discrimination. AI-based recruitment systems, performance appraisal algorithms and predictive HR analytics have created new types of compliance dilemmas. Barocas and Selbst's analysis shows that algorithms often reproduce social inequalities, making the prohibition of discrimination not only a human right but also a technological right (Barocas & Selbst, 2016, p. 680). Modern HR compliance is therefore closely linked to AI compliance and data protection (GDPR, protection against automated decision-making).

Due to the special risk structure of the public sector, HR compliance is of particular importance in state, military and law enforcement organizations. The hierarchical structure, the logic of command and control and the special legal status rules – such as the military obedience requirement or the law enforcement disciplinary suitability – create situations where the risk of harassment, discrimination or abuse is structurally higher. Born and Wills explain that in military organizations the compliance function is not only a legal but also a strategic requirement, because the moral legitimacy and social support of the organization directly depend on the real implementation of equal treatment (Born & Wills, 2012, p. 41).

HR and equal treatment compliance is now a multidisciplinary system that draws on legal norms, psychological research, organizational theory, data protection and management science. Organizations are obliged to comply not only to address past grievances, but also because the real implementation of equal treatment is a key factor for employee trust, organizational integrity and long-term performance. HR compliance is thus one of the most important core functions of modern ethically sensitive organizations, in which norm compliance and cultural change mutually reinforce each other.

7. Public Procurement Compliance

Public procurement compliance is one of the most critical and risky areas of the modern state integrity system.

This risk does not arise from legal complexity alone, but from the concentration of public funds, discretion and political influence in a single decision-making space.

The development of public procurement is historically closely linked to the formation of the modern state. In the 19th century, the strengthening of industrial societies

and the spread of infrastructure developments – railways, post offices, military equipment – created such volumes of state orders that they could no longer be handled through informal channels.

According to Knight's analysis, by the second half of the 19th century, public procurement gradually transformed from a "state monopoly system of public spending" into a transparent, regulated procedure, because the threat of corruption, cartels and political clientelism threatened the public interest (Knight, 2003, p. 61).

By the 20th century, public procurement law had become a major tool of state economic policy and development planning. Post-World War II reconstruction and the institutions of the welfare state required massive public spending, which governments sought to rationalize through tenders and open competition. Arrowsmith notes that public procurement in this era served a dual function: on the one hand, it served to maximize economic efficiency and on the other hand, to minimize corruption, and this duality has remained a fundamental source of tension in modern public procurement compliance (Arrowsmith, 2014, p. 88).

International organizations – especially the World Bank, the OECD, and the UN – began to standardize public procurement principles in the 1970s, because the success of foreign aid and development projects essentially depended on transparent tendering practices.

However, the development of modern public procurement compliance has been most profoundly influenced by globalization. Due to the internationalization of supply chains, the cross-border provision of services and the increasing role of the technology sector, public procurement has carried new types of risks since the 1990s. According to Thai, in parallel, the complexity of tender procedures has increased to such an extent that incorrect announcements, insufficient competition or a narrowed tender field are already considered corruption risks in themselves (Thai, 2001, p. 19). Public procurement rules are therefore increasingly detailed, while compliance represents an increasing administrative and professional burden for organizations.

The European Union's regulatory system plays a crucial role in shaping modern public procurement compliance. The 2004 and 2014 Public Procurement Directives no longer only included competition law, but also integrity and social aspects. According to Bovis, the 2014 reform can be considered a milestone because it interpreted public procurement as an economic, ethical and sustainability category, thus opening up the possibility for the public sector to integrate corporate social responsibility (CSR), ESG requirements and equal treatment standards into procurement processes (Bovis, 2016, p. 137). The mandatory use of electronic procurement (e-procurement) also resulted in transparency being built into the compliance logic at a technical level.

The practical operation of public procurement compliance rests on three fundamental pillars. The first is transparency, which ensures that calls for tenders, evaluation criteria, contract amendments and cash flows are transparent. The second is fair competition, which requires the enforcement of competition law, the exclusion of excessive conditions and the prohibition of preferential treatment. The third is corruption and fraud prevention, which includes risk analysis, ensuring the purity of market consultation, managing conflicts of interest and third party due diligence. Rose-Ackerman points out that public procurement is particularly vulnerable precisely because economic incentives, political influence and organizational interests converge in one point, which creates an area of strategic importance for compliance systems (Rose-Ackerman, 2016, p. 203).

In the 2010s and 2020s, public procurement compliance has expanded into new dimensions. Digital platforms, automated bid evaluation systems, and artificial intelligence-based supply chain monitoring have created tools that can significantly reduce fraud and cartel risks. However, according to Fox's analysis, AI systems can create new moral and legal dilemmas, especially when automated decision-making is not transparent or if it adversely affects certain companies (Fox, 2021, p. 48). Therefore, modern procurement compliance requires not only technical but also ethical oversight.

Environmental and social responsibility have also become central. The EU Taxonomy and the CSRD require that public procurement procedures integrate sustainability considerations, and tenders increasingly include environmental criteria, carbon footprint requirements or social inclusion conditions. Green procurement and social procurement are now integral to public procurement compliance, and according to McCrudden, this change has created a new link between public spending and social justice (McCrudden, 2007, p. 212).

Public procurement compliance is therefore a complex system in which legal norms, economic rationality, integrity requirements, social responsibility and technological innovation all play a decisive role. Its development fits well with the integrity-oriented operation of modern states: the protection of public funds, the prevention of corruption and social efficiency are all central goals. Public procurement compliance is therefore a key element of public administration reforms and an area where legal, ethical and economic norms are most closely intertwined.

8. Cybersecurity Compliance

Cybersecurity and IT compliance is one of the most critical and fastest-changing areas of modern compliance, its development closely intertwined with the emergence of the information society, the spread of networked systems and the continuous transformation of digital threats. Cybersecurity and IT compliance is one of the most critical and fastest-changing areas of modern compliance.

Its rapid evolution has repeatedly forced organizations and states to redefine the boundaries between technical failure, legal responsibility and political risk. Cybersecurity compliance is not simply a technological issue, but a regulatory and risk management system that forms the basis of state sovereignty, economic stability and organizational integrity, ensuring the protection of digital infrastructures at the legal, organizational and ethical levels.

The historical roots of modern cybersecurity date back to the 1960s, when the first generation of computer networks, especially ARPANET, emerged. According to Abbate, it was then that the recognition was formed that the security of network communications was not merely an engineering issue, but a strategic risk threatening the system as a whole, which had to be addressed through public policy and institutional means (Abbate, 1999, p. 61).

In the 1970s and 1980s, the proliferation of computer systems brought new types of threats to the surface. The first generations of malware, viruses and worms – such as the Morris worm in 1988 – made it clear that the vulnerabilities of digital systems could threaten the very foundations of society. According to Denning's analysis, this was the era when cybersecurity first emerged from the realm of technological subsystems and became

a national security category in its own right, as attacks were no longer isolated incidents but targeted systemic vulnerabilities (Denning, 1999, p. 34). For organizations, this realization created radically new responsibility structures: networks had to be protected, access had to be controlled, and user activity had to be monitored.

Since the 2000s, digital infrastructure has become the fundamental backbone of economic and state operations. The digitalization of critical infrastructures – energy supply, water utilities, transportation systems, healthcare providers – has meant that the impact of cyberattacks is no longer limited to the virtual space, but also has physical consequences. Rid states that attacks in modern cyberspace are three-dimensional: they simultaneously affect the technological system, information flows and social perception (Rid, 2013, p. 74). Cybersecurity compliance has now entered a phase where organizations not only have to defend themselves, but also comply with national and international regulatory systems.

The decisive turning point came with the regulatory system of the EU and the US. In the United States, FISMA and later the NIST 800 standards introduced the integrated risk management logic that became the basis of modern compliance. The European Union adopted the first comprehensive cybersecurity directive, NIS, in 2016, followed by NIS2 in 2022, which covered a much wider range of organizations and made risk-based security controls, incident management protocols, supply chain security, and clear definition of management responsibility mandatory. According to Radu's analysis, NIS2 can be considered a milestone because it first placed digital security at the center of corporate management and legal responsibility, thus making cybersecurity a fundamental pillar of corporate governance (Radu, 2022, p. 91).

By the 2010s, the nature of cyberattacks had changed radically. Events such as SolarWinds, Colonial Pipeline, and WannaCry demonstrated that attackers were capable of crippling state, corporate, and civilian systems. Law enforcement and intelligence agencies have identified a hybrid nature as a characteristic of modern threats: the boundaries between cybercrime, nation-state-sponsored operations, and sabotage targeting critical infrastructure are blurring. According to Nye, the power structure in cyberspace is atypical because the concentration of technological capabilities allows small actors to achieve the same impact as states, creating a completely new risk logic for compliance systems (Nye, 2020, p. 118).

The practical operation of cybersecurity compliance is now deeply embedded in the organizational process system. Organizations are required to conduct risk analysis, launch vulnerability assessments, operate an incident management plan, and continuously monitor their networks. The principle of “zero trust architecture” – according to which no access can be considered secure in itself – has become one of the basic principles of modern compliance. According to Hogben, zero trust represents a paradigm shift because it sees security not in network perimeter protection, but in continuous monitoring and dynamic authorization (Hogben, 2021, p. 44). Modern compliance systems are also built on audits, certificates, and standards, such as ISO 27001, ISO 27701, or SOC2, which provide a structured, verifiable set of requirements.

One of the most important new dimensions of IT compliance is the emergence of AI-based attacks and defenses. Deepfake technologies, automated intrusion systems, and targeted attacks built on large-scale data sets create threats that traditional controls cannot adequately address. According to Brundage, the dual-use nature of AI – both civilian and military – means that cybersecurity compliance must simultaneously harness the benefits of technological innovation and set limits against abuse (Brundage, 2018, p. 54). This

further reinforces the trend that cybersecurity compliance is no longer an isolated technical area, but is closely linked to AI ethics, data protection, public service integrity, and supply chain security.

The evolution of cybersecurity compliance thus traces a historical arc that begins with the technical vulnerabilities of early networks and culminates in the systemic risks of digitalized societies. Modern cybersecurity compliance is now a fundamental element of the strategic stability of organizations: it operates at the intersection of technological infrastructure, human security, managerial responsibility, and international legal norms. There is no other area of compliance that is changing so rapidly and that has such a direct impact on the functioning of the public sector, the corporate world, and national security.

9. Data Protection Compliance

Data protection and privacy compliance are among the most complex and rapidly evolving areas of modern organizational operations.

Their transformation was not driven by technological progress alone, but by repeated failures to protect individual autonomy in increasingly data-intensive systems.

The first forms of personal data protection did not yet call the phenomenon this way, but according to Westin's analysis, the need for control over individual privacy had already emerged in the rapidly industrializing societies of the late 19th century, especially in the famous study by Warren and Brandeis, which introduced the concept of the individual's "right to be let alone" (Westin, 1967, p. 33).

This can be considered a precursor to modern data protection law, because it shaped the idea that a person has the right to control the information about him or her into a positive sign.

In the first half of the 20th century, technological progress was still slow, but the Second World War and early information systems (such as intelligence data repositories or the tragic abuses of the German population register) made it clear that the mass processing of data by the state could carry serious potential for restricting rights. According to Lyon, this era first showed that data is power and, if uncontrolled, also poses a threat to the social structure (Lyon, 2001, p. 14).

The protection of personal data began to take shape institutionally during the Cold War, when states massively introduced their central databases. The Scandinavian countries – especially Sweden – were the first to enact data protection laws in the 1970s, in response to public and civil society concerns. According to Bennett's analysis, the Swedish Data Act of 1973 was the first legislation in the world to establish comprehensive rules for data processing in the public and private sectors, thus launching a new era of data rights (Bennett, 2008, p. 51).

European data protection legislation soon followed suit, influenced by two factors in particular: the rapid spread of electronic processing of personal data and the strengthening of human rights law. The Council of Europe has also made the protection of personal data its own body of rules since the 1980s, in particular with Convention No. 108 of 1981, which was the first to recognize the principles of data protection as international law.

However, in the 1990s, globalization and the explosive growth of the Internet created challenges that went far beyond the scope of national data protection laws. The European Union's 1995 Data Protection Directive was the first major step towards a unified

European data protection system, but according to Birnhack, this document was still too compromising because it prioritized the autonomy of the member states, resulting in uneven protection across Europe (Birnhack, 2008, p. 411). Meanwhile, the United States followed a sectoral approach, and according to Solove's analysis, this fragmented regulation often failed to keep pace with technological developments, especially the spread of online services (Solove, 2011, p. 92).

At the beginning of the 21st century, the spread of the digital economy, platform-based services and big data systems brought about a qualitative shift that could no longer be managed within the framework of 20th century data protection thinking. The value of personal data became a market product, and profiling and automated decision-making had a direct impact on the dignity and autonomy of individuals. Zuboff highlights that the mass collection of data created a surveillance capitalism in which private companies and state actors were able to predict and influence the digital behavior of individuals, which poses a radically new type of threat to freedoms (Zuboff, 2019, p. 121). This process embedded the idea that data protection is no longer a narrow area of legal technology, but a human rights issue, a fundamental digital citizen protection.

The adoption of the GDPR in 2016 was therefore not a simple reform, but a turning point that placed the concept of data protection at the intersection of international law, philosophical ethics and organizational risk management. According to Kuner, one of the most important innovations of the GDPR was that it interpreted data protection not as administrative compliance, but as a risk-based regulatory model, which is based on active responsibility principles, accountability and proactive risk reduction (Kuner, 2017, p. 137). The principles of privacy by design and privacy by default indicate that data protection is a system of forward-looking controls built into organizational structures, technological architectures and operational processes, rather than an *ex post* redress mechanism. The GDPR pays special attention to individual rights, such as data portability, the right to erasure and protection against automated decision-making, which have become key pillars of digital civil rights.

Data protection compliance has become a global phenomenon since the GDPR, as the EU's extraterritorial scope has forced a significant portion of the world's companies to adapt to it. The US CCPA, the Brazilian LGPD, the Japanese APPI and African data protection regimes have all followed the GDPR model with some variation. According to Greenleaf, the reason for this globalizing effect is that the EU was the first to create a regulatory structure that was both legally strong, technologically compatible and commercially predictable (Greenleaf, 2021, p. 88). For organizations, compliance is not just about legal compliance, but also about reputation and trust, as digital trust is a fundamental factor in the modern economy.

The practical operation of privacy compliance today is primarily based on risk-based processes, in which organizations conduct data protection impact assessments, monitor incidents, apply role-based access rules, and implement data minimization practices. However, technological development poses a continuous challenge, especially in the field of algorithmic decision-making and artificial intelligence. According to Wachter and Mittelstadt, the operation of AI systems creates new types of compliance risks that traditional privacy logics do not provide an immediate answer to, because the operation of the model is often opaque, and the patterns generated from personal data can also violate the privacy of the individual (Wachter & Mittelstadt, 2019, p. 44). Thus, privacy

compliance is now closely intertwined with the field of AI ethics and the requirements of algorithmic transparency.

The evolution of data protection and privacy compliance thus traces a long arc, leading from the concept of privacy in the 19th century to the complex technological and human rights dilemmas of the big data era. The new framework created by the GDPR has become a fundamental institution of digital trust, in which organizations must base their operations not only on legality, but also on actual respect for the value of privacy.

10. Third-party Compliance

Third-party and supply chain compliance is one of the most complex and risky areas of modern compliance systems.

This risk arises precisely from the fact that organizational responsibility increasingly extends beyond formal organizational boundaries.

A significant part of economic activities is carried out through external actors: suppliers, subcontractors, logistics partners, agents, franchise networks, consultants and other third parties. It follows that most of the risks threatening organizational integrity do not appear within the organization, but on the horizon of external relationships. According to Wagner, companies operate as extended enterprises, therefore internal compliance is only effective if it can ensure the integrity of the entire supply chain (Wagner, 2010, p. 44).

The historical development of third-party compliance is partly a consequence of globalization. At the end of the 20th century, global supply chains – especially in the electronics, textile, automotive and logistics sectors – became so internationalized that production, assembly, transportation and sales took place on several continents, in different legal and ethical environments. According to Gereffi’s analysis, global value chains created “fragmented production structures” in which responsibility became diffuse: the brand owner often reached the actual producer through several layers of subcontractors (Gereffi, 1999, p. 38). In this environment, it became obvious that the risks associated with the operation of third parties – corruption, labor abuses, environmental damage, human rights violations – posed a direct reputational and legal risk to the commissioning organization.

The decisive turning point came with the major corporate scandals of the 2000s, especially cases such as the child labor revealed at Nike’s Asian suppliers, the Rana Plaza factory disaster in Bangladesh, or global corruption cases (Siemens, Petrobras, Odebrecht), which showed that lack of supply chain compliance could trigger an organizational-level integrity crisis. Locke’s investigations showed that these scandals were not isolated phenomena, but the consequences of structural vulnerabilities in supplier systems: excessive price pressure, lax controls, and opaque ownership structures all encouraged abuses (Locke, 2013, p. 102).

The institutionalization of third-party compliance originated from corporate anti-corruption regulations. The US Foreign Corrupt Practices Act (FCPA) was the first law to extend corruption liability to external partners: if an agent, fiduciary or consultant commits corruption, it is extended to the company as well. The same logic was reinforced by the UK Bribery Act, which drew even stricter limits on liability. Rose-Ackerman states that these rules have turned the third-party relationship system into an “external integrity zone” because the company only meets legal expectations if the third parties also comply (Rose-Ackerman, 2016, p. 274).

Modern supply chain compliance is built around three main risk areas. The first is corruption and bribery risk, which arises in financial flows, licensing processes or regulatory relationships handled by third parties. The second is labor and human rights risk, especially in the case of supplier networks operating in countries with underdeveloped rule of law. The third is environmental and sustainability risk, which arises in connection with production, waste management, energy use and supply chain stability. Modern EU regulations – the Due Diligence Directive, the EU Taxonomy and the CSRD – all make it mandatory to assess, monitor and sanction third parties.

The practical operation of third-party compliance is based on four consecutive stages. The first is partner identification and risk classification, which includes the detection of beneficial owners (UBO), legal entity and country risk. The second is due diligence, which should be applied on a risk basis: in-depth interviews, document analysis and on-site audits are required for high-risk partners. The third is integrity clauses and monitoring, which ensures at the contractual level that the partner complies with anti-corruption, HR, environmental and data regulations. The fourth is continuous monitoring, which is based on AI-based transaction analysis, supplier scoring systems and early warning indicators.

Modern supply chain compliance is particularly closely linked to sustainability and human rights compliance. The German Supply Chain Due Diligence Act (LkSG) and the EU's upcoming horizontal due diligence directive require companies to identify and eliminate risks of forced labor, forced labor, child labor, or serious occupational safety deficiencies throughout their entire supply chain. According to Vogel, this change has broadened the scope of companies' responsibility "from domestic to global": a company cannot claim responsibility for a distant supplier (Vogel, 2020, p. 133).

Third-party compliance is therefore a key element of the 21st century integrity system, in which legal, ethical, economic and technological norms are closely intertwined. For organizations, risks related to third parties are not external factors, but are a direct part of their own reputation, legal position and social responsibility. Supply chain compliance is therefore no longer optional, but one of the most important guarantees of organizational integrity.

11. AI and Algorithmic Compliance

AI and algorithmic compliance is one of the newest and fastest-growing areas of modern compliance. Its significance arises from the fact that automated decisions increasingly replace human judgment in legally and ethically sensitive contexts.

This compliance branch actually begins where classic HR, data protection, integrity, and cybersecurity compliance are already insufficient on their own: decisions supported by artificial intelligence, predictive models, and automated assessment processes create risks that require new, independent regulatory logic. AI compliance is no longer a legal technical subfield, but a comprehensive organizational risk management system aimed at maximizing transparency and accountability while minimizing the social harm of technology.

The starting point of the historical development can be found in the first automated decision-making models that appeared in the mid-20th century. Wiener's cybernetic theory

and early game-theoretic systems already suggested that automated decision-making would be able to replace human evaluations, but these were still purely technological issues (Wiener, 1950, p. 27). The need for compliance only became clear later, when machine learning systems replaced human decisions. By the 1990s, it was clear that algorithms could distort, make mistakes, and even perpetuate systemic inequalities – this was what Langdon Winner called “artifact politics”, i.e. the phenomenon that technological systems have political and moral consequences (Winner, 1986, p. 19). This recognition was also the germ of AI compliance: the need for algorithms to operate in a verifiable and accountable manner emerged.

Since the 2010s, the rapid spread of artificial intelligence – especially the use of predictive analytics, facial recognition, recruitment algorithms and credit assessment models – has enabled such a volume of intervention in key areas of human life (education, healthcare, policing, the labour market) that the need for compliance requirements has emerged worldwide. O'Neil's book, *Weapons of Math Destruction*, clearly showed that opaque algorithms can cause enormous social harm if they are based on distorted or incomplete data, or if the logic of the model itself is discriminatory (O'Neil, 2016, p. 54). In parallel, some research has been dominated by the examination of bias – that is, algorithmic distortion – which has increasingly clearly demonstrated that AI systems tend to reproduce social inequalities. One of the most important realizations of this process was that the prohibition of discrimination can no longer be interpreted exclusively for human decisions, because artificial intelligence is just as capable of creating discrimination, and even more so in a more invisible form due to automation.

The formal institutionalization of the compliance system was brought about by the European Union. The EU AI Act – the world's first comprehensive artificial intelligence regulation – is based on a risk-based model and imposes mandatory compliance requirements on high-risk systems. Floridi's analysis highlights that the novelty of the AI Act lies not only in prohibitions or licensing obligations, but in the fact that it creates a complete compliance architecture: data quality requirements, transparency obligations, documentation systems, human oversight and risk management protocols (Floridi, 2023, p. 73). In parallel, the regulation also defines organizational responsibility: managers are responsible for the compliance of the AI system, auditability and ensuring meaningful human control.

Modern AI compliance rests on four main pillars.

The first is algorithmic transparency, which requires that the reason and method for AI decisions be reconstructable. Doshi-Velez called this the “minimum of interpretability,” without which accountability cannot be established (Doshi-Velez & Kim, 2017, p. 5).

The second pillar is data quality and data ethics, which assumes that AI outputs are only as good as the input dataset, therefore data processing also has compliance criteria (GDPR, protection against automated decision-making).

The third pillar is ensuring human oversight, which the EU stipulates as a “human-in-the-loop” requirement, which guarantees that critical decisions are not made solely by AI.

The fourth pillar is risk-based audit and monitoring, which continuously checks the operation of the models, not only during development, but also during application.

Artificial intelligence used in HR systems constitutes a separate risk category. Classic studies by Barocas and Selbst show that recruitment algorithms, performance predictors or career progression models can generate systematic disadvantages for certain

groups, such as women, older workers or ethnic minorities (Barocas & Selbst, 2016, p. 703). Therefore, AI compliance and Equal Treatment Compliance are directly linked: the prohibition of discrimination is enforced when algorithms are audited, tested and regularly examined for their impact on different groups.

In military and law enforcement organizations, AI compliance has strategic weight. Predictive law enforcement algorithms, risk profiling systems, and biometric identifiers represent such an intense intrusion into civil rights that, according to Born and Wills, they can only be legitimately accepted if organizations can demonstrate the transparency, accountability, and minimization of the risks of abuse of the system (Born & Wills, 2012, p. 63). Therefore, modern AI compliance requires special high-level controls in national security organizations.

The AI compliance framework is thus a rapidly evolving, multidisciplinary framework that examines technological innovation in conjunction with its rights, ethics, and societal impacts. AI compliance is a legal, ethical, organizational, and data protection issue that determines how AI systems can align with democratic rule of law and the principle of equal treatment. As AI increasingly becomes a foundational layer of how organizations operate, compliance becomes an essential guarantee, without which the risks of algorithmic decisions would become uncontrollable.

12. ESG and Sustainability

Environmental and sustainability compliance is one of the youngest branches of modern regulatory thinking. Its emergence was driven less by regulatory innovation than by the growing inability of traditional environmental law to manage systemic ecological risks. Its history did not start overnight, but became an independent institutional field as a result of decades of social, economic and political processes.

The beginnings can be dated back to the mid-20th century, when industrial modernization, urbanization and mass production burdened environmental systems to such an extent that environmental damage had become a risk on a societal scale. Carson's classic work, *Silent Spring*, was epoch-making precisely because it was the first to show with scientific rigor that environmental damage has not only ecological, but also health, legal and political consequences (Carson, 1962, p. 41). This realization led to the gradual strengthening of the state's role in environmental protection, and modern environmental legislation emerged from the 1970s onwards.

The first generation of environmental law was mainly based on prohibitions, limits and technological regulations. The establishment of the Environmental Protection Agency in the United States and the development of Community environmental directives in Europe indicated that environmental protection was no longer just a scientific or activist issue, but also an administrative and economic matter. According to Mol, in this era we can still speak little about sustainability compliance, because the regulatory logic was mainly reactive, sanction-oriented and industry-specific (Mol, 2001, p. 22). At the same time, the institutional elements – licensing, monitoring, impact assessment – that form the basis of later sustainability compliance systems appeared.

The second wave came in the 1990s, when the concept of sustainable development became a global political and legal category following the Brundtland Report. Sustainability no longer encompassed merely ecological, but also social and economic dimensions, and companies and states had to face new types of responsibilities. Elkington

stated that the performance of companies could no longer be interpreted solely on the basis of financial results, but had to be built on the “triple bottom line” – profit, people, planet (Elkington, 1997, p. 9). This idea later became one of the basic theses of corporate sustainability compliance. International organizations – the UN, OECD, World Bank – successively developed sustainability recommendations and standards, which affected everything from corporate operations to public policy planning.

A new era began at the beginning of the 21st century, when globalization, the threat of climate change and global supply chains made it clear that environmental risks could no longer be localized. Meadows’ systems analysis drew attention to the fact that the issue of sustainability was based on complex, feedback-driven social and economic networks, so that without cooperation between companies and states there was no realistic chance of dealing with environmental crises (Meadows, 2004, p. 55). In parallel, corporate performance indicators, audits, self-regulatory system elements and supplier screening mechanisms appeared, which already anticipated the concept of modern sustainability compliance.

However, the decisive turning point came in the 2010s, when the Environmental, Social, Governance (ESG) framework became a central category in the world of finance and corporate governance. ESG is not simply a collection of environmental indicators, but an integrated assessment system that examines a company’s operations from the perspective of sustainability and social responsibility. According to Eccles, ESG has become decisive because investors, regulators and consumers are increasingly looking for long-term value creation and social impact, rather than short-term profit (Eccles, 2015, p. 77). Thus, sustainability compliance has become a market, legal and ethical requirement at the same time.

The European Union’s regulatory system has made this change systemic. The CSRD (Corporate Sustainability Reporting Directive) and the EU Taxonomy no longer set recommendations, but mandatory compliance criteria that oblige companies to publish measurable, auditable sustainability data. According to Scholz, this is the first legislative package that has made sustainability and environmental integrity part of financial stability and corporate governance (Scholz, 2021, p. 104). This has moved sustainability to the level of strategic corporate governance, and the mandatory, organizational-level practice of modern sustainability compliance has been born.

Today’s system is already extremely complex and includes elements such as environmental risk assessment, life cycle analysis, supply chain transparency, mandatory reporting of climate risks, compliance with emission standards, ESG audits, and alignment with climate neutrality goals. Companies must not only ensure the sustainability of their own operations, but also monitor the environmental performance of their suppliers and partners.

The new generation of sustainability compliance is now explicitly data-driven, using tools such as ESG scoring, sustainability KPIs, and climate risk scenario modeling. Environmental compliance is not simply about legal compliance, but about systemic transparency and long-term responsibility.

13. Final Image/Conclusion

Modern compliance is not a simple rule-following technique, but the culmination of centuries of ethical and legal development that emerged from the Puritan concept of

responsibility, the Protestant work ethic, the self-governing discipline of colonial communities, and the structured guarantee system of constitutional institutions. This historical legacy is like the deep foundation of a tower: above the surface, only today's rules, checkpoints, and procedures are visible, but their true stability is provided by the moral and cultural layers that lie deep below.

The supporting structure of the tower is the mutually reinforcing relationship between legal regulation and moral norms. The double standard created by Puritan communities – the unity of the legal minimum and the moral maximum – still defines how organizations relate to responsibility, accountability and the public interest. The duty to report abuses, which was an ethical imperative in the 17th century colonies, today functions as the vertical “elevator core” of compliance: it connects the levels of the organization, ensures transparency and enables correction.

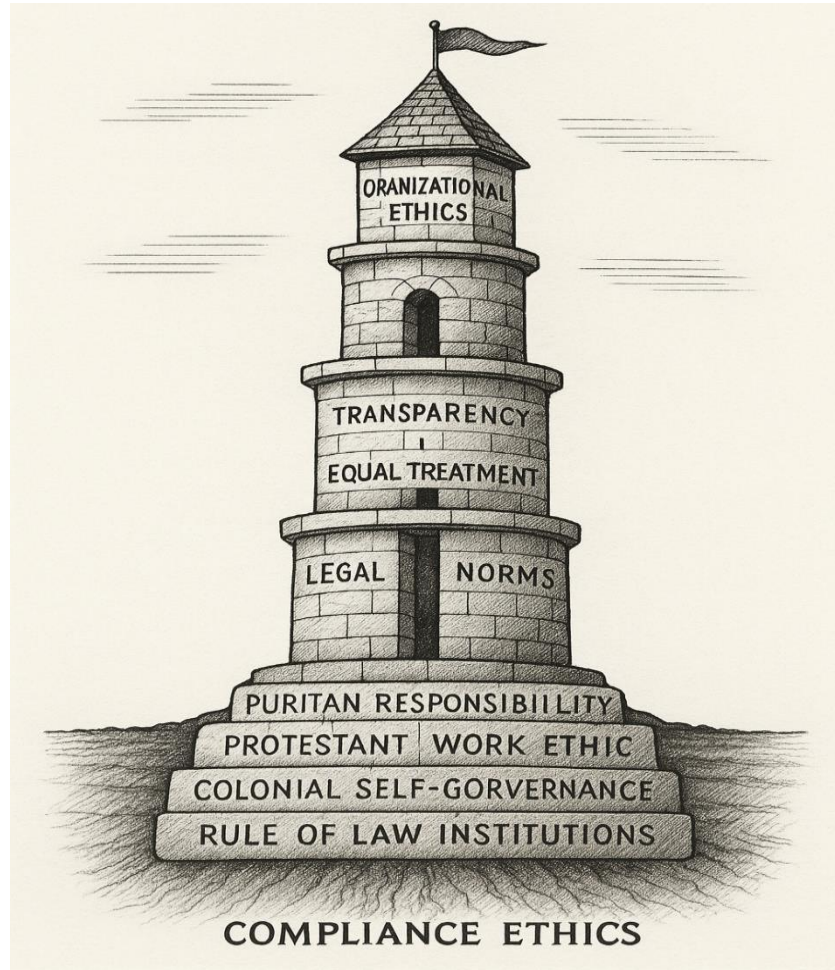
The outer shell of the tower is the principle of transparency and equal treatment: these give the organization credibility to the outside world. The puritan logic of “no respect of persons before the law” later became the basis of civil equality, then modern anti-discrimination norms, and today is one of the indispensable pillars of ethical compliance. A tower only stands if the external and internal layers form an organic whole; similarly, compliance only works if there is a real culture of integrity behind the formal rules.

The top level – the pinnacle of the tower – is represented by organizational ethics and leadership. This is the point where historical heritage becomes institutional practice: where transparency, justice, fairness and equal treatment are not just declarations, but operational expectations. The ultimate meaning of compliance is not the enforcement of rules, but the culture in which doing the right thing becomes an internal demand and the common good becomes everyday work.

Thus the tower metaphor is fulfilled: compliance ethics is an integrated structure from the ground up, held together by legal norms, stabilized by historical moral layers, and illuminated by organizational culture. Modern compliance is essentially nothing more than the operation of the historically constructed ethical tower in 21st century organizations.

Figure 1. The compliance tower as a metaphor of normative and institutional layering

Source: Visual illustration generated for conceptual purposes



The figure illustrates the book's central thesis that compliance operates as a layered normative infrastructure rather than a linear control mechanism.

Part 2

14. From Regulatory Compliance to Equality-Oriented Governance: A Conceptual Transition

The chapters in the first part of this book have traced the development of compliance through a series of historical, institutional, and technical transformations. As demonstrated by Parker (2002, pp. 21–28) and Ayres and Braithwaite (1992, pp. 101–109), early compliance models were predominantly designed to manage risk and secure organizational adherence to regulatory commands. Across the fields examined so far, including corruption control, financial supervision, cybersecurity, and data protection, compliance has been conceptualised primarily as a mechanism for preserving institutional integrity and reducing the likelihood of legal or operational failure. This understanding closely aligns with the analysis of Baldwin, Cave, et al. (2012, pp. 45–52), who characterise compliance as an instrument of regulatory accountability rather than as a comprehensive framework for evaluating organizational justice.

More recent governance scholarship, however, suggests that this technically oriented conception of compliance has become increasingly insufficient. A growing body of literature indicates that compliance can no longer be understood solely in terms of formal legality or procedural correctness. Scott (2017, pp. 87–93) observes that contemporary compliance practices increasingly reflect wider social expectations that permeate organizational life, often extending beyond explicit regulatory requirements. Edelman (2016, pp. 143–150) similarly shows that legal norms interact with institutional cultures in ways that shape how organizations interpret and enact concepts such as fairness, dignity, and equal treatment. What emerges from these accounts is not a linear progression but a gradual and at times fragmented reconfiguration of compliance, in which legal control is supplemented by ethical responsibility and social value. This book adopts this latter perspective, treating compliance not as a closed technical system but as an evolving mode of governance whose normative content is continuously renegotiated in practice.

The emergence of equality-oriented governance illustrates this deeper transformation with particular clarity. Anti-discrimination frameworks and equal treatment obligations require organizations to assume responsibilities that cannot be reduced to the avoidance of sanctions or reputational harm. As Fredman (2011, pp. 34–41) emphasises, equality law is intrinsically proactive, imposing positive duties to promote inclusion rather than merely prohibiting discriminatory conduct. O’Cinneide (2012, pp. 57–64) likewise underlines that equal treatment regimes reframe compliance as a normative commitment, compelling institutions to reassess their internal structures, decision-making processes, and often unarticulated assumptions. These obligations are demanding. They disrupt settled routines. They also expose tensions within organizations, particularly where equality objectives collide with entrenched hierarchies, limited resources, or competing regulatory priorities.

Despite their apparent distinctiveness, the themes addressed in the earlier chapters of this book share an important structural affinity with equality compliance. Hepple (2010, pp. 23–30) demonstrates that contemporary equality governance relies on organizational instruments long associated with technical compliance, including risk assessment, internal monitoring, training schemes, and systematic documentation. From this perspective, equality-oriented governance does not represent a break with earlier compliance models

but rather their extension into a normative domain in which the protection of human dignity becomes a central regulatory concern. This continuity is further reinforced by De Schutter (2016, pp. 112–119), who argues that compliance with fundamental rights increasingly follows the institutional logic of corporate and administrative compliance systems, even as it subjects those systems to more demanding evaluative criteria.

The shift from regulatory compliance toward equality-based governance therefore reflects a longer-term evolution in which legal conformity and ethical responsibility progressively converge. The chapters that follow build directly on the analytical foundations established in Part 1, while deliberately expanding the scope of inquiry by examining equal treatment as a comprehensive model of governance. Within this framework, organizations are not merely required to refrain from discrimination but are expected to cultivate institutional environments in which fairness and inclusion function as guiding principles, within the limits imposed by institutional capacity and legal competence. As Moon (2018, pp. 79–86) observes, equality-oriented compliance illustrates that the purpose of modern compliance is no longer confined to the management of legal risk. Increasingly, it is concerned with shaping the values through which institutions define their legitimacy and their contribution to a just and inclusive social order.

15. The Concept and Morphology of Equal Treatment

At first glance, the concept of equal treatment may appear deceptively simple, often reduced to the intuitive assumption that organizations should treat everyone in the same manner. Closer examination, however, reveals that equal treatment is a complex and multi-layered norm whose meaning cannot be exhausted by notions of uniformity. Its philosophical foundations, legal structures, and practical applications point toward a far more differentiated understanding. Aristotle already clarified in the *Nicomachean Ethics* that justice requires treating equals equally and unequals proportionately (Aristotle, 1985, p. 113). This classical formulation remains decisive because it establishes that equal treatment does not imply mechanical sameness but rather a proportional response to relevant differences.

Within the natural law tradition, Pufendorf further strengthened the moral foundation of equal treatment by asserting the inherent equality of human dignity (Pufendorf, 1991, p. 71). This idea provides a binding normative starting point for legal systems, yet it does not entail that identical treatment is justified in all circumstances. Rawls's theory of justice makes this tension explicit by linking institutional legitimacy to fair principles of distribution, particularly with regard to the position of the least advantaged (Rawls, 1971, p. 52). The difference principle illustrates that equal treatment operates along at least two axes: the equal respect owed to persons as bearers of dignity, and the structured allocation of opportunities and burdens within social institutions.

Dworkin refines this duality by distinguishing between equality as an individual right and equality as a principle of political community (Dworkin, 1977, p. 22). From the individual perspective, equal treatment entails the right not to be disadvantaged on the basis of arbitrary or irrelevant characteristics. This logic underpins one of the core morphologies of the prohibition of discrimination. From the collective perspective, however, equality also concerns the fair distribution of social goods, a task that increasingly appears as an organizational and state responsibility rather than a purely interpersonal concern.

Sen's capability approach adds a further dimension by shifting the focus from formal equality to effective participation. Equality, in this sense, does not require that everyone receives the same resources, but that individuals are able to convert available opportunities into meaningful life choices (Sen, 1992, p. 39). This insight has become central to modern equal treatment regimes, particularly in employment and organizational contexts, where access to opportunities often depends on institutional design rather than individual effort alone.

Legal doctrine further sharpens the morphology of equal treatment. Anti-discrimination law traditionally distinguishes between direct and indirect discrimination. Direct discrimination occurs when a person is treated less favourably explicitly because of a protected characteristic, whereas indirect discrimination arises where ostensibly neutral rules or practices produce disproportionately adverse effects on specific groups. This distinction is codified in EU Directive 2000/78/EC, which also reflects the employer's proactive responsibility to prevent structural disadvantage (Directive 2000/78/EC, preamble 11). The legal concept thus moves beyond reactive sanctioning and toward anticipatory organizational governance.

Taken together, the morphology of equal treatment comprises at least five interrelated layers: human dignity, proportionality, equality of opportunity, the prohibition of discrimination, and the guarantee of social participation. These elements do not function independently. Rather, they form an interconnected structure through which equal treatment acquires its normative force. Nussbaum's capability framework reinforces this view by emphasizing that equal treatment ultimately aims at enabling human flourishing (Nussbaum, 2000, p. 79). From this perspective, it becomes clear why modern legal systems treat harassment and retaliation as violations of equal treatment: such practices undermine personal autonomy and obstruct effective participation.

Sociological analysis adds yet another layer to this structure. Goffman's work on stigma demonstrates how social labels and implicit prejudices shape individuals' life chances, often independently of formal legal norms (Goffman, 1963, p. 12). Within organizations, these latent biases frequently manifest in decision-making patterns that are formally lawful yet substantively exclusionary. Acker's concept of inequality regimes captures this phenomenon by showing how organizational structures and routines systematically reproduce inequality in predictable ways (Acker, 2006, p. 443).

The technological environment further expands the morphology of equal treatment. O'Neil demonstrates that algorithmic decision-making systems can amplify existing social biases rather than neutralise them (O'Neil, 2016). Barocas and Selbst similarly argue that big data-driven processes often generate forms of indirect discrimination that escape traditional legal detection (Barocas & Selbst, 2016, p. 671). These developments imply that equal treatment today also encompasses the identification, prevention, and correction of technologically mediated bias. Equal treatment therefore cannot be understood as a static legal rule but must be conceived as a dynamic principle that evolves alongside social and technological change. Its morphology integrates normative commitments, descriptive insights, and risk-based analytical tools.

This conceptual complexity forms the basis for integrating equal treatment into organizational operations, risk assessment, audits, training programmes, and internal processes. Equal treatment functions here not as an isolated legal requirement but as a structural principle capable of guiding governance practices across institutional domains.

Visual Conception of the Global Genealogy of Compliance

Modern compliance systems are not inventions of the twentieth century but the outcome of a long historical process in which legal norms, administrative practices, moral expectations, and state responsibility gradually converged. To understand contemporary compliance, it is therefore necessary to return to medieval and early modern institutions where ideas of accountability, transparency, and legally bound governance first emerged. In both Hungary and Europe more broadly, institutional traditions developed that later became prototypes of modern compliance principles.

The *Exhortations* of Saint Stephen articulated a model of governance that combined legality, the promotion of the common good, and managerial responsibility. They emphasised the ruler's duty to govern justly, to ensure fairness, and to investigate complaints (St. Stephen, c. 1030, p. 18). This approach anticipates a central premise of modern compliance: lawful operation presupposes responsible leadership and ethical governance.

Werbőczy's *Tripartitum* systematised Hungarian customary law in the early sixteenth century and regulated legal remedies, complaint procedures, and mechanisms for investigating abuses of power. It explicitly recognised the right to complain against officials and imposed accountability obligations upon them (Werbőczy, 1517, p. 72). These mechanisms represent early functional equivalents of contemporary whistleblowing systems.

Elements resembling modern internal controls can also be identified in the operation of the medieval Hungarian royal chancellery. Mezey notes that strict procedural rules governed document authentication and administrative transparency (Mezey, 2003, p. 41). The insistence on verification and procedural rigor anticipates what is now described as the "four-eyes principle."

Within Hungarian public law, the county system similarly developed mechanisms for overseeing local officials. Bónis highlights how the separation of functions, accountability requirements, and emerging control bodies prefigured modern compliance logic (Bónis, 1972, p. 88).

European developments reinforced these trajectories. Canon law, particularly Gratian's *Decretum*, established a normative framework of accountability and procedural order for ecclesiastical authorities (Gratian, c. 1140, p. 54). Financial oversight institutions in the German territories, including the Kammergerichte, introduced early audit practices aimed at fiscal accountability (Schilling, 1998, p. 119).

The nineteenth century marked a decisive shift through the professionalisation of public administration. Weber's model of bureaucracy emphasised rule-based, predictable, and impersonal governance (Weber, 1922, p. 128). Hungarian administrative reforms, notably Act XXI of 1886, institutionalised documentation, legal remedies, and procedural guarantees, thereby strengthening the foundations of the rule of law.

Twentieth-century industrialisation and standardisation further transformed compliance. Early control systems in large state enterprises, such as MÁV, reflected concerns for operational stability (Vörös, 1931, p. 27). Post-war quality management standards, including BS 5750 and later ISO systems, institutionalised process control, auditability, and managerial responsibility (Brown, 1987, p. 14; Hoyle, 1998, p. 21).

These developments culminated in contemporary compliance standards such as ISO 19600 and ISO 37301, which frame compliance as an integrated governance system

grounded in leadership commitment, risk assessment, and continuous improvement. European Union law and global corporate governance reforms further reinforced this orientation, transforming compliance into a strategic mechanism for managing legal, ethical, and organizational risk.

The genealogy of compliance thus reveals a long continuity of ideas rather than a sudden invention. Modern compliance systems embody centuries-old efforts to reconcile power with accountability, discretion with transparency, and efficiency with legitimacy. Understanding this genealogy is essential for grasping how compliance today functions as a comprehensive governance framework rather than a narrow instrument of regulatory enforcement.

16. The Conceptual Layers of Compliance: Toward an Integrated Governance Framework

Modern compliance has evolved from a narrowly conceived legal obligation into a sophisticated and multilayered governance architecture encompassing law, ethics, organizational behaviour, risk management, technology, and institutional culture. Grasping this transformation requires an analytical map of the conceptual layers that together constitute contemporary compliance systems. These layers do not operate in isolation. They interact continuously, shaping the structural conditions under which organizations anticipate risks, ensure accountability, and maintain practices that are not only lawful but normatively defensible.

At the foundation of compliance lies the legal regulatory layer, reflecting the classical understanding that organizations must conform to binding norms imposed by national or supranational authorities. Kelsen's conception of law as a hierarchical system of norms, whose validity derives from formal sources, continues to underpin this statutory dimension of compliance (Kelsen, 1967, p. 5). This layer encompasses legislation, administrative regulations, decrees, and judicial interpretations that define enforceable obligations. In the European Union, this legal foundation has become increasingly complex, as Craig and de Búrca observe, due to the interaction between domestic legal orders and directly applicable EU law (Craig & de Búrca, 2015, p. 312). Legal compliance therefore already presupposes interpretive capacity rather than mechanical rule following.

Above the legal foundation operates the regulatory governance layer, which broadens compliance beyond formal legality to include supervisory expectations, regulatory practices, and interpretive guidance. Black demonstrates that much of modern regulation functions through principles, risk-based supervision, and soft-law instruments that shape organizational behaviour without always creating directly enforceable duties (Black, 2002, p. 21). Within this layer, compliance becomes anticipatory: organizations must monitor regulatory signals, interpret supervisory priorities, and adjust internal arrangements in advance of formal enforcement.

A third layer concerns ethics and integrity. This dimension addresses the moral commitments and value orientations that guide organizational conduct beyond external mandates. Paine's work shows that organizations relying exclusively on rule compliance are typically less effective than those fostering integrity-based cultures that integrate ethical reasoning into everyday decision-making (Paine, 1994, p. 111). MacIntyre reinforces this insight by arguing that institutions cannot sustain cooperative practices unless they cultivate virtues such as honesty, fairness, and justice (MacIntyre, 1981, p. 200). At this

level, compliance becomes inseparable from organizational identity and moral self-understanding.

The organizational and structural layer translates these normative commitments into institutional design. Weber's analysis of bureaucratic rationality highlights how formalised procedures, documentation, and predictable processes underpin modern organizational governance (Weber, 1922, p. 128). In contemporary compliance systems, this layer includes internal control mechanisms, reporting lines, segregation of duties, and audit trails. It defines how authority is distributed and how responsibility is operationalised, thereby determining whether compliance norms can be effectively implemented.

Closely connected to structure is the behavioural and cultural layer, which examines how individuals actually behave within organizations. Empirical compliance research consistently shows that rules are followed not merely because they exist, but because they are perceived as legitimate and fair. Tyler demonstrates that procedural justice strongly influences voluntary rule compliance and organizational trust (Tyler, 1990, p. 27). Greenberg similarly shows that perceptions of organizational justice affect cooperation, reporting behaviour, and tolerance of misconduct (Greenberg, 1990, p. 410). This layer is critical, as cultural deficiencies can erode even the most sophisticated formal controls.

Another essential component is the risk management layer, which reframes compliance as a forward-looking governance function. Rather than reacting to violations after they occur, this layer seeks to identify, assess, and mitigate risks in advance. Power describes how modern organizations increasingly govern themselves through risk-based frameworks that translate uncertainty into structured management processes (Power, 2004, p. 13). ISO 37301 reinforces this orientation by requiring the systematic integration of compliance risks into enterprise-wide risk management. At this level, compliance becomes predictive rather than purely corrective.

The documentation and evidence layer underpins the credibility of the entire compliance architecture. Effective compliance depends on the ability to demonstrate due diligence through reliable records, traceable processes, and verifiable decisions. Deming already emphasised that quality and control systems depend on systematic data collection and documentation (Deming, 1986, p. 23). Hoyle similarly identifies record keeping as a core pillar of management system standards (Hoyle, 1998, p. 21). This layer is indispensable for audits, supervisory reviews, and the legal assessment of organizational responsibility.

The technological layer has gained particular importance as organizations digitalise operations and increasingly rely on automated decision-making. O'Neil shows that algorithmic systems can reproduce or amplify existing social biases, generating new forms of structural inequality (O'Neil, 2016, p. 57). Barocas and Selbst further demonstrate that big-data-driven analytics may produce discriminatory outcomes unless subject to continuous oversight (Barocas & Selbst, 2016, p. 671). Consequently, modern compliance must also address data governance, AI fairness, cybersecurity, and digital traceability.

An additional integrative layer is international standardisation. Global frameworks such as ISO 9001, ISO 31000, and ISO 37301 provide transferable governance models that organizations can adopt across jurisdictions. Brown notes that BS 5750 institutionalised traceability and auditability, laying the groundwork for the global diffusion of ISO standards (Brown, 1987, p. 14). Through standardisation, compliance becomes a coherent, auditable system rather than a fragmented set of local obligations.

Finally, the strategic governance layer positions compliance at the core of organizational leadership and long-term planning. Coffee argues that early twenty-first-century corporate scandals revealed that compliance cannot remain a peripheral technical function but must shape board oversight, executive accountability, and performance evaluation (Coffee, 2002, p. 112). At this level, compliance emerges as a strategic asset that strengthens organizational resilience and stakeholder trust.

Taken together, these layers form a vertically integrated structure. The legal layer establishes minimum obligations; regulatory and ethical layers orient interpretation and values; organizational, behavioural, and cultural layers determine everyday practice; risk, documentation, and technology provide operational tools; international standards ensure coherence; and strategic governance aligns compliance with institutional purpose. The central insight of this chapter is that compliance is not a single discipline but a multilayered ecosystem. Only by understanding and managing these layers in an integrated manner can organizations design compliance frameworks that effectively prevent misconduct, promote ethical conduct, and sustain long-term legitimacy.

17. Equal Treatment as a Compliance Risk Category

The preceding chapters have demonstrated that equal treatment functions not merely as a moral aspiration or a legal obligation, but as a structural principle of organizational operation. Within the logic of contemporary governance, this insight has significant consequences.

Equality cannot remain an abstract value or be confined to a separate legal silo; it must be translated into the operational language of risks, controls, monitoring, and audits. Only through such translation can equal treatment become part of everyday organizational decision-making. This chapter therefore interprets equal treatment explicitly as a compliance risk category and examines the conceptual and practical implications of this reclassification.

In classical anti-discrimination law, equal treatment primarily appears as a prohibition. Decisions in employment and service provision may not legitimately be influenced by protected characteristics such as sex, age, disability, ethnic origin, religion or belief, or sexual orientation. Legal analysis is typically retrospective and case-based: it focuses on whether, in a concrete situation, direct or indirect discrimination, harassment, or retaliation has occurred. This doctrinal logic is indispensable for legal protection, but it remains limited to the *ex post* assessment of individual violations.

Compliance systems operate according to a fundamentally different logic. Rather than beginning with individual cases, they start from the systematic identification of organizational conditions that may give rise to breaches. Within this framework, equal treatment appears as a specific risk object: the risk that organizational structures, procedures, cultures, or technological systems generate systematic disadvantages for particular groups. The analytical focus thus shifts from *ex post* legal qualification to *ex ante* risk identification and mitigation.

Power's concept of the "risk management of everything" captures this transformation by showing how modern organizations translate heterogeneous normative expectations into manageable risk categories processed through standardised governance procedures (Power, 2004, p. 13). From this perspective, equal treatment becomes a core compliance risk category alongside data protection, anti-corruption, competition law, and

financial reporting. What distinguishes equality-related risks, however, is that they affect not only legality but also organizational legitimacy and perceived fairness, dimensions that directly shape trust and cooperation.

Effective integration of equal treatment into risk management requires a differentiated typology. Equality-related risks manifest at multiple levels of organizational operation. While analytically separable, these levels are closely interconnected and often reinforce one another.

Structural risks arise where the design of organizational structures systematically produces inequality. Acker's concept of "inequality regimes" demonstrates how formal hierarchies, divisions of labour, and promotion systems tend to reproduce predictable patterns of disadvantage (Acker, 2006, p. 443). Typical examples include leadership structures dominated by a single gender or ethnicity, or career models that implicitly exclude persons with caregiving responsibilities.

Procedural risks are linked to formal rules and decision-making procedures. Even apparently neutral criteria for recruitment, evaluation, remuneration, or promotion may result in indirect discrimination if they impose conditions that disproportionately disadvantage certain groups. Requirements such as uninterrupted employment histories, rigid full-time availability, or performance indicators based on stereotypical career trajectories illustrate how procedural rationality can unintentionally generate inequality.

Cultural risks stem from informal norms, expectations, and everyday interaction patterns. Goffman's analysis of stigma shows how social labels shape expectations and constrain opportunities independently of formal rules (Goffman, 1963, p. 12). Within organizations, this may appear in the form of stereotypical assessments, exclusion from informal networks, or the trivialisation of complaints, all of which can create a hostile or marginalising environment without overtly violating legal norms.

Technological risks have become increasingly salient with the spread of algorithmic and data-driven decision-making. O'Neil demonstrates that models trained on biased data sets can reproduce and amplify existing social inequalities (O'Neil, 2016, p. 57). Barocas and Selbst further show that big-data-based decision systems may generate indirect discrimination even when protected characteristics are not explicitly used (Barocas & Selbst, 2016, p. 671). In this context, technological neutrality is illusory; without active oversight, automation may entrench structural disadvantage.

Governance risks arise where boards and senior management fail to articulate clear expectations, assign responsibility, or allocate sufficient resources to equal treatment objectives. In the absence of explicit risk ownership, equality remains a rhetorical commitment rather than an operational priority. Governance failures at this level often render lower-level controls ineffective, regardless of formal policies.

This typology illustrates that equal-treatment risks are not exceptional anomalies but predictable by-products of otherwise rational organizational choices. Risk-based compliance therefore presupposes systematic methods for identifying and assessing such risks. In the context of equal treatment, this requires transforming often diffuse experiences of injustice into analysable organizational information.

Quantitative monitoring constitutes one central instrument. organizations may collect and analyse data on recruitment, promotion, remuneration, performance evaluation, disciplinary measures, and exits, disaggregated by relevant characteristics where legally permissible. Eisenberger and Rhoades' meta-analysis shows that perceived justice significantly influences organizational commitment and turnover (Eisenberger & Rhoades,

2002, p. 698). From a risk perspective, persistent patterns of disproportionate disadvantage, such as consistently lower promotion rates for particular groups, function as early warning signals of structural inequality.

At the same time, equality-related risks cannot be fully captured through quantitative indicators alone. Qualitative methods, including interviews, focus groups, and organizational climate surveys, are necessary to reveal subtle forms of exclusion, stigma, and procedural unfairness. Tyler's research on procedural justice demonstrates that perceptions of fairness strongly influence voluntary compliance and trust (Tyler, 1990, p. 27). Employees' and stakeholders' subjective experiences therefore constitute relevant risk indicators rather than merely anecdotal evidence.

A further pillar of risk identification and control consists of voice mechanisms, including complaint and whistleblowing channels. As earlier chapters have shown, historical compliance arrangements already incorporated complaint rights and grievance investigation. Contemporary systems expand these mechanisms through anonymity, protection against retaliation, and clearly defined procedures. In the context of equal treatment, the existence of trusted and accessible channels functions as a control measure in its own right. Where reporting is suppressed or discouraged, risks remain latent and unmanaged.

Where algorithmic systems are used for recruitment, evaluation, or allocation decisions, technological auditing becomes indispensable. This includes bias testing, counterfactual analysis, and impact assessments aligned with emerging European frameworks on artificial intelligence and automated decision-making. From a compliance perspective, AI fairness is no longer merely an ethical concern but an integral element of equal treatment risk management.

In practice, the reclassification of equal treatment as a compliance risk category is reflected in risk registers, policies, and internal control frameworks. In mature compliance systems, equal treatment appears as a distinct risk class with defined causes, potential consequences, and corresponding control measures.

Within ISO-based management systems, particularly ISO 9001, ISO 31000, ISO 30415, and ISO 37301, the Plan–Do–Check–Act (PDCA) cycle provides a structured governance framework. During the planning phase, organizations identify equal treatment risks, define objectives such as reducing unjustified pay gaps or increasing diversity in leadership, and determine risk appetite. In the implementation phase, measures may include bias-aware recruitment processes, transparent evaluation criteria, leadership training, and inclusive communication guidelines.

The checking phase involves monitoring and auditing. Indicators are regularly reviewed, internal and external audits assess the effectiveness of controls, and management evaluates whether equality objectives are being achieved. The acting phase requires corrective and preventive measures: processes may need redesign, responsibilities clarification, or additional resources allocation where disproportionalities are identified.

From the perspective of internal control frameworks such as COSO, equal treatment risks must be embedded in control activities, information and communication systems, and ongoing monitoring. This integration implies that equality considerations extend beyond human resources into procurement, customer relations, risk reporting, and strategic planning. Equal treatment thus ceases to be a “soft” social issue and becomes a hard governance parameter.

Effective management of equal treatment risks presupposes explicit leadership responsibility. Paine's integrity-based model underscores that ethical expectations must be internalised by leadership and translated into concrete behavioural standards and incentives (Paine, 1994, p. 111). In governance terms, this requires boards and senior management to define equality objectives, integrate them into strategic planning, and regularly review progress.

Clear accountability structures are essential. Assigning explicit responsibility, for example through a designated diversity and inclusion officer or the formal inclusion of equal treatment within the compliance function's mandate, prevents risk diffusion. At the same time, line managers must retain responsibility for equality outcomes; otherwise, equal treatment remains a central policy without local ownership.

Incentive systems must also be aligned with equality objectives. Where promotion and remuneration criteria reward exclusively short-term financial performance, leadership behaviour will reflect a narrow conception of success. Conversely, incorporating equal treatment indicators into performance evaluation transforms equality into a tangible governance expectation.

Finally, external accountability mechanisms such as transparency reports, non-financial disclosures, and stakeholder engagement connect internal risk management with societal expectations. As European regulatory frameworks increasingly mandate the disclosure of diversity, inclusion, and non-discrimination data, organizations must treat equal treatment not only as an internal risk category but also as a determinant of public legitimacy. The boundary between legal compliance and social accountability is thereby progressively blurred.

This chapter has argued that equal treatment should be recognised as a distinct and central category within compliance risk management. Reframing equality from legal prohibition to risk object enables organizations to translate normative expectations into governance processes of identification, assessment, control, monitoring, and continuous improvement. The typology of structural, procedural, cultural, technological, and governance risks demonstrates that inequality can emerge at multiple operational levels. Accordingly, effective risk identification requires a combination of quantitative analysis, qualitative insight, and robust voice mechanisms.

Integration into ISO-based management systems and internal control frameworks ensures that equal treatment is not confined to human resources but operates as a cross-cutting governance dimension. Leadership and accountability remain decisive. Without explicit responsibility, clear objectives, and aligned incentives, equal treatment remains rhetorical. When recognised as a core compliance risk category, however, it becomes a source of organizational resilience. Fair treatment enhances trust, strengthens cooperation, and reduces the likelihood of legal, reputational, and operational crises. In this sense, equal treatment is not only a requirement of justice but also a strategic resource supporting the long-term stability and legitimacy of organizations.

18. Equal Treatment in Public Sector Compliance

The public sector operates under structural and normative conditions that differ fundamentally from those governing private organizations, and these differences profoundly shape both the meaning of compliance and the operationalisation of equal

treatment. Public bodies exercise public power, administer public funds, and act under constitutional mandates. These characteristics impose heightened requirements of legality, transparency, and fairness that go beyond contractual or market-based accountability.

Max Weber's description of public administration as a rule-bound, formalised, and impersonal system therefore remains analytically decisive: in the public sphere, decisions are expected to be predictable, reasoned, and independent of personal preference (Weber, 1922/1978, p. 128). Within this framework, equal treatment is not merely a statutory duty but a constitutive condition of administrative legitimacy.

The exercise of public power intensifies the moral and legal imperative of equality. When a public authority grants a permit, imposes a sanction, allocates a social benefit, or exercises policing powers, it acts not as a private agent but as the institutional embodiment of the state. As Fuller emphasises, the legitimacy of state action depends on the integrity of legal procedures, including generality, publicity, prospectivity, and congruence between rules and their application (Fuller, 1969, p. 33). Unequal or arbitrary treatment therefore undermines not only individual rights but the procedural morality of the legal system itself. Equal treatment thus functions as a constitutional safeguard rather than as a discretionary managerial preference.

The management of public funds further raises the stakes. Public institutions must justify how financial resources, benefits, and opportunities are distributed, particularly where scarcity and discretion intersect. Craig and de Búrca underline that EU public administration is bound by robust principles of transparency, proportionality, and non-discrimination, especially in contexts involving the allocation of public resources (Craig & de Búrca, 2015, p. 312). In areas such as education, social services, housing, and labour-market programmes, the state often acts simultaneously as regulator and service provider. This dual role amplifies the risk that biased procedures, inherited data structures, or informal practices generate structural inequality.

Fundamental rights norms further intensify these obligations. Unlike private employers, public institutions are directly bound by constitutional equality clauses, judicially enforceable fundamental rights, and supranational human rights standards. Rawls's distinction between the basic structure of society and other institutional domains is particularly relevant here: the state bears primary responsibility for ensuring fair equality of opportunity (Rawls, 1971, p. 52). Equal treatment in the public sector is therefore not merely a legal constraint but a structural element of constitutional identity.

Because public authorities define eligibility, distribute entitlements, regulate markets, and shape life chances, failures of equal treatment tend to have disproportionate and long-lasting effects. Goffman's analysis of stigma demonstrates how institutional categorisation and labelling can produce durable marginalisation (Goffman, 1963, p. 12). Administrative routines that appear neutral on their face may thus embed or reinforce social prejudice unless subject to systematic scrutiny.

Public-sector decision-making is also constrained by demanding legality and justification requirements. Tyler's research shows that perceptions of procedural justice significantly influence public trust and voluntary compliance with law (Tyler, 1990, p. 27). Where administrative decisions are experienced as unequal, opaque, or arbitrary, confidence in public institutions erodes, with broader consequences for social cohesion and democratic legitimacy.

For these reasons, equal treatment must be embedded at the core of public-sector compliance frameworks. Public bodies cannot rely solely on declaratory policies or ethical

codes. They must demonstrate auditable, transparent, and legally robust systems in which equality considerations are formally integrated into procedures, risk registers, training programmes, and oversight mechanisms. Equal treatment is not ancillary to public administration; it is a constitutional condition for the legitimate exercise of public authority.

At the European level, a dense normative framework binds public administration to equality requirements in employment, service provision, and access to benefits, and administrative procedure. Directive 2000/78/EC remains the cornerstone of the EU employment equality regime, prohibiting direct and indirect discrimination on grounds of religion or belief, disability, age, or sexual orientation (Directive 2000/78/EC, recital 11). Although originally designed for labour relations, its scope extends to all public employers, imposing proactive duties in recruitment, promotion, and workplace governance.

Beyond employment, EU equality obligations permeate public service delivery. The Charter of Fundamental Rights of the European Union enshrines equality before the law (Art. 20) and non-discrimination (Art. 21) as binding constitutional principles for public authorities. The jurisprudence of the Court of Justice of the European Union has consistently required administrative bodies to justify differential treatment proportionately, to avoid indirect discrimination, and to ensure procedural transparency.

At the national level, Hungary's Act CXXV of 2003 on Equal Treatment and the Promotion of Equal Opportunities constitutes the central statutory framework. It applies to all public bodies, including ministries, local governments, public education institutions, health-care providers, and law enforcement agencies. The Act establishes three core obligations: the prohibition of discrimination, including harassment and retaliation; the requirement to justify differential treatment; and an institutional duty to prevent inequality, particularly in public service provision.

The former Equal Treatment Authority, now integrated into the Office of the Commissioner for Fundamental Rights, functioned as a quasi-judicial supervisory body with powers to issue binding decisions and impose sanctions. This institutional design reflects the treatment of equal treatment as a regulatory compliance domain rather than a symbolic commitment.

Additional administrative legislation reinforces this framework. The 2016 Act on General Administrative Procedure emphasises proportionality, impartiality, and transparency. Sector-specific laws governing education, social services, health care, policing, and migration contain explicit equality obligations, such as reasonable accommodation for persons with disabilities, safeguards against discriminatory benefit allocation, and protections against ethnic profiling. Hungarian constitutional jurisprudence has consistently interpreted equality as a structural principle requiring rational justification for any differential treatment and vigilance against systemic disadvantage, particularly affecting vulnerable groups.

Taken together, EU and Hungarian norms create a multi-source, multi-level compliance environment in which public bodies must integrate equality considerations across legal, procedural, and operational layers. Equal treatment thus becomes an indispensable component of public-sector compliance architecture.

Equal treatment risks in the public sector arise at points where administrative discretion, resource allocation, frontline decision-making, and service delivery intersect with existing social inequalities. These risks are often more severe than in the private

sector, as public authorities control access to essential services, legal statuses, and social benefits.

Administrative procedures constitute a primary risk domain. Apparently neutral requirements, such as documentation standards, deadlines, or procedural complexity, may disproportionately exclude certain groups. As Barocas and Selbst observe, administrative systems frequently inherit biases through the data on which they rely (Barocas & Selbst, 2016, p. 671). Historical datasets used in public administration may encode patterns of exclusion that reproduce inequality in areas such as social assistance, housing allocation, or disciplinary sanctions.

Social care systems present particularly acute challenges. Benefit allocation often involves discretionary assessments. Without clear, auditable criteria, such decisions may reflect unconscious bias. Sen's capability approach underscores that individuals starting from unequal positions require differentiated support to access opportunities on equal terms (Sen, 1992, p. 39). Social policies that disregard this insight risk entrenching disadvantage.

Education represents another structurally sensitive domain. Acker's concept of inequality regimes helps explain how institutional rules, resource distribution, and informal practices interact to disadvantage certain groups (Acker, 2006, p. 443). Segregation of Roma students, unequal access to special educational resources, and biased disciplinary practices illustrate how systemic inequality can persist even within highly regulated environments.

Law enforcement and policing involve especially high-risk contexts. Empirical research shows that stereotypes and heuristic decision-making may result in disproportionate stops, searches, and sanctions (Goffman, 1963, p. 12). Given the coercive nature of policing powers, failures of equal treatment controls carry serious legal and reputational consequences.

Frontline service delivery in health care, migration, child protection, and employment services constitutes another critical area. Tyler's findings on procedural justice indicate that perceived fairness in public encounters strongly shapes trust in institutions (Tyler, 1990, p. 27). Inconsistent treatment, disrespectful communication, or opaque decision-making undermine legitimacy.

Digitalisation introduces further risks. O'Neil warns that algorithmic systems can amplify inequalities through biased training data and opaque models (O'Neil, 2016, p. 57). Automated eligibility scoring or risk assessment tools used by public authorities may generate indirect discrimination unless subject to systematic bias audits, transparency requirements, and meaningful human oversight.

These risk points illustrate that public-sector equal treatment failures rarely result from explicit intent. They more commonly arise from structural design choices, data dependencies, discretionary authority, and insufficient oversight. A compliance-based approach is therefore essential to identify, monitor, and correct these risks.

Public-sector compliance relies on institutional mechanisms operating across multiple layers, including constitutional oversight, administrative supervision, internal control systems, and independent complaint mechanisms. The ombudsman model plays a central role in this architecture. In Hungary, the Commissioner for Fundamental Rights possesses broad investigative powers to examine systemic discrimination and administrative unfairness. Through recommendations, thematic reports, and inquiries, the ombudsman shapes compliance expectations. Habermas's notion of communicative

legitimacy highlights the importance of such deliberative oversight in sustaining trust in public authority (Habermas, 1996, p. 107).

The integrity adviser system within Hungarian public administration further strengthens compliance capacity. Integrity advisers conduct integrity risk assessments, coordinate whistleblowing mechanisms, support ethics training, and advice management. This model reflects Paine's integrity-based approach, in which compliance is achieved not solely through rules but through the cultivation of ethical organizational cultures (Paine, 1994, p. 111).

Internal control systems, guided by the COSO framework and national regulations, form the operational backbone of public-sector compliance. These systems structure risk management, control activities, monitoring, and information flows. Equal treatment must be embedded within them through equality indicators in risk registers, audit procedures targeting disproportionate outcomes, documented decision-making criteria, and transparent communication channels.

European governance models further emphasise transparency mechanisms, including mandatory publication obligations, open procurement procedures, and conflict-of-interest disclosures. These measures reduce the likelihood that discrimination remains concealed within opaque processes. In many jurisdictions, specialised equality bodies complement these mechanisms by issuing guidance, conducting impact assessments, and enforcing compliance. Their role exemplifies Power's observation that modern governance translates normative expectations into auditable risk categories (Power, 2004, p. 13).

Together, these instruments form a layered compliance system in which equal treatment is monitored, enforced, and continuously improved. Effective public-sector compliance requires that these institutional roles be integrated into a coherent governance framework rather than operating in isolation.

The practical relevance of this approach is illustrated by recurring compliance scenarios. Structural inequality in social benefit allocation may arise when ostensibly neutral documentation requirements disproportionately exclude residents of segregated areas. A compliance-based response involves redesigning procedures, permitting alternative forms of proof, and providing administrative support, reflecting Sen's insight into equality of opportunity (Sen, 1992, p. 39).

Bias in school disciplinary practices may be revealed through monitoring that shows disproportionate sanctions affecting Roma students. Addressing such risks requires procedural clarification, training, and ongoing oversight, illustrating Acker's inequality regimes in practice (Acker, 2006, p. 443). Algorithmic discrimination in municipal housing allocation may be mitigated through external audits, counterfactual testing, and human oversight, in line with O'Neil's critique of automated bias (O'Neil, 2016, p. 57). Disproportionate police stop-and-search practices may be addressed through redesigned reporting requirements and bias-awareness training, reinforcing procedural justice and public trust (Tyler, 1990, p. 27).

These examples demonstrate that equal treatment risks in the public sector can be identified and mitigated through compliance mechanisms combining data analysis, audits, cultural interventions, and procedural redesign. Equal treatment thus emerges not as an abstract constitutional promise but as an operational governance requirement embedded in the everyday functioning of public administration.

19. Case Law and Jurisprudence on Equal Treatment

Equal Treatment in the Case Law of the European Court of Human Rights (ECtHR)

The European Court of Human Rights has long made clear that equal treatment is not merely a derivative guarantee attached to Article 14 of the European Convention on Human Rights, but a structural principle of democratic governance. Although Article 14 is formally accessory in nature and operates only in conjunction with another substantive Convention right, the Court's jurisprudence consistently demonstrates that discriminatory state action undermines the legitimacy of public authority and violates procedural fairness. Equality thus functions as an organising principle of lawful public power rather than as a marginal anti-discrimination clause.

This approach was articulated with particular clarity in *Thlimmenos v. Greece* (ECtHR, 2000), where the Court famously stated that equal treatment requires states to treat differently those whose situations are significantly different. This formulation established the doctrine of substantive equality within the Convention system. Its compliance relevance is decisive: identical treatment may itself constitute discrimination where relevant differences are ignored. Public authorities are therefore required to design decision-making frameworks capable of recognising and responding to differentiated situations.

The Court's doctrine of indirect discrimination further deepened this structural understanding. In *D.H. and Others v. Czech Republic* (ECtHR, 2007), concerning the disproportionate placement of Roma children in special schools, the Court accepted statistical evidence as sufficient to establish discriminatory effects even in the absence of discriminatory intent. This judgment marked a turning point for public-sector compliance. Monitoring disproportional outcomes is no longer optional or discretionary; it constitutes a requirement of due diligence under human rights law.

A similar logic appears in *Nachova and Others v. Bulgaria* (ECtHR, 2005), where the Court addressed racial discrimination in law enforcement. The Court held that failure to investigate racist motives in cases involving lethal force constitutes an autonomous violation of the Convention. This ruling imposed heightened scrutiny on policing practices and clarified that equality obligations extend beyond substantive outcomes to procedural and investigative duties. For compliance systems, this translates into a clear expectation of proactive bias monitoring, documentation, and structured investigative protocols.

Disability-related jurisprudence further illustrates the Court's substantive equality approach. In *Glor v. Switzerland* (ECtHR, 2009), the Court emphasised that equal treatment requires reasonable accommodation and proportional justification of restrictions affecting persons with disabilities. Disability rights are interpreted through the combined lenses of human dignity and functional equality. In compliance terms, this establishes an *ex ante* obligation for public bodies to identify accessibility barriers and integrate accommodation measures into administrative procedures.

In *E.B. v. France* (ECtHR, 2008), which concerned adoption rights and sexual orientation, the Court rejected reliance on broad discretion or abstract moral assumptions. Differential treatment must pursue a legitimate aim and be supported by objective and proportionate reasoning. This case reinforces a core compliance principle that can be described as justification transparency: decisions must be documented, evidence-based, and free from stereotypical assumptions.

Taken together, ECtHR jurisprudence establishes a multi-layered equality architecture. It prohibits direct and indirect discrimination, mandates reasonable accommodation, requires effective investigation of discriminatory motives, and obliges states to monitor structural disproportionality. These elements translate directly into compliance obligations for public administrations, including systematic monitoring, documentation, training of decision-makers, accessible appeal mechanisms, and the integration of equality considerations into everyday administrative decision-making.

Equal Treatment in the Case Law of the Court of Justice of the European Union (CJEU)

The Court of Justice of the European Union has developed one of the most sophisticated and operational doctrines of equal treatment in contemporary law. Grounded in Articles 20 and 21 of the EU Charter of Fundamental Rights, the general principles of EU law, and secondary legislation such as Directive 2000/78/EC, EU equality law treats equal treatment as a stand-alone constitutional norm. Unlike the Convention system, EU equality norms bind both public authorities and private actors whenever they act within the scope of EU law.

A foundational judgment is *Mangold v. Helm* (C-144/04), in which the Court recognised the prohibition of age discrimination as a general principle of EU law, applicable even before the full transposition of relevant directives. This doctrine of immediate applicability has far-reaching compliance implications. Organizations cannot rely solely on national legislation; they must interpret internal rules consistently with EU equality principles, independently of domestic implementation gaps.

In *Coleman v. Attridge Law* (C-303/06), the Court extended protection to associative discrimination, holding that unfavourable treatment based on association with a disabled person falls within the scope of EU equality law. From a compliance perspective, this requires broader impact analysis: internal rules and practices must be assessed not only for their effects on protected groups themselves but also on those connected to them.

The landmark *Test-Achats* judgment (C-236/09) invalidated gender-based differentiation in insurance premiums and benefits, rejecting statistical generalisations as sufficient justification. This ruling strengthened the compliance doctrine that generalised assumptions, even when actuarially supported, cannot justify unequal treatment without strict proportionality.

In *CHEZ Razpredelenie Bulgaria* (C-83/14), the Court further broadened the concept of indirect discrimination by recognising that disproportionate burdens imposed on a community may establish unequal treatment even where the affected individuals are not members of a protected group. This judgment expanded comparator analysis and reinforced the principle that discriminatory effects, rather than intent, are decisive under EU law.

Dynamic interpretation is also evident in *Kaltoft* (C-354/13), where the Court recognised that obesity may constitute a disability when it limits full participation in professional life. This illustrates the evolving nature of EU equality law and the corresponding requirement that compliance systems remain adaptive to changing social and legal understandings.

Finally, in *Egenberger* (C-414/16) and *IR v JQ* (C-68/17), the Court restricted the discretion of religious organizations in employment matters, insisting on proportionality, verifiability, and objective justification. Abstract references to organizational ethos were

deemed insufficient. For compliance systems, this establishes a stringent documentation duty and limits reliance on discretionary claims.

CJEU case law thus imposes concrete operational requirements on organizations, particularly public bodies. Internal procedures must incorporate proportionality testing, justification frameworks, impact assessment, and verifiable documentation across employment, procurement, service delivery, and regulatory decision-making.

Hungarian Constitutional Court and Judicial Case Law

Hungarian constitutional jurisprudence treats equal treatment as a core constitutional principle derived from Article XV of the Fundamental Law. The Constitutional Court combines formal equality, requiring similar treatment of similar situations, with substantive equality, imposing obligations to eliminate structural disadvantage.

In Decision 9/1990 (IV. 25.), the Court established that discrimination consists of differential treatment lacking reasonable justification, articulating the proportionality test that remains central to Hungarian equality doctrine: legitimate aim, suitability, necessity, and proportionality in the narrow sense. In Decision 21/1990 (X. 4.), the Court recognised that indirect discrimination is unconstitutional even in the absence of discriminatory intent, aligning Hungarian doctrine with ECtHR and CJEU jurisprudence.

Decision 45/2005 (XII. 14.) addressed equal treatment in social security, holding that discretionary benefit allocation must be governed by transparent and predictable criteria. This imposes clear documentation and justification duties on public institutions. In Decision 33/2012 (VII. 17.), the Court further clarified that public authorities have positive obligations to promote equality where vulnerable groups face systemic barriers, framing equal treatment as an active governance responsibility rather than a purely defensive norm.

Ordinary courts have developed extensive practice under Act CXXV of 2003 on Equal Treatment. Hungarian courts routinely accept statistical evidence in cases of indirect discrimination and apply burden-shifting rules that require public authorities or employers to justify contested decisions once prima facie inequality is established. In administrative litigation, the Kúria consistently applies proportionality review to local-government decisions, social-benefit allocation, and policing measures, emphasising the prohibition of arbitrariness and the requirement of consistent rule application.

Hungarian judicial practice thus crystallises a compliance-relevant doctrine centred on burden shifting, justification duties, evidence-based reasoning, transparency, and procedural fairness.

Compliance-Oriented Case Law Patterns

Across ECtHR, CJEU, and Hungarian jurisprudence, converging patterns emerge that are directly relevant for compliance systems. Discrimination is frequently indirect and demonstrable through statistical disproportionality. Intent is largely irrelevant. Documentation and objective justification are decisive. Reasonable accommodation is mandatory. Stereotypes are rejected as legitimate justifications. Vulnerable groups receive heightened protection. Positive obligations require proactive measures to address structural inequality.

For compliance systems, these patterns translate into clear expectations: systematic data collection and monitoring, preventive risk assessment, auditable decision-making, and the integration of equality considerations into governance structures.

Dogmatic and Practical Synthesis: Foundations for Equality-Centred Compliance

The jurisprudence examined demonstrates that equal treatment functions as a cross-cutting governance principle rather than a narrow legal prohibition. Courts expect organizations, particularly public bodies, to anticipate equality risks, monitor outcomes, document and justify decisions, ensure procedural transparency, address structural disadvantage, prevent discriminatory effects, and embed equality into organizational design and leadership accountability.

Equal treatment thus appears simultaneously as a constitutional principle, an EU general principle, a human rights norm, a requirement of procedural fairness, a compliance risk category, and a governance duty. The synthesis of ECtHR, CJEU, and Hungarian jurisprudence establishes a robust, judicially reinforced framework that directly mandates the design of equality-centred compliance systems, deeply integrated with risk management, governance, and public-sector accountability.

20. Operational Toolkit for Equal Treatment Compliance

1. Indicator and Metric Catalogue

A mature equal treatment compliance system presupposes a comprehensive indicator framework capable of revealing structural patterns embedded in organizational decision-making. Empirical research on organizational inequality has consistently demonstrated that unequal outcomes rarely emerge from explicit exclusionary intent; rather, they arise through the cumulative effect of routine decisions embedded in institutional practices (Acker, 2006, p. 442). This insight resonates with Rawls's argument that the basic structure of institutions plays a decisive role in shaping life chances (Rawls, 1971, p. 54). From a compliance perspective, this implies that systematic data collection and analysis are not optional technical tools but essential governance instruments.

The jurisprudence of the European Court of Human Rights confirms the evidentiary relevance of quantitative patterns. In *D.H. and Others v. Czech Republic*, the Court held that disproportional outcomes, supported by statistical evidence, may establish discrimination even in the absence of discriminatory intent (ECtHR, 2007, para. 185). A similar logic appears in the reasoning of the Court of Justice of the European Union in *CHEZ Razpredelenie*, where structural patterns in electricity distribution were recognised as constituting unequal treatment (CJEU, 2015, para. 96). These decisions underscore a core compliance requirement: organizations must monitor their own systems proactively to detect disparities before they crystallise into legal violations.

Indicators relating to recruitment and selection processes are particularly revealing. Greenberg demonstrates that subjective assessments in interviews create fertile ground for subtle discrimination unless procedures are standardised and documented (Greenberg, 1990, p. 401). Deming's quality management principles similarly emphasise that clearly defined and documented decision criteria reduce arbitrary variation (Deming, 1986, p.

112). These insights converge with Sen's argument that formal equality, without attention to actual capabilities, fails to secure meaningful equal opportunity (Sen, 1992, p. 39). Compliance therefore requires systematic observation of shortlisting patterns, interview outcomes, and final hiring decisions, accompanied by transparent documentation of reasons.

Career progression indicators serve an analogous diagnostic function. Nussbaum's work on capabilities highlights that access to development resources fundamentally shapes long-term opportunity (Nussbaum, 2000, p. 87). Eisenberger and Rhoades further demonstrate that perceived organizational support strongly influences engagement and persistence (Eisenberger & Rhoades, 2002, p. 699). Where indicators reveal that certain groups consistently receive fewer development opportunities or lower performance evaluations, organizations must examine whether these patterns reflect unequal access rather than differences in merit.

Pay equity indicators complete this analytical picture. Empirical studies repeatedly show that pay disparities often arise not through explicit policy but through discretionary allowances, bonuses, and informal reward structures (O'Neil, 2016, p. 57). Barocas and Selbst similarly argue that historical data frequently encode biases that later appear neutralised within organizational systems (Barocas & Selbst, 2016, p. 676). Monitoring unexplained pay gaps thus becomes a central compliance technique for identifying structural inequality.

Turnover indicators provide an additional signal. Tyler's research demonstrates that perceptions of procedural justice significantly influence decisions to remain in or leave an organization (Tyler, 1990, p. 27). Persistently higher turnover among specific groups may therefore indicate sustained patterns of unequal treatment or cultural exclusion. Taken together, a high-quality indicator framework enables organizations to assess whether decisions are consistent, fair, and aligned with both positive law and the social science literature. Without such a framework, compliance lacks the evidentiary basis required for prevention and accountability.

2. Audit Question Bank and Interview Templates

An equal treatment compliance audit extends beyond the examination of formal rules to investigate how organizational systems operate in practice. Fuller's account of the morality of law emphasises that the legitimacy of any rule-based order depends not only on the existence of clear norms but on their consistent application (Fuller, 1969, p. 36). This insight applies directly to organizational governance, where the alignment of formal policies and actual behaviour determines compliance quality.

Audit questions addressed to senior leadership reveal how equality is conceptualised at the highest levels. Paine argues that leadership commitment is indispensable for embedding ethics into organizational culture (Paine, 1994, p. 111). Habermas similarly stresses that legitimate governance presupposes transparent justification of decisions (Habermas, 1996, p. 108). Where leaders understand equal treatment solely as a legal constraint rather than as a principle of sound administration, compliance systems tend to remain formalistic and superficial.

Interviews with human resources and compliance professionals focus on the organization's capacity to detect and mitigate structural risks. Barocas and Selbst show that many discriminatory outcomes result from features of information systems rather than

explicit intent (Barocas & Selbst, 2016, p. 672). Power's analysis of risk governance further explains how organizations translate normative concerns into manageable risk categories (Power, 2004, p. 14). Auditors must therefore assess whether data collection, monitoring, and investigative processes are capable of identifying indirect discrimination.

Employee interviews complement this analysis by revealing cultural dynamics that remain invisible to quantitative indicators. Goffman's theory of stigma illustrates how social categorisation shapes everyday interaction and opportunity (Goffman, 1963, p. 12). Perceptions of marginalisation, unfair promotion practices, or ineffective complaint handling signal compliance risks even in the absence of formal policy breaches. Through such multilayered audit tools, organizations can determine whether equal treatment principles are embedded in daily practice or confined to policy documents.

3. Sample Policies and Procedures

Policies and procedures translate normative commitments into operational structures. Hart's theory of law emphasises that primary rules must be supported by secondary rules governing interpretation and application (Hart, 1961, p. 94). In organizational contexts, recruitment, promotion, and complaint-handling procedures perform precisely this function by structuring fair decision-making environments.

Recruitment policies must ensure transparency and consistency in assessment criteria. Organizational sociology demonstrates that unstructured evaluations systematically favour dominant groups (Acker, 2006, p. 447). Structured interviews, scoring guides, and documented rationales reduce the influence of implicit bias. These mechanisms align with Juran's observation that quality improves when processes are stable and documented (Juran, 1992, p. 56).

Promotion policies similarly require objective and verifiable criteria. MacIntyre's account of professional virtue underscores the importance of standards internal to practice (MacIntyre, 1981, p. 187). In employment contexts, this entails that advancement decisions be justified by relevant evidence rather than informal impressions. Internal review by human resources or compliance units provides an additional safeguard.

Complaint-handling procedures are among the most critical elements of organizational fairness. In *Nachova v. Bulgaria*, the ECtHR held that authorities must investigate allegations of discrimination with due diligence (ECtHR, 2005, para. 161). This principle applies equally to organizational settings. Failure to investigate complaints objectively undermines procedural justice and may itself constitute discriminatory treatment. Effective systems therefore require clear intake processes, impartial investigation, and documented outcomes.

Whistleblowing mechanisms further strengthen compliance by enabling individuals to report concerns without fear of retaliation. Research indicates that reporting channels are used only when perceived as trustworthy and protective (Eisenberger & Rhoades, 2002, p. 704). Secure reporting structures supported by explicit anti-retaliation guarantees are therefore indispensable.

4. Training Architecture

Training constitutes a central pillar of equal treatment compliance. Weber's analysis of rational authority highlights that predictable and fair administrative action depends on the

competence of officials (Weber, 1978, p. 219). Training thus directly affects an organization's capacity to act equitably.

Leadership training is particularly important. Leaders must understand how structural inequality emerges, how stereotypes influence judgment, and how transparent reasoning supports legitimacy. Nussbaum's emphasis on human capability and vulnerability illustrates why reflective leadership is essential (Nussbaum, 2000, p. 98).

Training for human resources and compliance professionals focuses on recognising indirect discrimination and interpreting indicators. Barocas and Selbst note that subtle patterns require sophisticated analytical skills (Barocas & Selbst, 2016, p. 675). These professionals must also master fair investigative techniques grounded in procedural morality (Fuller, 1969, p. 44).

Frontline staff training emphasises respectful communication and consistent rule application. Tyler's empirical findings show that individuals comply more readily when procedures are experienced as respectful and transparent (Tyler, 1990, p. 29). Digital learning modules further support continuous development through scenario-based reflection.

5. Artificial Intelligence and Algorithmic Audit

The growing use of automated systems introduces new risks for equal treatment. O'Neil warns that data-driven systems may reproduce historical inequality if their inputs are biased (O'Neil, 2016, p. 59). Barocas and Selbst similarly demonstrate that algorithmic systems often encode structural disadvantage (Barocas & Selbst, 2016, p. 673). Rigorous evaluation is therefore essential.

Pre-deployment assessments must document purpose, data sources, and expected outcomes. Deming's emphasis on understanding process variation provides a foundation for such analysis (Deming, 1986, p. 121). Organizations must test for disparate impact, examine group-level outcomes, and apply counterfactual fairness methods.

Ongoing monitoring is equally necessary. Power highlights that accountability in modern governance depends on continuous review (Power, 2004, p. 19). Oversight mechanisms should include decision logs, periodic audits, and human supervision for decisions with significant consequences.

Governance structures must ensure transparency and contestability. Habermas's concept of communicative legitimacy implies that affected individuals must be able to understand and challenge decisions (Habermas, 1996, p. 112). Appeal mechanisms and human oversight are therefore indispensable.

21. Monitoring, Evaluation, and Long Term Sustainability of Equality Based Compliance Systems

1. Monitoring, Evaluation and the Sustainability of Equality-Based Compliance

The long-term sustainability of an equality-based compliance system depends fundamentally on an organization's capacity to monitor performance, evaluate outcomes, and adapt to changing conditions. Monitoring and evaluation do not serve merely technical or managerial functions. They carry normative significance insofar as they determine whether institutions remain attentive to inequality, whether emerging risks are recognised

in time, and whether practices are refined on the basis of evidence rather than habit. This chapter builds on the operational and institutional foundations developed earlier and introduces additional theoretical perspectives that illuminate how equality-oriented compliance systems can remain effective over time.

A central challenge in this context is the phenomenon of institutional drift. Robert Putnam's analysis of institutional performance demonstrates that organizations tend to revert to established routines unless sustained mechanisms of feedback and engagement counteract stagnation (Putnam, 1993, p. 88). In the domain of equal treatment, institutional drift may appear in the gradual weakening of monitoring routines, the inconsistent use of indicators, or the quiet displacement of equality considerations by competing organizational priorities. Effective monitoring therefore requires more than periodic data collection; it presupposes regular review, clear accountability, and transparency that keeps equality visible within decision-making structures.

The importance of reflexivity is further emphasized by Michael Innes, who argues that organizations must cultivate the capacity to detect weak signals and early warnings (Innes, 1990, p. 24). Applied to equality-based compliance, this insight highlights the need to observe subtle shifts in decision patterns, complaint dynamics, leadership messaging, and staff perceptions. Without such sensitivity, minor deviations can accumulate into entrenched structural inequalities. This perspective aligns with the work of Kahneman and Tversky, who demonstrate that intuitive judgment is systematically prone to bias (Kahneman & Tversky, 1979, p. 263). Monitoring systems can partially counteract these cognitive tendencies by introducing structured indicators and evidence-based evaluation.

The complexity of modern organizations further complicates monitoring efforts. Abbott's analysis of professional systems shows that ambiguity in interpretive rules creates space for inconsistency and informal discretion (Abbott, 1988, p. 42). Effective equality monitoring therefore depends on clarity in data definitions, consistency in data collection, and reporting formats that are accessible to decision-makers. At the same time, Deborah Stone reminds us that policy indicators are embedded in narratives that shape how problems are understood (Stone, 2002, p. 138). Inequality metrics are never purely neutral facts; they are interpreted within broader organizational and political frames. Monitoring systems must therefore be designed with awareness of their interpretive consequences.

Evaluation extends beyond monitoring by addressing whether interventions actually improve fairness. Sabatier and Mazmanian emphasize that effective implementation requires assessment not only of formal compliance but of behavioural change and substantive outcomes (Sabatier & Mazmanian, 1983, p. 15). In the context of equal treatment, evaluation must therefore examine whether procedures improve access, reduce disproportionality, and strengthen trust among those affected by institutional decisions. Wildavsky's work reinforces the importance of viewing evaluation as an iterative and learning-oriented process rather than a one-time judgement (Wildavsky, 1979, p. 45).

At the institutional level, sustainability depends on governance arrangements that support continuous improvement. Martha Finnemore's analysis of norm institutionalization shows that durable norms become embedded in organizational identity rather than sustained solely through external enforcement (Finnemore, 1996, p. 154). When equality principles are internalized in this way, they are more likely to survive leadership changes, organizational restructuring, or shifting political environments.

The risk of symbolic compliance must also be acknowledged. Laura Nader's critique of organizational ritualism highlights how institutions may adopt the appearance of fairness while maintaining practices that reproduce inequality (Nader, 1990, p. 53). Monitoring systems that focus exclusively on formal adherence to rules risk reinforcing symbolic rather than substantive compliance. Long-term sustainability therefore requires attention to actual outcomes, lived experiences, and organizational culture, not merely to policy texts.

Strategic integration represents another critical dimension. John Kingdon's multiple-streams model suggests that reform becomes possible when problems, solutions, and decision-making opportunities converge (Kingdon, 1995, p. 122). Monitoring systems play a key role in keeping evidence of inequality visible so that windows for reform can be recognised and utilised. Without reliable and timely information, equality concerns are easily displaced by short-term operational pressures.

Sociological perspectives further illuminate the fragility of ethical commitments in modern organizations. Zygmunt Bauman observes that institutional fluidity and short-termism often erode normative orientation (Bauman, 2000, p. 14). Sustainability therefore requires anchoring equal treatment within durable institutional narratives that transcend immediate performance demands. Michael Sandel's work reinforces this insight by demonstrating that fairness must be articulated as a shared public value rather than a narrow procedural requirement (Sandel, 2009, p. 65).

Technological developments introduce additional challenges. Evgeny Morozov warns against technological solutionism, where data-driven tools obscure underlying social dynamics (Morozov, 2013, p. 42). Equality monitoring must therefore combine quantitative indicators with qualitative insights drawn from stakeholder engagement, case analysis, and experiential feedback. This dual approach ensures that data interpretation remains socially grounded rather than technocratically isolated.

Jack Hecló's reflections on policy learning underscore the importance of practice-based knowledge and interaction with social actors (Hecló, 1974, p. 289). Sustainable equality compliance depends on inclusive learning structures that involve employees, managers, service users, and oversight institutions. Such arrangements allow organizations to refine their understanding of fairness as social expectations evolve.

Finally, long-term effectiveness presupposes meaningful accountability. Bovens argues that accountability requires reasoned justification to those entitled to oversight (Bovens, 2007, p. 455). Monitoring and evaluation systems must therefore produce information that is comprehensible, actionable, and relevant for both internal governance and external scrutiny.

Taken together, these perspectives demonstrate that the sustainability of equality-based compliance depends on deliberate institutional design, continuous learning, and vigilance against both drift and formalism. Monitoring and evaluation must function as dynamic processes that evolve alongside organizational practice and social context. Through structured feedback, inclusive governance, transparent reporting, and sustained normative commitment, institutions can preserve equal treatment as a central and enduring element of their mission.

22. Global Perspectives and Comparative Models of Equality Based Compliance

1. Comparative Analysis: Tocqueville, Durkheim, Dewey, Mannheim

Comparative analysis demonstrates that equality-based compliance systems assume markedly different forms across global regions, shaped by legal traditions, political institutions, cultural norms, and administrative capacities. These differences are not merely technical variations but reflect deeper conceptions of fairness, authority, and social order. Any attempt to design robust equality-based compliance models must therefore remain sensitive to context while preserving normative coherence. This chapter approaches these questions through classical and modern comparative thinkers whose work illuminates how societies institutionalize equal treatment.

Alexis de Tocqueville offered one of the earliest comparative diagnoses of democratic equality. He observed that democratic societies generate a strong moral expectation of equal respect, yet simultaneously exert pressures toward conformity that risk suppressing individual distinction (Tocqueville, 1835, p. 112). This ambivalence remains central to equality-based compliance, which must reconcile standardized administrative procedures with sensitivity to difference.

Émile Durkheim's theory of social solidarity further clarifies this tension. In societies organized around mechanical solidarity, equality tends to be understood as uniformity, whereas in societies characterized by organic solidarity, fairness requires recognition of differentiated roles and circumstances (Durkheim, 1893, p. 78). Contemporary equality-based compliance systems largely reflect this latter logic, acknowledging that equal treatment does not imply identical treatment but proportionate, context-aware decision-making.

John Dewey's pragmatist philosophy introduces a distinctly democratic dimension. Dewey argued that institutions must remain adaptive to social change and that participatory engagement strengthens the legitimacy of public decisions (Dewey, 1927, p. 64). For equality-based compliance, this insight underscores the importance of participatory monitoring, feedback mechanisms, and inclusive evaluation processes, particularly in pluralistic societies.

Karl Mannheim's sociology of knowledge adds a further layer by emphasizing that institutional interpretations of equality are shaped by historically situated ideational frameworks (Mannheim, 1936, p. 41). Compliance systems thus differ not only in their instruments but in their underlying conceptions of justice. Comparative analysis must therefore examine the epistemic foundations of equality, not merely the formal design of policies.

Regional models illustrate these theoretical differences. In East Asian contexts, Confucian traditions of meritocratic governance emphasize hierarchy, duty, and social harmony. Fukuyama notes that these systems often combine strong bureaucratic capacity with culturally embedded expectations of social responsibility (Fukuyama, 2011, p. 146). Equality-based compliance in such settings tends to rely more on administrative guidance and elite accountability than on judicial enforcement.

By contrast, North American models prioritize individual rights and adversarial legalism. Kagan describes this system as one in which equality enforcement depends heavily on litigation, judicial review, and procedural safeguards (Kagan, 2001, p. 33). Compliance systems in this context are therefore rule-intensive and legally formalized.

European approaches combine rights-based frameworks with welfare institutions and corporatist negotiation. Offe explains that European welfare states integrate legal equality with social citizenship, seeking to mitigate market-generated inequalities through

regulation and public administration (Offe, 1984, p. 57). Equality-based compliance here is embedded in administrative supervision, labor law, and social policy.

Perspectives from the Global South highlight further challenges. Appadurai draws attention to contexts in which formal equality coexists with deep structural deprivation, limited access to information, and weak institutional capacity (Appadurai, 2004, p. 21). In such settings, compliance systems must address social preconditions of equality rather than rely exclusively on legal norms.

Development economics reinforces this view. Banerjee and Duflo demonstrate that seemingly minor administrative barriers can disproportionately disadvantage vulnerable groups (Banerjee & Duflo, 2011, p. 74). Their findings suggest that equality-based compliance must scrutinize procedural design itself, identifying how routine administrative burdens generate invisible exclusion.

Globalization and network theories further complicate the picture. Castells argues that network society produces unequal distributions of information and power (Castells, 1996, p. 167), while Bell highlights new inequalities linked to knowledge and expertise in postindustrial societies (Bell, 1973, p. 89). Equality-based compliance must therefore address informational asymmetries, especially in digital governance environments.

Political theory illustrates how institutional structure shapes equality enforcement. Dahl emphasizes power diffusion as a safeguard of equality in pluralistic democracies (Dahl, 1971, p. 36), while Huntington highlights the importance of institutional strength in maintaining order, particularly in developing contexts (Huntington, 1968, p. 23). Compliance systems must therefore balance rights protection with administrative capacity.

Comparative public administration further shows that bureaucratic cultures influence interpretations of fairness. Kaufman identifies tensions between representativeness, responsiveness, and neutrality in public organizations (Kaufman, 1956, p. 174), while Hood and Jackson demonstrate that administrative values vary significantly across national systems (Hood & Jackson, 1991, p. 12).

Transnational legal sociology adds another dimension. Dezalay and Garth show how global professional networks shape the diffusion of legal norms (Dezalay & Garth, 1996, p. 63), suggesting that equality-based compliance increasingly reflects transnational standards rather than purely national doctrines.

Institutional economics reinforces these conclusions. Acemoglu and Robinson argue that inclusive institutions promote fairness and accountability, while extractive institutions entrench inequality (Acemoglu & Robinson, 2012, p. 74). Equality-based compliance flourishes where power is broadly distributed and institutions are responsive.

Stratification theory further refines comparative analysis. Therborn identifies existential, resource-based, and relational dimensions of inequality (Therborn, 2013, p. 22), while Tilly demonstrates how organizational processes produce categorical disadvantage (Tilly, 1998, p. 10). These insights support the multidimensional monitoring frameworks discussed earlier.

Finally, sociological institutionalism emphasizes legitimacy. Beetham argues that authority is sustainable only when rules, practices, and shared beliefs align (Beetham, 1991, p. 16). Equality-based compliance is therefore durable only when fairness is recognized as a public value rather than imposed as an external constraint.

Taken together, comparative analysis shows that equality-based compliance cannot be reduced to a universal template. It must be adapted to institutional capacity, cultural expectations, political structures, and historical legacies. Across contexts, however, a

common principle emerges: equality functions simultaneously as a legal norm and a social expectation, and effective compliance must integrate both dimensions.

2. Leadership and Ethical Culture in Equality-Based Compliance Systems

Equal treatment compliance ultimately depends on leadership and ethical culture. Legal rules, procedures, and indicators provide necessary structures, but they cannot secure fairness unless leaders cultivate environments in which equality becomes an internalized institutional value.

Transformational leadership theory provides a starting point. Bass emphasizes that leaders who articulate moral visions inspire behavior beyond transactional compliance (Bass, 1985, p. 32), while Burns highlights the reciprocal moral elevation of leaders and followers (Burns, 1978, p. 20). In equality-based compliance, leadership transforms fairness from a regulatory obligation into a guiding principle.

Heifetz's distinction between technical and adaptive challenges further clarifies the task. Equal treatment is an adaptive challenge that requires confronting implicit bias, informal hierarchies, and entrenched norms rather than merely applying expertise (Heifetz, 1994, p. 71). Leaders must therefore facilitate ethical reflection rather than rely on procedural fixes.

Organizational culture plays a decisive role. Schein defines culture as shared assumptions that guide perception and behavior (Schein, 2010, p. 18). When these assumptions privilege hierarchy or conformity, they may undermine equality despite formal rules. Leadership must actively reshape culture through modeling, communication, and incentive structures.

Ethical leadership scholarship reinforces this point. Ciulla argues that leadership failures often arise from misuse of authority rather than individual immorality (Ciulla, 1998, p. 25). Jackall's ethnographic work similarly reveals how organizational pressures shape ethical outcomes more powerfully than formal norms (Jackall, 1988, p. 47).

Anthropological perspectives highlight the risks of unreflective categorization. Douglas shows how cultural classifications structure expectations (Douglas, 1966, p. 41), while Bandura explains how moral disengagement allows harmful actions to be normalized (Bandura, 1999, p. 194). Leaders must counter these tendencies through empathy, accountability, and dialogue, as emphasized by Freire's pedagogy of participation (Freire, 1970, p. 89).

Values theory further illuminates leadership influence. Rokeach and Schwartz demonstrate that shared value structures shape moral judgment (Rokeach, 1973; Schwartz, 1992). Equality-based compliance thus requires value-oriented leadership that aligns institutional practice with dignity and respect.

Public administration scholarship confirms that ethical climates are institutionally produced. Cooper emphasizes that ethics depends on both personal responsibility and institutional design (Cooper, 2006, p. 53), while Denhardt frames public service as stewardship (Denhardt, 2011, p. 72). When equality is articulated as service rather than burden, commitment deepens.

Power and influence theories add nuance. French and Raven identify moral and referent power as key to ethical leadership (French & Raven, 1959, p. 152), while Mintzberg shows that everyday interactions shape culture more than formal statements (Mintzberg, 1973, p. 88).

Professional sociology reinforces these insights. Freidson argues that professional authority rests on ethical norms (Freidson, 2001, p. 58). Psychological safety research further shows that fairness depends on environments where concerns can be raised without fear (Edmondson, 1999, p. 355).

Taken together, leadership and ethical culture are indispensable to equality-based compliance. Rules constrain behavior, but leadership gives them meaning. Through reflective practice, ethical commitment, and inclusive culture-building, equality becomes a defining organizational virtue rather than a procedural obligation.

23. Decision Biases and Ethical Blindness: The Role of Heuristics in Compliance Failures

One of the greatest challenges of modern compliance management lies in recognizing that a significant proportion of rule violations do not arise from intentional malice, but from fundamental limitations of human cognitive architecture. During decision-making processes, individuals rarely behave as purely rational agents. Instead, they rely on mental shortcuts, known as heuristics, to reduce complexity (Kahneman, 2011, p. 82). While these heuristics are effective in everyday operations, they also produce systematic biases that undermine the effectiveness of normative controls.

The phenomenon of ethical blindness emerges precisely at this point. It refers to a temporary state in which the decision-maker is unable to perceive the moral dimension of his or her own actions (Palazzo et al., 2012, p. 324). One of the most consequential cognitive distortions in this context is the framing effect, whereby a legal or ethical issue is interpreted primarily as a business decision. When a transaction is framed exclusively in profit-loss terms, compliance considerations become cognitively invisible.

This dynamic is further intensified by incrementalism, often described as the slippery-slope effect, in which individuals move gradually from minor and seemingly insignificant violations toward more serious misconduct (Tenbrunsel and Messick, 2004, p. 224). Throughout this process, self-justification mechanisms preserve a coherent moral self-image, even as actual behavior increasingly diverges from normative expectations.

Confirmation bias further exacerbates this tendency, as decision-makers selectively attend to information that supports an appearance of legality. Compliance audits frequently demonstrate that managers overlook warning signals when they conflict with optimistic business assumptions. Overconfidence bias compounds the problem by leading individuals to underestimate the likelihood of detection while overestimating their own capacity to manage ethical risk.

Within organizational settings, obedience to authority, often associated with the Milgram effect, frequently overrides individual autonomy, particularly in hierarchical compliance structures (Milgram, 1974, p. 13). Responsibility is delegated upward, facilitating moral disengagement and allowing harmful actions to be carried out without subjective feelings of guilt (Bandura, 1999, p. 193). In addition, the availability heuristic reduces the deterrent effect of rare but severe sanctions when compared with frequent, low-intensity feedback.

Decision fatigue represents another critical factor. As cognitive resources become depleted over the course of the day, individuals become more susceptible to ethical compromise. Compliance systems must therefore do more than prohibit misconduct. They must actively counteract these psychological automatisms. Perceived loss of control

increases reliance on heuristics, which in turn further erodes conscious compliance. The application of nudge theory to compliance design can help ensure that ethically sound choices also represent the least cognitively demanding option (Thaler and Sunstein, 2008, p. 37).

Maintaining organizational integrity requires recognition that ethics is not solely a matter of character, but also of cognitive capacity. Ethical blindness does not absolve responsibility, but it helps explain the roots of systemic failure. Effective prevention strategies must therefore include cognitive debiasing techniques and the deliberate slowing down of moral reflection. Only under these conditions can compliance remain an internal and conscious decision-making process rather than an externally imposed constraint. The compliance officer of the future must therefore understand behavioral science alongside substantive law. Ultimately, the human factor remains both the weakest and the strongest link in the governance process.

24. Global Value Chains and Transnational Compliance: The Dogma of CSDDD

The architecture of the global economy has undergone a fundamental transformation in recent decades, as value chains that cross national borders have become the primary organizing force of production. In parallel, traditional models of legal liability based on territoriality and direct contractual relationships have proven insufficient to address transnational corporate abuses. The European Union's response to this regulatory gap is the Sustainability Due Diligence Directive, CSDDD, which significantly extends the compliance obligations of large companies (European Commission, 2024). This emerging legal paradigm expands the concept of compliance beyond internal processes to include the ethical integrity of the entire supply chain. The central element of the CSDDD is the principle of due diligence, which obliges companies to identify, prevent, and remedy human rights and environmental risks.

The theoretical foundation of the regulation lies in the concept of responsible corporate conduct, which has gradually shifted from soft-law norms to binding legal obligations (Ruggie, 2013, p. 42). The incorporation of the Ruggie Principles into enforceable European Union law means that companies can no longer rely on the formal legal separation of indirect suppliers to avoid liability. This approach seeks to eliminate jurisdictional arbitrage, whereby companies outsource high-risk activities to jurisdictions with weaker regulatory frameworks. Transnational compliance thus assumes a quasi supervisory function, in which private corporations perform tasks traditionally associated with state oversight. A critical feature of the directive is the introduction of civil liability mechanisms that allow affected parties to bring claims against parent companies at the end of the supply chain before European courts.

In implementing supply chain due diligence, companies are required to adopt a risk-based approach that prioritizes the most severe potential impacts. This methodology is closely linked to the issue of perceived control, as comprehensive oversight is often illusory given the depth and complexity of global value chains (McCorquodale and Nolan, 2021, p. 142). Compliance information technology systems and auditing procedures should therefore focus on ensuring traceability from raw material extraction to the final product. At this stage, requirements for transparency frequently conflict with data protection and

trade secret protections. Digital technologies, such as blockchain-based systems, may support authentication processes, but they cannot substitute for on-site ethical assessments.

Under the logic of the CSDDD, a company is held responsible not only for its own conduct, but also for omissions by entities within its sphere of influence. This concept stretches the traditional boundaries of legal personality and gives rise to a form of symbiotic liability system (Smit et al., 2020, p. 28). From a strategic perspective, this development means that purchasing decisions can no longer be based solely on price and quality considerations. The internalization of compliance-related costs into product pricing also affects consumer behavior, thereby linking ethical standards to market competition. For suppliers, particularly in developing countries, these requirements often generate substantial administrative burdens, leading to accusations of compliance colonization. At the same time, the directive seeks to establish a level playing field within the European Union internal market.

Sustainability compliance thus extends beyond environmental reporting and becomes a central pillar of corporate governance. The sanctions applicable in cases of noncompliance, including fines linked to global turnover, constitute a significant deterrent. Reputational risk is especially pronounced in this context, as brand value is directly affected by ethical failures within the supply chain. Legal compliance and social acceptance, often described as the social license to operate, are therefore deeply intertwined. As a result of the CSDDD, the role of the compliance officer increasingly incorporates elements of diplomacy and environmental expertise. Ultimately, the directive represents not merely an additional regulatory layer, but a redefinition of the moral foundations of global capitalism through legal means. Companies of the future can remain competitive only if they are able to demonstrate that their value chains are not built on exploitation or ecological degradation. The transition from minimum compliance to acceptable treatment thus becomes a practical necessity..

25. Sovereignty vs. Data Localization: Digital Governance and Jurisdictional Arbitrage

In the digital age, control over data has become a new dimension of national sovereignty, fundamentally reshaping global compliance strategies. While the technological promise of cloud-based services lies in efficient and borderless data flows, legal reality increasingly points toward fragmentation and protectionism. Data localization constraints, which require certain categories of data to be stored on servers within a specific state, pose a significant obstacle to centralized compliance monitoring. For multinational companies, this development necessitates the management of jurisdictional arbitrage, as contradictions between data protection regimes directly affect operational continuity.

The European Union has constructed a form of digital fortification through the General Data Protection Regulation and the Data Act, both of which seek to shield the data of European citizens from access by third-country authorities. By contrast, the United States, through the CLOUD Act, asserts extraterritorial jurisdiction over data stored abroad by United States-based technology companies (Daskal, 2018, p. 239). This legal collision places compliance officers in an irresolvable dilemma, as compliance with one legal order may entail violation of another. Digital sovereignty therefore emerges not merely as a political slogan, but as a concrete legal constraint with coercive force.

Owing to the growing complexity of the regulatory environment, companies increasingly rely on multi-cloud architectures and localized databases, significantly

increasing compliance costs. Data localization frequently serves not only data protection objectives, but also national security and cybersecurity interests, particularly in relation to critical infrastructure. China's Data Security Law, for example, imposes stringent restrictions by subjecting exports of data classified as important to state supervision (Chander and Le, 2015, p. 677). This trend contributes to the emergence of a fragmented internet architecture, often described as a splintered network divided by national regulatory barriers.

From a compliance perspective, this fragmentation means that a single global data governance framework is no longer feasible. Instead, companies must operate through systems of locally adapted compliance modules. At this level, perceived control is lost systemically, as organizations lack full visibility over their data assets due to legal constraints. Data sovereignty also underpins consumer trust, as users increasingly expect their data to be governed by the courts of their own jurisdiction. In the European Union, the demand for technological autonomy is reflected in initiatives such as GAIA-X, which aim to reduce dependence on United States and Chinese digital platforms (Kunstein, 2021, p. 15).

Within this environment, the principle of privacy by design transcends its technical origins and becomes a condition of geopolitical viability. Data transfer agreements, including the European Union and United States Data Privacy Framework, offer only temporary and fragile solutions to deeper structural conflicts. Legal and compliance professionals therefore require advanced technological literacy, particularly in data encryption and server architecture, to navigate these constraints effectively. Although data localization increases administrative complexity, it also compels more deliberate and transparent data governance practices.

Digital sovereignty thus constitutes one of the central pillars of twenty-first-century compliance, shaping the operational space available to global enterprises. At its core, the struggle over data governance concerns the authority to define the legal and ethical minimum standards of the digital environment. Global companies must accept that efficiency considerations can no longer override jurisdictional constraints. Compliance with local data rules has become a prerequisite for market access, irrespective of the resulting limitations on technological optimization. Future compliance systems must therefore remain flexible enough to reconcile global standards with local sovereignty requirements. The resolution of these conflicts is ultimately political and diplomatic rather than technical, with law serving as the primary instrument. The tension between sovereignty and data localization thus remains a persistent feature of modern governance. A sustainable digital strategy depends on acceptance of legal fragmentation and proactive risk management. Ultimately, control over data represents a core element of state power, relative to which corporate interests necessarily assume a secondary position.

26. Behavioral Mechanisms, Institutional Incentives and the Micro foundations of Equality Compliance

The practical operation of equality-based compliance cannot be reduced to formal rules, organizational charts or institutional capacity alone. At its core, compliance is enacted through everyday decisions made by individuals whose judgments are shaped by cognitive limits, social expectations and institutional incentives. Behavioral research has convincingly demonstrated that decision-makers do not operate as fully rational actors. Kahneman's analysis of judgment under uncertainty shows that individuals rely on heuristics and mental shortcuts that systematically distort outcomes, particularly in complex or time-pressured environments (Kahneman, 2011, p. 98). These cognitive tendencies can undermine equality objectives even where commitment to fairness is sincere. Equality-based compliance systems must therefore be designed with an explicit awareness of predictable behavioral patterns and must actively compensate for them.

Social norms constitute a second decisive behavioral layer. As Bicchieri demonstrates, individuals align their behavior with what they believe others expect of them, and norm compliance depends on shared empirical and normative expectations (Bicchieri, 2006, p. 42). Within organizations, equality norms become effective only when they are perceived as genuinely endorsed and consistently reinforced. Where informal cultures tolerate exclusion, ambiguity or silence, social norms easily override formal equality rules. This dynamic is particularly pronounced in hierarchical institutions, where conformity and loyalty may outweigh written policy.

Behavioral public administration research further shows that institutional design can either mitigate or amplify behavioral distortions. Moynihan emphasizes that reforms succeed only when they account for bounded rationality, motivational effects and cognitive overload (Moynihan, 2018, p. 71). Equality-oriented decision-making therefore requires clear criteria, standardized procedures and transparent documentation. Where decision pathways remain vague, discretion expands and informal pressures, stereotypes and biases fill the void.

Incentive structures introduce additional behavioral risks. Gneezy and Rustichini's work on motivation shows that poorly calibrated incentives can crowd out intrinsic ethical commitment, producing the paradoxical effect that rewards reduce prosocial behavior (Gneezy & Rustichini, 2000, p. 802). In equality compliance, this phenomenon emerges when superficial diversity metrics replace genuine responsibility for fair decision-making. Effective systems must therefore reinforce moral motivation rather than substitute it with narrow performance indicators.

Research on implicit bias deepens the behavioral diagnosis. Greenwald and Banaji demonstrate that individuals may harbor unconscious prejudices even when consciously committed to egalitarian values (Greenwald & Banaji, 1995, p. 12). Such biases influence recruitment, evaluation and disciplinary judgments in subtle but systematic ways. Equality-based compliance must therefore integrate behavioral countermeasures, including structured decision tools, bias-aware training and continuous monitoring.

Organizational signaling further shapes behavioral responses. Edelman's research on symbolic compliance shows that organizations often adopt equality policies or diversity

offices to signal legitimacy without substantively altering behavior (Edelman, 2016, p. 54). When symbolic signals replace genuine implementation, employees interpret equality commitments as procedural rituals. This weakens behavioral alignment because individuals look to leadership cues to determine which norms truly matter.

Group dynamics pose additional challenges. Janis's theory of groupthink explains how cohesive groups suppress dissent and prioritize consensus over critical reflection (Janis, 1982, p. 93). In compliance environments, groupthink can obscure discriminatory patterns and silence early warnings. Robust equality governance therefore requires institutionalized protection for dissent and structured opportunities for critical review.

Moral psychology introduces further complexity through the phenomenon of moral licensing. Monin and Miller show that individuals who have performed a morally commendable act may subsequently relax ethical vigilance, believing they have accumulated moral credit (Monin & Miller, 2001, p. 41). In equality compliance, this often follows high-profile diversity initiatives that create a false sense of ethical completion. Sustainable compliance requires continuous reinforcement rather than episodic gestures.

Behavioral economics also highlights the importance of framing. Tversky and Kahneman demonstrate that individuals react differently to policies framed as losses rather than gains (Tversky & Kahneman, 1981, p. 456). Equality measures framed solely as risk mitigation may provoke resistance, whereas those presented as opportunities for institutional improvement encourage engagement. Communication strategies are therefore integral components of behavioral compliance architecture.

Ultimately, behavioral mechanisms shape institutional trust. Hardin's theory of trust as encapsulated interest shows that individuals comply voluntarily when they believe institutions are genuinely committed to their wellbeing (Hardin, 2002, p. 31). Where equality policies are experienced as authentic, trust deepens and compliance stabilizes. Where they appear inconsistent or symbolic, trust erodes and compliance becomes fragile.

Behavioral insights alone, however, are insufficient without reliable decision systems that translate normative commitments into consistent outcomes. Organizational decision systems constitute the structural backbone of equality-based compliance. March and Simon argue that decisions emerge from routines, search processes and bounded rationality, requiring institutions to compensate for predictable cognitive and structural limitations (March & Simon, 1993, p. 112). Fragmented or opaque decision pathways increase discretionary variance and thereby heighten the risk of unequal treatment.

Procedural reliability is threatened by organizational drift. Feldman and Pentland demonstrate that routines are continuously reconstructed through practice and interpretation (Feldman & Pentland, 2003, p. 95). Equality procedures therefore require periodic review to ensure that implementation does not deviate from intent through informal adaptation. Variability in enactment can generate systematic inequality even when formal rules remain unchanged.

Administrative law reinforces the centrality of reason-giving. Sunstein argues that fair administration requires publicly intelligible and reviewable justifications grounded in relevant evidence (Sunstein, 1996, p. 47). Equality compliance depends on such practices because they expose whether differential outcomes arise from legitimate distinctions or discriminatory processes. Reason-giving also strengthens accountability by enabling oversight.

Procedural justice research further shows that legitimacy depends more on fair processes than on favorable outcomes. Lind and Tyler demonstrate that transparency,

neutrality and respectful treatment significantly enhance voluntary compliance (Lind & Tyler, 1988, p. 73). Equality-based decision systems must therefore integrate procedural justice principles throughout the decision chain.

Organizational complexity introduces additional risk. Perrow's analysis of tightly coupled systems shows that errors propagate rapidly through complex decision networks (Perrow, 1999, p. 15). Simplifying decision routes, clarifying responsibilities and reducing unnecessary intermediaries can therefore reduce structural inequality risk.

Institutional economics adds further safeguards. Williamson argues that governance structures should minimize opportunities for opportunism (Williamson, 1985, p. 33). In equality compliance, this requires checks such as dual review, committee decisions and audit mechanisms that constrain biased discretion.

Digitalization compounds these challenges. Pasquale warns that opaque algorithmic systems may entrench inequality under the guise of objectivity (Pasquale, 2015, p. 56). Equality compliance in digital decision-making therefore demands transparency, explainability and regular algorithmic audits.

Learning systems are essential for long-term reliability. Argote and Miron-Spektor emphasize that organizations learn through knowledge accumulation, retention and transfer (Argote & Miron-Spektor, 2011, p. 1125). Equality compliance requires learning loops that detect procedural drift, reveal patterns of inconsistency and support adaptive reform.

Reliable decision systems ultimately sustain legitimacy. As Beetham argues, legitimacy rests on rule conformity, normative justification and expressed consent (Beetham, 1991, p. 16). Fair and transparent decision architectures strengthen voluntary compliance and reduce reliance on coercion.

Beyond behavior and procedures, equality-based compliance requires coherent moral foundations. MacCormick argues that law derives authority from normative coherence, meaning that rules must be intelligibly connected to principled justifications (MacCormick, 1984, p. 67). Compliance systems lacking such coherence risk degenerating into mechanistic routines.

Philosophical accounts of equality provide guidance. Scanlon's contractualism shows that nondiscrimination is morally required because discriminatory principles cannot be reasonably justified to those affected (Scanlon, 1998, p. 214). Young's analysis of structural injustice further emphasizes that inequality often emerges from institutional patterns rather than intent (Young, 2011, p. 52).

Institutional sociology reinforces the need for value integration. Selznick argues that institutions become morally significant when they embody values beyond instrumental efficiency (Selznick, 1957, p. 17). Equality must therefore be internalized as an organizational value rather than treated as external compliance.

Ethical decision-making research clarifies how this internalization occurs. Rest's model shows that ethical behavior depends on moral sensitivity, judgment, motivation and character (Rest, 1986, p. 22). Equality compliance must support all four dimensions through training, decision frameworks, incentives and leadership.

Public ethics scholarship situates equality at the core of governance. Frederickson's concept of social equity frames fairness as a foundational obligation of public institutions (Frederickson, 1997, p. 108). Integrity research similarly emphasizes alignment between values, norms and actions (Huberts, 2014, p. 39).

Moral psychology adds nuance. Haidt shows that moral judgments are often intuitive and culturally shaped (Haidt, 2001, p. 820). Institutions must therefore create environments in which fairness is both reasoned and felt.

Deliberative theory underscores the importance of reflection. Mansbridge argues that ethical coherence requires spaces for discussion and contestation (Mansbridge, 1990, p. 56). Gutmann and Thompson further show that principled compromise strengthens legitimacy (Gutmann & Thompson, 2004, p. 45).

Normative foundations must remain reflexive. Nussbaum emphasizes the importance of ongoing moral reflection to prevent ethical stagnation (Nussbaum, 2001, p. 73). Equality compliance therefore requires continual normative renewal.

Sustainability ultimately depends on accountability and enforcement. Mulgan conceptualizes accountability as relational structures of justification (Mulgan, 2000, p. 555). Responsive regulation theory shows that graduated enforcement balances persuasion and deterrence (Ayres & Braithwaite, 1992, p. 35). Meta-regulation embeds accountability within organizations themselves (Parker, 2002, p. 129).

Transparency, whistleblowing protections, judicial review and plural oversight forums reinforce enforcement credibility. Monitoring frameworks translate behavior into indicators, but as Espeland and Stevens show, indicators also shape behavior (Espeland & Stevens, 2008, p. 417). Equality monitoring therefore requires careful indicator design, mixed methods and feedback loops (Greene, 2007; Vedung, 1997).

Digital monitoring tools offer new opportunities but require safeguards against bias (Kitchin, 2014). Audit cultures must balance verification with substantive evaluation (Power, 2000). Information flows must remain open (March & Olsen, 1976), and transparency must be intelligible (Florini, 2007).

Taken together, these chapters demonstrate that equality-based compliance is a multi-layered governance system. Behavioral mechanisms, decision architectures, moral coherence, accountability structures and monitoring frameworks are mutually reinforcing. When aligned, they translate equality norms into consistent, legitimate and sustainable institutional practice. When fragmented, compliance becomes symbolic and fragile. Modern equality governance therefore depends on integrating behavioral insight, procedural reliability and normative commitment into a coherent institutional architecture.

27. The Legal Psychology of Cognitive Overload and Regulatory Inflation

One of the paradoxes of the modern rule-of-law framework is that regulatory expansion in response to social complexity, the so-called regulatory inflation, often does not enhance legal certainty, but instead leads to the erosion of the willingness to comply with the law. According to the basic premise of cognitive psychology, human information-processing capacity is finite, so the exponential growth of norms inevitably leads to cognitive overload (Sweller, 1988, p. 257). When the volume of compliance regulations exceeds the processing threshold of the individual, compliance becomes the result of forced selection rather than conscious deliberation.

Regulatory inflation is not only a quantitative issue, but also entails the opacity of the normative environment, which undermines the individual's perceived control over his or her own legal position. According to social-psychological research, a lack of perceived control is closely related to the state of learned helplessness (Seligman, 1975, p. 42). If an

employee feels unable to comply fully due to the complexity of the rules, rule-following apathy may develop. This condition functions as a defense mechanism in which the individual emotionally and cognitively distances himself from normative expectations, since error appears inevitable (Tyler, 2006, p. 178).

Legal psychology distinguishes between substantive compliance desire and symbolic conformity. Under conditions of cognitive overload, individuals tend to move toward symbolic conformity, where the objective is no longer compliance with the spirit of the rule, but the maintenance of the minimum administrative appearance necessary to avoid liability (Edelman, 1992, p. 1535). This process erodes the ethical integrity of the organization, as compliance increasingly becomes a check-the-box activity.

Heuristics emerge in decision-making processes as attempts to bridge complexity through short-cut reasoning, but these frequently result in systematic errors (Kahneman, 2011, p. 82). During the phase of compliance apathy, individuals no longer consider the moral weight of rule-breaking, but instead focus on reducing regulatory noise. In such an environment, the likelihood of whistleblowing and voluntary compliance is drastically reduced, since the primary concern of the cognitively overloaded individual is operational survival rather than normative vigilance.

Regulatory inflation therefore becomes counterproductive. An increase in the number of rules leads to a decrease in actual compliance, as individuals lose the connection between legal norms and their social or ethical purpose (Sunstein, 1990, p. 412). Regaining perceived control requires regulatory simplification and the application of principles derived from cognitive ergonomics. The future of compliance systems lies not in stricter control, but in adaptation to human cognitive limitations. Ultimately, a legal-psychological perspective highlights that sustainable governance models must respect individual mental bandwidth in order to ensure a lasting willingness to comply.

28. The Role of Psychological Safety: The Foundation of Ethical Vigilance and Whistleblowing

The effectiveness of modern compliance systems is based not only on technical controls and legal sanctions, but also fundamentally on the deep psychological characteristics of organizational culture. Research highlights that mere regulation does not guarantee that violations will surface if the environment does not provide psychological safety for employees (Edmondson, 1999, p. 350). Psychological safety is defined as a shared belief that personal risk-taking by organizational members, such as admitting a mistake or raising a concern, does not entail negative consequences.

In this context, compliance is not simply a legal obligation, but an interactive process based on trust capital. When psychological safety is low, employees engage in defensive silence, which makes timely risk management impossible (Morrison and Milliken, 2000, p. 706). This silence is not a sign of loyalty, but a rational fear-based response to potential retaliation or professional marginalization.

The institution of whistleblowing is legally regulated, but in the absence of psychological prerequisites, it remains an empty framework. Legislators often assume that anonymity is a sufficient motivation for reporting, but social-psychological analyses suggest that fear of retaliation against the whistleblower is more deeply rooted in the organizational hierarchy (Dyck et al., 2010, p. 2213). Creating psychological safety is

therefore a primary strategic task for the compliance officer, as it enables learning from mistakes rather than punitive accountability.

According to the concept of the learning organization, transparent handling of mistakes reduces future systemic risks (Senge, 1990, p. 14). If employees perceive that honest criticism or the reporting of violations serves the development of the organization, willingness to comply becomes an intrinsic motivation. In contrast, within a culture of fear, compliance is limited to the appearance of conformity under external pressure. Perceived control and psychological safety operate in tandem, as a safe environment increases individual agency and responsibility.

Leadership behavior plays a decisive role in creating a safe ethical climate. Leaders should actively encourage voiced dissent so that hidden risks can be identified before a crisis occurs. A lack of psychological safety leads directly to ethical blindness, where peer pressure suppresses individual moral doubts in favor of conformity (Bazerman and Tenbrunsel, 2011, p. 4). In conclusion, the effectiveness of a compliance system is not measured by the thickness of rule books, but by whether even the lowest levels of the organization dare to raise concerns and report issues without feeling existentially threatened..

29. Psychological Safety as the Foundation of Compliance: An Adaptation of the Edmondson Model

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When psychological safety is low, employees engage in defensive silence, which makes timely risk management impossible (Morrison and Milliken, 2000, p. 706). This silence is not a sign of loyalty, but a rational fear-based response to potential retaliation or professional marginalization. The institution of whistleblowing is legally regulated, but in the absence of psychological prerequisites, it remains an empty framework. Legislators often assume that anonymity is a sufficient motivation for reporting, but social-psychological analyses suggest that fear of retaliation against the whistleblower is more deeply rooted in the organizational hierarchy (Dyck et al., 2010, p. 2213).

Creating psychological safety is therefore the primary strategic task of the compliance officer, as it allows learning from mistakes rather than reliance on punitive accountability. If the organizational culture is purely punitive, employees will devote their energies to concealing mistakes and shifting responsibility rather than maintaining lawful operations. According to the concept of the learning organization, transparent handling of mistakes reduces future systemic risks (Senge, 1990, p. 14). When employees perceive that honest criticism or the reporting of violations serves the long-term integrity of the organization, willingness to comply becomes an intrinsic motivation.

In contrast, within a culture of fear, compliance is limited to apparent conformity under external pressure, often described as window compliance. Perceived control and psychological safety operate in tandem, as a safe environment increases individual autonomy and responsibility. Leadership behavior is crucial in creating a safe ethical climate. Leaders should actively encourage voice so that hidden risks can be identified before a crisis occurs (Detert and Burris, 2007, p. 869).

A lack of psychological safety leads directly to ethical blindness, where peer pressure suppresses individual moral doubts in favor of collective conformity (Bazerman and Tenbrunsel, 2011, p. 4). A punitive culture preserves the status quo because no one dares to point out systemic anomalies for fear of reprisal. By contrast, a supportive culture redefines compliance not as a constraint, but as a safety net. The primary reason for the failure of whistleblowing systems is therefore not the absence of a technical interface, but a systemic deficit of trust. In conclusion, the validity of a compliance system should be measured not by the thickness of rule books, but by whether even the lowest levels of the organization dare to raise questions and report concerns without feeling existentially threatened. In a supportive environment, compliance is not a burden, but part of a shared organizational identity.

30. Risk Governance, Anticipatory Systems and Early Warning Mechanisms in Equality Compliance

The shift toward anticipatory governance has fundamentally transformed the way institutions understand and address inequality. Rather than treating discrimination as an isolated event to be remedied after harm has already occurred, contemporary governance increasingly conceptualizes inequality as a predictable and preventable institutional risk.

This shift reflects a broader transformation in public and organizational governance, in which responsibility is defined not merely by responsiveness but by foresight. Beck's analysis of the risk society captures this transition by demonstrating that modern institutions are increasingly oriented toward the anticipation and management of future harms rather than the correction of past failures (Beck, 1992, p. 34). Within this framework, equality compliance cannot remain reactive without undermining its own normative purpose. It must instead develop the capacity to detect weak signals of inequality and intervene before discriminatory practices solidify into systemic injustice.

Anticipatory equality governance therefore requires forward looking analytical structures that extend beyond traditional monitoring and complaint based systems. Poli emphasizes that anticipatory governance depends on institutions' ability to construct plausible projections about future developments and integrate those projections into present decision making (Poli, 2010, p. 78). In equality contexts, such projections make it possible to identify risk factors that would otherwise remain invisible, including persistent homogeneity in leadership positions, unexplained disparities in disciplinary practices, or demographic bottlenecks in promotion pathways. When monitored longitudinally, these indicators allow institutions to recognize patterns that do not yet amount to formal violations but nevertheless signal structural vulnerability. Early warning systems built on such indicators shift compliance from a logic of response to a logic of prevention.

Risk governance scholarship further clarifies the conditions under which anticipatory systems can function effectively. Renn argues that robust risk governance must combine scientific analysis with participatory processes to ensure that risk assessments reflect both empirical evidence and stakeholder perspectives (Renn, 2008, p. 51). Applied to equality compliance, this insight highlights the limitations of purely quantitative approaches. Statistical disparities alone rarely explain how inequality is experienced, reproduced or normalized within organizations. Qualitative testimony, organizational narratives and lived experiences therefore play a crucial role in identifying emerging risks, particularly in cases of intersectional discrimination. Participatory mechanisms do not merely enrich data quality; they also enhance legitimacy by demonstrating that equality governance is responsive to those most affected by institutional practices.

The development of early warning systems also draws heavily on research into organizational resilience. Holling's concept of resilience emphasizes that systems must be capable of absorbing disturbances, reorganizing and adapting while maintaining core functions (Holling, 1973, p. 21). From the perspective of equality compliance, resilience does not mean tolerating inequality but responding constructively to early signs of imbalance. When monitoring reveals concerning trends, institutions must possess the organizational flexibility to initiate corrective action without delay. Such responses may include targeted training programs, focused process audits, temporary policy adjustments or leadership interventions. Resilience based approaches thus reinforce the idea that equality governance is an ongoing process rather than a fixed institutional state.

Foresight methodologies further strengthen anticipatory equality governance by extending institutional awareness beyond immediate risks. Voros defines foresight as a structured process for exploring multiple possible futures in order to identify vulnerabilities and opportunities before they materialize (Voros, 2003, p. 13). In equality contexts, foresight exercises can reveal long term demographic transformations, shifts in labor market participation, or emerging forms of bias linked to technological change. Integrating foresight into compliance frameworks enables institutions to align equality strategies with broader social developments rather than reacting belatedly to their consequences. This temporal expansion is particularly important in sectors characterized by long career trajectories and entrenched hierarchies.

Scenario planning provides a complementary strategic tool for managing uncertainty. Schoemaker shows that scenario planning allows organizations to test the robustness of their policies by imagining alternative futures and evaluating strategic responses under varying conditions (Schoemaker, 1995, p. 32). Within equality compliance, scenario planning can be used to assess whether existing policies remain effective under changing workforce compositions, new legislative obligations or economic pressures. Stress testing equality frameworks in this way helps institutions identify hidden dependencies and institutional blind spots, thereby strengthening long term resilience.

Predictive analytics has become an increasingly prominent component of anticipatory compliance, but it also introduces significant normative and technical challenges. Shmueli warns that predictive models must be designed with caution to avoid reproducing biases embedded in historical data (Shmueli, 2010, p. 291). In equality governance, this concern is particularly acute because historical datasets often reflect patterns of exclusion rather than neutral trends. Predictive tools must therefore incorporate safeguards such as fairness adjustments, bias detection protocols and regular auditing.

Without these protections, anticipatory systems risk reinforcing discrimination under the appearance of objectivity, thereby undermining both equality and legitimacy.

Organizational psychology adds another layer to understanding anticipatory mechanisms by highlighting their behavioral effects. Weick's theory of sense making shows that individuals interpret signals and respond to emerging risks through socially constructed frames of meaning (Weick, 1995, p. 88). Early warning systems in equality compliance must therefore communicate risk information in ways that are intelligible and normatively grounded. When sense making processes are fragmented or ambiguous, early warnings may be ignored, resisted or misunderstood. Effective anticipatory governance requires shared interpretive frameworks that link risk signals to institutional values and responsibilities.

The precautionary principle offers an additional normative justification for early intervention. Sunstein argues that precaution requires institutions to act even when evidence is incomplete if the potential harms are significant (Sunstein, 2005, p. 33). In equality compliance, precaution is particularly relevant when early indicators suggest unequal outcomes but causal mechanisms remain contested. Acting at this stage prevents small disparities from hardening into entrenched structural inequalities. Precaution thus reinforces the moral dimension of anticipatory governance by prioritizing the protection of dignity and fairness over evidentiary certainty.

Finally, anticipatory equality governance depends on institutional capacity for continuous adaptation. Sabel and Zeitlin's theory of experimentalist governance emphasizes learning through monitoring, peer review and iterative adjustment (Sabel and Zeitlin, 2012, p. 176). Incorporating experimentalist principles into equality compliance ensures that anticipatory systems do not become rigid forecasting exercises but remain open to revision as new evidence emerges. Sustainable anticipation requires flexibility, reflexivity and a willingness to revise assumptions in light of experience.

Taken together, this analysis demonstrates that anticipatory systems, risk governance frameworks and early warning mechanisms are not peripheral enhancements but central components of modern equality compliance. By combining predictive tools, participatory processes, foresight methods, scenario planning and precautionary approaches, institutions can identify emerging risks and intervene before inequality becomes systemic. Strengthening anticipatory capacities ensures that equality governance remains forward looking, adaptive and resilient in rapidly changing organizational and social environments.

31. Professional Responsibility, Role Morality and the Ethical Obligations of Equality Compliance

The long term sustainability of equality based compliance cannot be reduced to questions of institutional architecture or organizational routines alone. It also depends, in a very direct sense, on the professional responsibilities that shape how individuals act within these systems. Equality norms do not apply themselves automatically. They are interpreted, balanced and, at times, resisted by practitioners whose everyday decisions give practical meaning to abstract principles. Professional ethics provides the normative framework within which these decisions acquire moral weight and institutional significance.

Beauchamp and Childress locate professional responsibility in a set of core ethical principles, most notably respect for persons, justice and beneficence (Beauchamp and Childress, 2013, p. 17). Within equality compliance, these principles serve as more than general moral reference points. They orient judgement in situations where formal rules remain underdetermined or where competing considerations must be weighed. Respect for persons anchors decision making in human dignity, justice frames equality as a substantive rather than merely procedural requirement, and beneficence directs attention to the prevention of harm, including harms that arise indirectly through exclusion or neglect.

Role morality further specifies these obligations. As Davis argues, professional roles entail special duties that go beyond ordinary moral expectations, precisely because institutional positions confer power over others (Davis, 2003, p. 28). In the context of equality compliance, this has concrete implications. Officials involved in recruitment, performance evaluation or disciplinary decision making cannot treat fairness as a secondary concern. Their actions shape access to opportunities and signal the institution's commitment to equal treatment. Role morality thus intensifies ethical responsibility in areas where discretion and inequality intersect.

Complex institutions inevitably generate conflicts of obligation. Goodin has shown that professional roles frequently impose competing demands, including loyalty to superiors, adherence to formal rules and fidelity to public values (Goodin, 1985, p. 52). Equality compliance often brings these tensions to the surface. Practitioners may be encouraged, implicitly or explicitly, to prioritise efficiency, cohesion or reputational concerns over fairness. They may be asked to overlook problematic practices in the name of organizational harmony. Addressing such conflicts requires not only individual integrity but institutional support structures that recognise the legitimacy of ethical resistance.

Professional judgement plays a central role in navigating these tensions. Banks emphasises that ethical practice depends on reflective judgement rather than mechanical rule application (Banks, 2012, p. 81). Discriminatory patterns rarely present themselves in overt or easily classifiable forms. They are often cumulative, contextual and ambiguous. Equality compliance therefore relies on practitioners who are able to recognise ethical significance in apparently routine situations and who are willing to question established practices when they generate unequal effects.

Insights from the sociology of professions reinforce this point. Abbott describes professions as communities that maintain authority over specialised domains through shared norms, training and self regulation (Abbott, 1988, p. 40). Where fairness becomes part of professional self understanding, equality compliance gains stability. A professional identity oriented toward equal treatment supports consistent interpretation of norms and reduces reliance on ad hoc judgement. In this sense, professionalisation contributes directly to the reliability of compliance outcomes.

Codes of ethics formalise these expectations. Cooper notes that ethical codes articulate standards of conduct, clarify obligations and provide reference points for evaluation and accountability (Cooper, 2012, p. 95). In equality compliance, such codes must explicitly address impartiality, respect, confidentiality, documentation and anti discrimination commitments. Their function, however, is not exhausted by formal declaration. Codes are effective only to the extent that they are embedded in organizational practice and taken seriously by those to whom they apply.

Formalisation alone is insufficient without moral courage. As Kidder argues, ethical principles remain inert unless individuals are prepared to act on them in situations

of pressure or risk (Kidder, 2005, p. 7). Equality compliance frequently demands such courage. Challenging discriminatory practices, reporting misconduct or resisting informal expectations often carries personal and professional costs. Institutions that fail to protect or recognise ethical action undermine their own compliance frameworks.

Complicity represents a subtler but equally significant ethical risk. Lepora and Goodin demonstrate that individuals can become morally implicated in wrongdoing through omission, acquiescence or rationalisation, particularly in bureaucratic contexts where responsibility is fragmented (Lepora and Goodin, 2013, p. 18). In equality governance, complicity may take the form of silence in the face of bias, acceptance of skewed outcomes as inevitable or avoidance of reporting due to fear or fatigue. Recognising complicity allows institutions to design safeguards that address passive as well as active forms of discrimination.

The ethics of care offers an additional perspective. Tronto's account emphasises attentiveness, responsibility and responsiveness to vulnerability (Tronto, 1993, p. 127). Equality compliance benefits from this orientation because discrimination often produces relational and emotional harms that procedural remedies alone cannot fully address. Care informed approaches foreground empathy and contextual understanding, complementing rule based frameworks without displacing them.

Professional responsibility must also be situated within public service ethics more broadly. Denhardt and Denhardt argue that public servants are bound by a commitment to the public interest, democratic values and integrity (Denhardt and Denhardt, 2007, p. 66). From this perspective, equality compliance is not an ancillary obligation but a core expression of public service. It ensures that institutions respect rights, treat individuals fairly and contribute to social justice.

Taken together, professional responsibility, role morality, reflective judgement and moral courage constitute the ethical infrastructure of equality compliance. When institutional processes are grounded in these commitments, compliance frameworks gain legitimacy and practical effectiveness. Without them, equality risks becoming a formal requirement devoid of substantive force.

Organizational Memory, Archival Governance and Evidence Preservation

The durability of equality based compliance is closely linked to the quality of organizational memory. Institutions accumulate knowledge through documents, decisions, data and routines, and this accumulated memory shapes how they perceive inequality, assess risks and respond to emerging challenges. Walsh and Ungson conceptualise organizational memory as a set of retention structures distributed across individuals, culture and formal systems (Walsh and Ungson, 1991, p. 62). For equality governance, such memory is essential to prevent repetition of past failures and to ensure that learning is institutionalised rather than dependent on individual actors.

Record keeping is central to this process. Yates shows that documentation practices fundamentally structure organizational capacity by determining how information is preserved and retrieved (Yates, 1989, p. 44). Equality compliance depends on reliable records of recruitment decisions, disciplinary actions, demographic data, complaints and audits. Where records are incomplete or inaccessible, institutions lose the ability to identify patterns of inequality or to demonstrate compliance. Archival governance thus underpins both accountability and continuity.

Transparency presupposes evidence preservation. Fung argues that meaningful transparency requires access to information that enables external scrutiny (Fung, 2013, p. 20). In equality governance, transparency allows stakeholders to assess whether decisions are arbitrary or discriminatory. Without stable archives, transparency becomes performative rather than substantive, eroding trust and legitimacy.

Organizational memory is vulnerable to decay. Stein highlights how staff turnover, informal practices and weak documentation contribute to loss of critical knowledge (Stein, 1995, p. 285). Equality compliance is particularly exposed to this risk because discrimination cases and reform efforts unfold over extended time horizons. Memory systems must therefore ensure continuity beyond individual careers.

Selective forgetting presents an additional challenge. Olick and Levy note that organizations may marginalise or erase events that threaten preferred narratives or reputational interests (Olick and Levy, 1997, p. 918). In equality contexts, this may involve downplaying past discrimination or neglecting previous failures. Robust archival rules and independent oversight are necessary to counteract such tendencies.

Digital records offer both advantages and new risks. As Gilliland observes, long term digital preservation requires coordinated technical and organizational safeguards (Gilliland, 2014, p. 61). Equality compliance depends on digital archives that preserve integrity, confidentiality and usability across technological change.

Archives also reflect power. Schwartz and Cook argue that memory institutions are shaped by organizational priorities and authority structures (Schwartz and Cook, 2002, p. 168). Equality governance must therefore ensure that archival practices do not systematically under document discrimination or silence certain experiences.

Memory enables learning. Huber emphasises that organizations learn by retrieving and applying past knowledge (Huber, 1991, p. 90). Equality systems must draw on historical cases, audit findings and risk assessments to inform future action. Without such retrieval, inequality persists through institutional amnesia.

Intergenerational continuity reinforces this function. Senge and Sterman show that long term improvement requires linking historical experience to future strategy (Senge and Sterman, 1992, p. 156). Archival governance connects past failures and successes to ongoing reform.

Finally, organizational memory contributes to institutional identity. Selznick argues that institutions acquire moral significance when values are embedded in their memory structures (Selznick, 1992, p. 61). When fairness is preserved not only in policy but in institutional memory, equality compliance becomes sustainable.

Sanctions, Incentives and Enforcement Logics

Effective equality governance also requires credible enforcement mechanisms. Monitoring alone does not ensure compliance unless accompanied by sanctions and incentives that shape behaviour and signal institutional priorities. Ayres and Braithwaite's model of responsive regulation, with its graduated enforcement pyramid, remains particularly relevant (Ayres and Braithwaite, 1992, p. 35). Equality compliance benefits from escalation mechanisms that distinguish between inadvertent failure and persistent discrimination.

Sanctions fulfil both deterrent and expressive functions. Feinberg highlights their communicative role in marking moral boundaries (Feinberg, 1970, p. 95). In equality

contexts, sanctions affirm that discrimination violates core institutional values rather than technical rules.

- Incentives operate alongside sanctions. Deci and Ryan show that intrinsic motivation is strengthened when behaviour aligns with internalised values (Deci and Ryan, 2000, p. 234). Equality compliance therefore requires incentives that reinforce moral commitment rather than replace it.
- Poorly designed incentives can be counterproductive. Frey and Jegen warn that external rewards may crowd out intrinsic motivation (Frey and Jegen, 2001, p. 596). Equality systems must avoid reducing fairness to numerical targets.
- Norm based enforcement complements formal mechanisms. As Cialdini demonstrates, social norms strongly influence behaviour (Cialdini, 2003, p. 92). Equality compliance can leverage peer expectations to reinforce inclusive conduct.
- Sanctions must also be procedurally fair. Tyler shows that acceptance of enforcement depends on perceived fairness of process (Tyler, 2006, p. 45). Fair procedures enhance legitimacy.
- Strategic compliance remains a risk. Bardach and Kagan document how organizations exploit loopholes and symbolic adherence (Bardach and Kagan, 1982, p. 51). Verification mechanisms must therefore focus on substance rather than form.
- Peer accountability further strengthens enforcement. Elster emphasises the power of social sanctions within groups (Elster, 1989, p. 104).
- Restorative approaches add flexibility. Zehr's restorative model focuses on repairing harm and rebuilding trust (Zehr, 2002, p. 14), offering learning oriented responses to less severe violations.

Finally, enforcement shapes institutional identity. As March and Olsen argue, repeated enactment transforms external norms into internal commitments (March and Olsen, 2006, p. 13). Over time, enforcement contributes to the moral institutionalisation of equality.

32. Strategic Leadership, Agenda Setting and the Long Term Embedding of Equality Compliance

The long-term institutionalization of equality-based compliance cannot be separated from the quality of strategic leadership within an organization. Leadership is not exhausted in the coordination of structures or the allocation of resources. It frames how equality is understood, what weight it is given among competing priorities, and how it is translated into everyday organizational practice. As Kouzes and Posner point out, leadership is fundamentally an influence relationship rooted in shared values and collective purpose, shaping what organizations ultimately seek to become (Kouzes and Posner, 2012, p. 14). In the context of equality governance, leaders delineate the moral and strategic horizon of the institution, and without sustained leadership commitment, compliance efforts tend to remain episodic and vulnerable to policy cycles.

A central mechanism through which leadership exerts this influence is agenda setting. Kingdon's analysis of policy dynamics shows that issues gain lasting prominence only when problems, available solutions, and political conditions converge (Kingdon, 1995, p. 112). Equality becomes a durable organizational concern only when leadership consciously elevates fairness to the level of strategic priority. Absent such intentional

placement, equality considerations are easily crowded out by operational demands, fiscal pressures, or shifting political expectations, particularly in periods of organizational strain.

Closely intertwined with agenda setting is the articulation of vision. Sashkin argues that visionary leadership mobilizes commitment by presenting a credible and compelling image of the future and anchoring that image in a shared sense of identity (Sashkin, 1988, p. 38). Within equality-based compliance, vision serves less as rhetorical ornament and more as an orienting framework. It frames fairness as a constitutive element of organizational excellence rather than as a narrow or externally imposed legal obligation. When articulated with clarity, such a vision guides decision-making across organizational units and stabilizes behavioral expectations even in contested or ambiguous situations.

Strategic leadership also plays a formative role in shaping organizational culture. Schein's work underscores that leaders transmit values through the decisions they take, the conduct they model, and the standards they apply in systems of reward and sanction (Schein, 2010, p. 22). Equality norms acquire durability only when leadership behavior consistently reflects fairness, transparency, and respect. Cultural alignment of this kind allows equality principles to withstand leadership turnover, personnel changes, and external political shifts, rather than remaining dependent on individual advocates.

Transformational leadership further reinforces this process by elevating the moral significance of equality. Bass emphasizes that transformational leaders appeal to shared values and raise moral aspirations, thereby strengthening intrinsic commitment among organizational members (Bass, 1985, p. 21). Equality governance benefits from leadership that treats fairness not merely as a compliance obligation but as a strategic and ethical imperative, reinforced through inclusive conduct and visible consistency between declared values and everyday practice.

Beyond inspiration and vision, leaders also function as institutional stewards. Mayntz highlights that stewardship involves preserving mission coherence, institutional legitimacy, and public trust over time (Mayntz, 2003, p. 28). From this perspective, equality compliance is not a peripheral concern but a core component of institutional integrity. Discriminatory practices erode legitimacy and undermine trust, whereas leaders who embed equality as an institutional value enhance the credibility and long-term resilience of the organization.

Leadership commitment is equally decisive for organizational learning. Argote's research demonstrates that learning processes depend on leadership support for experimentation, knowledge creation, and the integration of new insights into organizational routines (Argote, 1999, p. 97). Equality-based compliance requires continuous learning about evolving legal standards, demographic changes, behavioral risks, and institutional blind spots. Leaders shape whether equality-related feedback is dismissed as inconvenient or taken seriously as a source of adaptive improvement.

Strategic leadership must also address resistance. Kotter's analysis of organizational change shows that resistance commonly arises from fear, uncertainty, or entrenched interests (Kotter, 1996, p. 56). Equality initiatives frequently disrupt established hierarchies and informal practices, making resistance a predictable feature rather than an exception. Effective leaders anticipate such dynamics, communicate the rationale for change, and create conditions that support participation and acceptance. Without active leadership engagement, even well-designed equality reforms risk stagnation or symbolic implementation.

Engagement with stakeholders further strengthens leadership effectiveness. Bryson emphasizes that public-sector strategies gain legitimacy and feasibility through sustained engagement with both internal and external stakeholders (Bryson, 2011, p. 112). Equality compliance depends on continuous dialogue with employees, trade unions, civil society organizations, regulators, and affected communities. Inclusive engagement improves policy design, enhances accountability, and anchors equality norms in lived experience rather than abstract commitment.

Ultimately, strategic leadership determines whether equality norms become institutionalized. Selznick's account of institutionalization describes it as a process through which values become infused into organizational practices and identity (Selznick, 1957, p. 17). When leadership commitment is sustained over time, equality evolves from a temporary initiative into a defining organizational value. Strategic leadership thus creates the conditions under which equality-based compliance becomes a stable and integral element of institutional life, rather than a contingent response to external pressure.

33. Organizational Conflict, Resistance Dynamics and the Politics of Equality Compliance

The institutionalization of equality-based compliance is shaped not only by formal rules and organizational architectures but also by the conflicts and power struggles that inevitably arise within institutions. Equality governance rarely unfolds in a neutral terrain. It challenges established hierarchies, redistributes authority and unsettles familiar patterns of organizational life. For this reason, compliance initiatives frequently generate contestation, negotiation and resistance. As Coser observed, conflict is not an aberration of social systems but an inherent and potentially productive feature, capable of exposing latent tensions and catalyzing change (Coser, 1956, p. 32). From this perspective, conflict must be understood as a structural condition of equality compliance rather than as an administrative failure to be avoided.

Power relations play a decisive role in shaping these conflict dynamics. Lukes' analysis of power demonstrates that influence is exercised not only through visible decision making but also through agenda control and the shaping of perceptions, preferences and interpretive frames (Lukes, 1974, p. 49). In the field of equality governance, resistance often emerges from actors whose influence is threatened by reform. Such resistance may take subtle forms, including delays in implementation, procedural redefinition or the quiet erosion of monitoring practices. These patterns rarely reflect technical disagreement alone; they are more accurately understood as manifestations of deeper struggles over authority, legitimacy and organizational values.

Conflict is further intensified by identity dynamics within organizations. Ashforth and Mael show that individuals derive meaning, belonging and self-esteem from their membership in organizational groups (Ashforth and Mael, 1989, p. 24). Equality initiatives that question established group boundaries or redistribute symbolic and material status can therefore provoke defensive reactions. Fears of loss, diminished recognition or erosion of professional identity complicate compliance efforts and demonstrate that resistance is often rooted as much in emotion and identity as in rational calculation.

Understanding resistance requires moving beyond simplistic notions of opposition. Piderit emphasizes that resistance is an inherently ambivalent phenomenon, encompassing cognitive, emotional and behavioral dimensions (Piderit, 2000, p. 785). Individuals may

endorse equality norms at the level of principle while resisting changes that disrupt routines, challenge competencies or generate uncertainty. Recognizing this multidimensionality allows compliance systems to respond with greater sensitivity, avoiding moralization while addressing the underlying sources of hesitation and anxiety.

Bureaucratic politics provide another lens through which conflict can be understood. Allison's analysis of organizational behavior highlights that actors tend to pursue outcomes aligned with departmental interests, institutional routines and established identities (Allison, 1971, p. 145). In equality governance, resistance may arise when reforms require resource redistribution, additional administrative burdens or the reconfiguration of established workflows. Without deliberate coordination, such dynamics can lead to fragmented implementation, in which formal commitments coexist with uneven or inconsistent practice.

At the micro level, conflict is reproduced through everyday organizational practices. Acker's work demonstrates that inequality is embedded in routine processes, informal norms and taken-for-granted assumptions that structure daily interactions (Acker, 1990, p. 140). Equality compliance must therefore confront not only formal policies but also the micro-politics of organizational life. Informal practices, implicit expectations and habitual interactions can quietly undermine equality objectives even when official commitments are strong.

Moral disagreement further deepens organizational conflict. Tilly argues that actors justify their positions through moral narratives that reflect competing understandings of fairness, merit and justice (Tilly, 2006, p. 62). Equality initiatives often challenge dominant narratives that frame existing arrangements as neutral or meritocratic. When such assumptions are questioned, conflict emerges not simply over procedures but over the moral foundations of organizational order. Addressing these tensions requires engagement with competing moral logics rather than reliance on authority or formal compliance alone. Negotiation therefore becomes a central mechanism in the governance of equality. Raiffa's work on negotiation emphasizes the importance of uncovering underlying interests, managing differences and constructing mutually acceptable outcomes (Raiffa, 1982, p. 17). In equality compliance, negotiation enables organizations to reconcile competing priorities, address resistance constructively and co-produce solutions that reflect the perspectives of diverse stakeholders. Such processes enhance legitimacy and contribute to the long-term sustainability of reform.

Collective action also shapes the trajectory of conflict. Olson's analysis of collective behavior highlights the difficulty of mobilizing actors around shared goals due to free-rider dynamics (Olson, 1965, p. 34). Equality governance depends on the formation of coalitions capable of sustaining reform efforts, counterbalancing resistance and maintaining momentum over time. These coalitions provide the political and organizational support necessary for equality compliance to endure beyond individual initiatives or leadership cycles.

How institutions respond to conflict is closely tied to organizational learning. Argyris and Schön describe how organizations often develop defensive routines that deflect criticism and avoid confronting uncomfortable realities (Argyris and Schön, 1974, p. 32). Equality initiatives can trigger such defenses, inhibiting reflection and learning. Overcoming these patterns requires psychological safety, open communication and leadership that treats conflict as a source of insight rather than as a threat.

Ultimately, conflict can function as a driver of institutional transformation. Seo and Creed argue that contradictions within institutional structures create opportunities for change by revealing misalignments between norms and practice (Seo and Creed, 2002, p. 232). In equality compliance, such contradictions expose the gap between formal commitments and lived organizational realities. When managed constructively, conflict becomes a catalyst for reform, transforming resistance into learning and strengthening institutional commitment to fairness.

In this sense, organizational conflict, resistance, identity dynamics and political behavior are not peripheral to equality compliance but central to its evolution. Effective equality governance requires strategies that engage power relations, negotiate contested meanings and build coalitions for change. When approached with reflexivity and care, conflict ceases to be an obstacle and instead becomes a vital resource for institutional learning and transformation.

34. Ethical Risk, Moral Hazard and Institutional Wrongdoing in Equality Compliance

Equality-based compliance is exposed to a range of ethical risks that emerge when institutional incentives, structural arrangements or organizational cultures subtly encourage conduct that diverges from both legal obligations and moral commitments to fairness. Ethical risk in this sense does not refer solely to overt misconduct or intentional discrimination. Rather, it denotes the possibility that institutional actions, omissions or routines generate harm, injustice or integrity failures through systemic dynamics. As Thompson has argued, organizations are capable of wrongdoing not only through deliberate acts but also through structural negligence and institutionalized failure (Thompson, 1980, p. 123). Equality compliance must therefore be understood as ethically fragile, embedded in organizational contexts where risk is distributed across systems rather than concentrated in individual intent.

One prominent source of ethical risk is moral hazard. Pauly's classic formulation highlights that moral hazard arises when actors are shielded from the consequences of their decisions, thereby encouraging behavior that transfers risk to others (Pauly, 1968, p. 535). In equality governance, moral hazard becomes visible when decision-makers face no meaningful accountability for discriminatory outcomes, or when compliance mechanisms exist largely on paper, disconnected from substantive oversight. Where equality rules are perceived as weakly enforced or easily circumvented, adherence becomes contingent and fragile, undermining both trust and effectiveness.

Institutional wrongdoing often evolves gradually through normalized practices. Vaughan's analysis of organizational failure demonstrates how misconduct can emerge through a normalization of deviance, in which harmful practices become accepted as routine under pressure, habit or cultural expectation (Vaughan, 1999, p. 273). Equality compliance systems are particularly vulnerable to such processes when informal norms displace formal commitments. Tolerating discriminatory humor, selectively interpreting fairness requirements, or granting "flexibility" to favored individuals may appear trivial in isolation, yet over time these practices erode the moral architecture of equality governance and weaken institutional safeguards.

Ethical fading presents a further challenge. Tenbrunsel and Messick describe how ethical considerations can recede from conscious awareness during decision-making, allowing actors to frame choices in technical, strategic or efficiency-based terms while

sidelining moral evaluation (Tenbrunsel and Messick, 2004, p. 224). In equality-related decisions, ethical fading often occurs when organizational priorities such as performance targets, loyalty or expediency crowd out attention to fairness. Counteracting this tendency requires institutional arrangements that continually foreground equality norms, ensuring their salience in everyday judgment rather than relegating them to abstract policy statements.

Organizational silence significantly magnifies ethical risk. Morrison and Milliken show that silence emerges when employees fear retaliation, marginalization or career consequences for raising concerns (Morrison and Milliken, 2000, p. 706). Equality compliance depends critically on the availability of safe reporting channels, credible protection for whistleblowers and a culture that values voice. Where silence prevails, discriminatory practices remain invisible, unchallenged and ultimately institutionalized, transforming individual harm into systemic injustice.

Ethical risk is further intensified by institutional hypocrisy. Brunsson's analysis of organizational behavior highlights the tendency of institutions to decouple formal policies from actual practices, producing gaps between declared values and lived reality (Brunsson, 1989, p. 32). In equality governance, such decoupling manifests when organizations publicly celebrate fairness while privately tolerating inequitable conduct. This hypocrisy not only undermines trust but also corrodes the legitimacy of compliance systems, turning equality commitments into symbolic gestures devoid of moral authority.

Integrity failures represent a related but distinct risk. Kaptein emphasizes that integrity requires coherence between values, discourse and action, and that its breach signals systemic rather than incidental failure (Kaptein, 1999, p. 94). Equality compliance cannot rely solely on procedural correctness; it must be anchored in integrity-based frameworks that align institutional identity with everyday behavior. Where integrity erodes, equality governance loses its normative foundation and becomes vulnerable to erosion from within.

The harms produced by ethical failure extend beyond individual cases. Shue's account of harm underscores that injustice includes not only direct violations but also the creation of conditions that systematically undermine rights, dignity and capabilities (Shue, 1980, p. 25). Discrimination generates structural harm by constraining opportunities, diminishing recognition and weakening institutional trust. Equality governance must therefore address patterns of harm embedded in systems, not merely isolated incidents or formal breaches.

Ethical dilemmas further complicate implementation. Kidder notes that dilemmas arise when moral values collide, making it impossible to satisfy all ethical commitments simultaneously (Kidder, 1995, p. 6). Equality decision-making often requires balancing fairness against competing considerations such as privacy, efficiency, merit or organizational stability. Institutions must therefore develop deliberative frameworks that support moral reasoning, transparency and justification, enabling actors to navigate dilemmas without defaulting to expediency.

Ethical resilience emerges as a critical counterweight to these risks. Clegg and Rhodes describe ethical resilience as the organizational capacity to sustain moral awareness, critical reflection and principled response under pressure (Clegg and Rhodes, 2006, p. 123). Equality compliance benefits from such resilience because discrimination rarely appears in dramatic form; it more often emerges subtly, incrementally and

relationally. Ethical resilience equips institutions to recognize these patterns early and respond proactively rather than reactively.

Equality-based compliance must also withstand periods of institutional stress. Crises—whether political, financial, organizational or reputational—test whether equality norms are deeply embedded or merely peripheral. Wildavsky’s conception of resilience emphasizes the ability of institutions to absorb shocks, adapt and continue functioning without abandoning their core identity (Wildavsky, 1988, p. 44). Equality compliance that collapses under pressure reveals its superficiality; compliance that endures demonstrates institutional maturity.

Crises tend to amplify inequality. Tierney shows that disasters expose and intensify pre-existing vulnerabilities, disproportionately affecting marginalized groups (Tierney, 2007, p. 503). Under organizational stress, implicit bias intensifies, monitoring weakens and exclusionary decision-making accelerates. Equality compliance must therefore incorporate crisis-sensitive safeguards capable of preventing escalation of discrimination precisely when institutional capacity is strained.

Stress also alters cognitive processing. Kahneman and Klein demonstrate that under pressure, decision-makers rely more heavily on heuristics and intuitive judgments, reducing reflective deliberation (Kahneman and Klein, 2009, p. 520). In equality governance, such shortcuts risk reinforcing stereotypes and biased assumptions. Resilient compliance systems require procedural anchors that preserve fairness even when rapid action is necessary.

Redundancy strengthens resilience. Perrow’s analysis of tightly coupled systems shows that lack of buffers increases vulnerability to cascading failure (Perrow, 1999, p. 89). Equality compliance benefits from redundant reporting channels, overlapping oversight bodies and distributed responsibilities. Such redundancy ensures continuity when individual components fail or are compromised.

Communication becomes especially consequential during crisis. Coombs emphasizes that transparent, accurate and empathetic communication sustains trust under stress (Coombs, 2007, p. 165). Equality governance must ensure that crisis-related decisions are communicated clearly and without bias, preventing misunderstandings that could exacerbate conflict or disproportionately burden vulnerable groups.

Institutions can also learn from stress through deliberate testing. Taleb’s notion of stress testing highlights how controlled exposure to strain reveals vulnerabilities and strengthens systems over time (Taleb, 2012, p. 71). Equality compliance can adopt similar approaches by simulating crisis scenarios and evaluating response capacity, thereby preventing systemic breakdown when real disruption occurs.

High reliability organizations offer additional insight. Weick and Sutcliffe argue that reliability rests on mindfulness, sensitivity to weak signals and resistance to oversimplification (Weick and Sutcliffe, 2001, p. 42). Applied to equality governance, this perspective underscores the importance of vigilance, learning and sustained attention even under adverse conditions.

Ultimately, resilience depends on continuity planning. Cerf and Karpati emphasize that continuity requires identifying essential functions and protecting them against disruption (Cerf and Karpati, 2011, p. 57). Equality compliance must be recognized as such an essential function, safeguarded through preparedness and institutional commitment even in moments of turbulence.

Taken together, these considerations show that ethical risk, crisis vulnerability and institutional fragility are not marginal concerns but central challenges for equality-based compliance. Sustainable equality governance requires ethical resilience, structural redundancy, learning capacity and a deep embedding of fairness as an institutional value. Only under these conditions can equality remain a guiding principle rather than a casualty of organizational pressure.

35. Metagovernance, Reflexive Steering and the Second Order Coordination of Equality Compliance Systems

Equality-based compliance operates within governance environments that are themselves subject to governance. Institutions do not merely implement equality norms; they function within higher-order frameworks that steer, coordinate, and shape how governance itself is exercised. The concept of metagovernance captures this second-order dimension by referring to the governance of governance, that is, to the mechanisms through which states and institutions design, align, and oversee the systems that structure compliance. As Jessop emphasizes, metagovernance does not rely on direct hierarchical control but on the strategic design of rules, incentives, and coordination mechanisms that guide self-organizing and network-based forms of governance (Jessop, 2002, p. 242). From this perspective, equality compliance depends not only on substantive legal norms but also on the presence of higher-level steering arrangements capable of maintaining coherence within fragmented institutional landscapes.

Second-order regulation plays a particularly significant role in this context. Scott observes that meta-regulation increasingly requires organizations to develop their own internal regulatory capacities, thereby promoting reflexive forms of oversight rather than relying exclusively on external enforcement (Scott, 2004, p. 158). Equality compliance has progressively adopted this logic through internal audits, training regimes, risk assessments, and continuous improvement cycles. Instead of treating equality as a matter of external constraint, meta-regulatory approaches encourage institutions to internalize equality norms and translate them into organizational routines, performance expectations, and decision-making frameworks.

Reflexivity constitutes a core principle of metagovernance. Beck argues that reflexive governance emerges when institutions systematically examine their own practices and adjust them in response to emerging risks, unintended consequences, and changing social conditions (Beck, 1994, p. 57). In the field of equality compliance, reflexivity requires periodic reassessment of indicators, monitoring tools, and decision processes to ensure that they remain sensitive to evolving forms of discrimination and exclusion. Reflexive mechanisms prevent institutional stagnation and reduce the risk that equality systems become formalistic or disconnected from lived experience.

Metagovernance also addresses the problem of fragmentation. Sørensen and Torfing emphasize that contemporary governance often unfolds across dispersed networks of actors, making higher-order coordination essential for avoiding inconsistency and conflict (Sørensen and Torfing, 2009, p. 240). Equality compliance typically spans ministries, agencies, regulators, and oversight bodies, creating structural risks of duplication, regulatory gaps, or contradictory practices. Meta-level coordination provides shared principles, clarifies responsibilities, and facilitates both vertical and horizontal alignment, thereby strengthening the overall integrity of equality governance.

Soft steering constitutes another key element of metagovernance. Gunningham and Sinclair argue that effective regulation increasingly relies on flexible and pluralistic approaches that combine persuasion, facilitation, and indirect influence rather than coercion alone (Gunningham and Sinclair, 1999, p. 76). In equality governance, soft

steering takes the form of guidelines, capacity-building initiatives, peer review processes, and interpretive frameworks that shape organizational behavior without rigid enforcement. Such instruments complement formal legal obligations by reinforcing normative expectations and professional standards.

Benchmarking functions as an important metagovernance tool in this regard. Lodge and Wegrich note that performance benchmarking operates as an indirect steering mechanism by generating comparative pressure, highlighting best practices, and creating reputational incentives (Lodge and Wegrich, 2012, p. 55). Equality benchmarking, whether through indicators, scorecards, or public reporting, encourages organizations to align their practices with leading standards and enhances transparency and accountability across sectors.

Standard-setting further strengthens meta-level governance. Abbott and Snidal observe that contemporary governance increasingly relies on standards developed by expert bodies, which exert influence through technical authority and symbolic legitimacy (Abbott and Snidal, 2001, p. 17). Equality standards, including nondiscrimination guidelines, impact assessment methodologies, and audit protocols, function as metagovernance instruments that guide institutional reform while allowing contextual adaptation.

Metagovernance also entails the management of boundaries between governance actors. Kooiman emphasizes that effective governance requires balancing autonomy and coordination across state, market, and civil society domains (Kooiman, 2003, p. 92). Equality compliance systems frequently operate at these intersections, necessitating meta-level arrangements that clarify roles while enabling cooperation. Effective boundary management prevents institutional overload and supports functional differentiation.

Institutional change within metagovernance often occurs through layering. Thelen argues that new governance elements are frequently added to existing structures, creating hybrid arrangements rather than wholesale replacement (Thelen, 2004, p. 35). Equality governance evolves through successive layers of directives, guidelines, audits, and reporting requirements. Metagovernance plays a crucial role in ensuring that these layers remain coherent rather than contradictory or redundant.

Learning-oriented governance represents another defining feature of metagovernance. Sabel and Zeitlin describe experimentalist governance as a cyclical process of goal setting, monitoring, peer review, and revision (Sabel and Zeitlin, 2012, p. 169). Equality compliance benefits from such arrangements by enabling continuous adaptation based on evidence and shared learning across institutions. Learning-centered metagovernance enhances both effectiveness and legitimacy.

Ultimately, metagovernance contributes to legitimacy. Bäckstrand argues that reflexive and participatory meta-level processes enhance legitimacy by incorporating diverse perspectives and promoting transparency (Bäckstrand, 2006, p. 470). Equality compliance gains credibility when civil society actors, experts, and affected groups are involved in shaping oversight frameworks. Legitimate metagovernance fosters trust and supports the long-term durability of equality systems.

This analysis demonstrates that equality compliance depends on robust metagovernance structures capable of providing coherence, reflexivity, and strategic steering. Through second-order regulation, soft steering, benchmarking, standard-setting, and experimentalist learning, metagovernance strengthens the alignment, capacity, and

legitimacy of equality governance. In the absence of such higher-order coordination, equality systems remain fragmented and vulnerable to institutional drift.

36. Cross Sector Compliance Ecosystems and the Co Evolution of Public, Private and Civil Equality Governance

Equality based compliance increasingly unfolds within complex ecosystems that transcend the boundaries of the state. Public institutions, private organizations and civil society actors interact, compete and collaborate in shaping the norms, expectations and enforcement capacities that constitute the broader equality regime. Understanding these multi actor architectures requires an ecosystem perspective. Ostrom argues that governance systems consist of interlinked institutional arrangements operating at multiple levels, each influencing the others through feedback loops and shared resource dependencies (Ostrom, 2010, p. 21). Equality governance therefore functions as a co evolving ecosystem rather than a single administrative system.

Public actors remain central but not exclusive. Scott argues that the state sets the authoritative rules of the game through legal mandates and formal oversight (Scott, 2014, p. 75). Antidiscrimination law, reporting obligations and equality bodies constitute the backbone of public equality governance. However, state capacity varies widely across contexts, requiring complementary governance from non-state actors.

Private organizations play a crucial role in ecosystem evolution. Vogel's theory of private regulation demonstrates that firms often adopt standards, codes of conduct and monitoring mechanisms that exceed formal legal requirements (Vogel, 2008, p. 262). Equal opportunity certifications, diversity metrics and internal whistleblowing systems expand the reach of equality governance. Private actors therefore function as both regulated entities and co regulators.

Civil society contributes normative pressure and accountability. Keck and Sikkink argue that advocacy networks mobilize norms, expose violations and generate reputational pressure for reform (Keck and Sikkink, 1998, p. 12). Equality focused NGOs, trade unions, community groups and activist networks influence organizational behavior through campaigns, litigation and knowledge production. Civil society introduces pluralistic perspectives into compliance ecosystems.

Ecosystems depend on inter organizational learning. Levitt and March argue that organizations learn from one another through imitation, benchmarking and adaptation (Levitt and March, 1988, p. 322). Equality innovations often diffuse across sectors when organizations emulate leading practices or adopt widely recognized frameworks. Learning dynamics produce convergence over time, even without centralized coordination.

Market incentives shape ecosystem behavior. Porter and Kramer argue that organizations increasingly view social responsibility as a source of competitive advantage by enhancing legitimacy, brand value and employee retention (Porter and Kramer, 2006, p. 82). Equality compliance becomes a strategic asset, encouraging voluntarily adopted standards and continuous improvement initiatives.

Ecosystem stability depends on regulatory intermediaries. Black describes regulatory intermediaries as actors who translate norms, monitor behavior and fill enforcement gaps (Black, 2008, p. 137). Equality auditors, accreditation bodies, consultants and expert panels act as intermediaries who strengthen capacity and reduce

information asymmetry. These actors provide connective tissue across institutional domains.

Cross sector partnerships expand the ecosystem. Bryson, Crosby and Bloomberg argue that successful public value creation often requires cross sector collaboration that mobilizes diverse knowledge and capabilities (Bryson et al., 2015, p. 49). Equality partnerships between governments, firms and civil society strengthen policy design, monitoring and capacity building, enhancing the overall resilience of the equality ecosystem.

Digital infrastructures transform ecosystem coordination. Janssen and Estevez argue that digital platforms enable real time data exchange, integrated reporting and multi actor collaboration (Janssen and Estevez, 2013, p. 87). Digital equality dashboards, complaint management systems and cross sector data exchanges support evidence based decision making while introducing new governance challenges related to privacy and equity.

Ecosystems co evolve through mutual adaptation. Freeman and Louçã argue that co evolutionary systems develop through reciprocal changes among actors responding to each other's innovations and constraints (Freeman and Louçã, 2001, p. 19). Equality governance evolves similarly: public regulation shapes private standards, which in turn inform public reforms, while civil society pressures influence both. Co evolution produces dynamic and adaptive governance landscapes.

Power asymmetries influence ecosystem outcomes. Emerson argues that power in relationships derives from resource dependencies, shaping interaction patterns within ecosystems (Emerson, 1962, p. 32). Dominant actors may impose narratives that marginalize vulnerable groups. Combatting these asymmetries requires institutional safeguards, participatory governance and transparent decision processes.

Finally, ecosystem governance requires stewardship. Moore argues that creating public value depends on institutions that align diverse actors, manage conflict and sustain collective purpose (Moore, 1995, p. 35). Equality governance ecosystems succeed when stewardship roles are clearly defined and supported by legitimacy, capacity and accountability.

This demonstrates that equality compliance operates within multi actor ecosystems shaped by public regulation, private standards, civil advocacy, intermediaries, learning processes and digital infrastructures. Co evolution enables adaptive governance, while ecosystem stewardship enhances coherence and resilience. Understanding these dynamics strengthens the design and implementation of equality systems capable of addressing complex, cross sector challenges.

1. Temporal Governance, Institutional Time and the Dynamics of Long Range Equality Compliance

Equality based compliance is not only a structural and behavioral phenomenon; it is also a temporal one. Institutions operate within multiple overlapping time horizons that shape how reforms emerge, stabilize and evolve. Temporal governance refers to the ways in which organizations manage time, sequence decisions and coordinate processes across different temporal scales. Adam argues that time is a social construct embedded in institutional life, shaping expectations, planning and coordination (Adam, 1990, p. 42).

Equality compliance therefore requires attention to how time structures organizational change.

Institutions often operate on short term cycles that constrain equality reforms. Jacobs argues that democratic institutions tend toward short termism because political actors prioritize immediate gains over long term investments (Jacobs, 2011, p. 15). Equality compliance, however, requires sustained commitment, iterative learning and cumulative cultural transformation. Short term cycles create misalignment between political incentives and equality goals.

Organizational routines structure temporal patterns. Zerubavel argues that institutions create temporal orders through schedules, rhythms and deadlines that shape behavior and priorities (Zerubavel, 1985, p. 66). Equality processes—such as reporting deadlines, training cycles and audit timetables—can either support or undermine compliance depending on how they are structured. Effective routines institutionalize fairness as a regular temporal expectation.

Temporal path dependency influences reform trajectories. Mahoney argues that institutional development follows sequences in which early decisions constrain later possibilities (Mahoney, 2000, p. 526). Equality reforms introduced late in organizational histories may struggle against deeply entrenched practices. Understanding historical time helps identify where interventions must confront or circumvent longstanding path dependencies.

Futures orientation strengthens equality planning. Slaughter argues that anticipatory governance requires institutions to incorporate long range foresight, scenario analysis and strategic visioning (Slaughter, 1995, p. 112). Equality compliance benefits from future oriented planning that anticipates demographic change, technological disruption and evolving social norms. Futures thinking prevents compliance architectures from becoming obsolete.

Temporal coordination supports multi actor governance. Abbott, Green and Keohane argue that governance across diverse actors requires alignment of temporal expectations and synchronization of policy cycles (Abbott et al., 2016, p. 8). Equality governance – spanning ministries, agencies, firms and civil society – requires shared timelines for implementation, monitoring and review. Without temporal coordination, fragmentation and policy drift occur.

Institutional patience is a strategic resource. Hirschman argues that reform often requires long periods of investment before results become visible, demanding patience and resilience (Hirschman, 1970, p. 76). Equality reforms frequently produce delayed outcomes because they target deep cultural and structural issues. Impatience can lead to premature abandonment, while temporal resilience supports sustained progress.

Intergenerational perspectives broaden equality goals. Thompson argues that institutions face moral responsibilities extending beyond present members, requiring consideration of long term justice (Thompson, 2010, p. 33). Equality compliance therefore intersects with intergenerational fairness when addressing systemic disparities that accumulate over decades. Long term horizons reveal structural harms invisible in short term assessments.

Temporal framing shapes legitimacy. Kahneman and Tversky show that framing effects influence decision making and support for reforms (Kahneman and Tversky, 1984, p. 342). When equality reforms are framed as long term investments rather than immediate

costs, they garner broader organizational support. Temporal reframing thus enhances legitimacy and commitment.

Slow institutional processes can either hinder or stabilize equality reforms. Pierson argues that slow moving institutions create stability but may resist rapid change (Pierson, 2004, p. 61). Equality governance must balance stability with adaptability, ensuring that slow processes do not entrench bias while still providing predictability and institutional memory. Slow change can consolidate reforms if aligned with equality objectives.

Cumulative time strengthens cultural embedding. Douglas argues that cultural change occurs gradually through repeated socialization, shared narratives and intergenerational transmission (Douglas, 1986, p. 17). Equality compliance becomes durable when fairness norms accumulate over time through training, leadership modelling and repeated practice. Time thus becomes a mechanism of cultural consolidation.

Finally, temporal governance enhances reflexivity. Mead argues that institutions understand themselves through narratives of past, present and future that shape collective purpose (Mead, 1932, p. 54). Equality governance benefits from reflexive temporal practices that integrate historical analysis, real time monitoring and future planning. Reflexive time structures create adaptive, learning oriented institutions.

This demonstrates that equality compliance is deeply shaped by temporal structures and dynamics. By integrating long term planning, temporal coordination, path dependency analysis, futures thinking and cultural time, institutions can embed equality more effectively. Temporal governance transforms equality compliance from episodic reform into sustained institutional evolution.

2. Organizational Memory, Archival Infrastructures and the Preservation of Knowledge in Equality Compliance

The long term effectiveness of equality based compliance depends not only on rules, leadership and resources but also on the organization's capacity to remember. Organizational memory refers to the mechanisms through which institutions store, retrieve and use past information to guide present and future action. Walsh and Ungson argue that organizational memory comprises multiple retention bins – individuals, culture, transformations, structures, ecology and external archives – that together shape institutional behavior (Walsh and Ungson, 1991, p. 61). Equality compliance therefore relies on robust memory infrastructures that preserve decisions, cases, policies, training materials and experiential knowledge.

Memory stabilizes compliance practices. Huber argues that organizational learning requires memory to retain lessons from experience and prevent repeated failures (Huber, 1991, p. 89). In equality governance, memory ensures continuity across leadership cycles, preserves case law, and maintains training standards. Without institutional memory, compliance systems become vulnerable to drift, inconsistency and loss of expertise.

Case retention is central to equality memory. March, Schulz and Zhou show that rule governed systems depend on case repositories that encode organizational precedents (March et al., 2000, p. 12). Equality compliance requires detailed archives of investigations, resolutions and judgements. These archives support consistency, transparency and fairness, enabling institutions to build a coherent body of internal jurisprudence.

Knowledge about discrimination must be preserved systematically. Dixon, Raban and Twidale argue that knowledge management requires deliberate strategies to capture tacit knowledge that otherwise dissipates when individuals leave or roles change (Dixon et al., 2012, p. 315). Equality officers, investigators and trainers accumulate expertise that is often tacit. Structured interviews, knowledge bases and mentoring systems convert this tacit knowledge into shared organizational memory.

Archival infrastructures shape institutional capacity. Ketelaar argues that archives are governance tools that sustain accountability, transparency and institutional continuity (Ketelaar, 2001, p. 141). Equality governance requires archival systems that are secure, searchable and interoperable. Proper metadata, classification and retention schedules enable effective retrieval and longitudinal analysis.

Digital memory creates new opportunities and risks. O'Toole and Talbot argue that digital records transform public administration by enabling searchable databases, cross agency integration and real time analytics (O'Toole and Talbot, 2011, p. 124). Equality compliance benefits from digital case management, bias monitoring dashboards and audit trails. However, digital memory also raises concerns about data security, privacy and algorithmic bias.

Memory is culturally mediated. Zerubavel argues that collective memory is shaped by organizational narratives that highlight some events while suppressing others (Zerubavel, 1996, p. 294). Institutions may minimize or obscure past discrimination, hindering learning. Equality governance requires cultivating truthful institutional memory that acknowledges failures and integrates corrective narratives.

Turnover threatens memory continuity. Cohen and Levinthal show that absorptive capacity depends on prior related knowledge, which enables organizations to assimilate new information (Cohen and Levinthal, 1990, p. 131). High turnover disrupts absorptive capacity, weakening the institution's ability to integrate new equality norms. Succession planning and training mitigate these risks.

Memory interacts with institutional identity. Selznick argues that institutions develop identities through repeated commitments and historical trajectories (Selznick, 1992, p. 53). Equality compliance becomes part of institutional identity when its principles and practices are consistently remembered, referenced and reinforced. Institutional identity stabilizes equality governance through shared meaning.

Forgetting can be functional or harmful. Hedberg argues that selective forgetting allows organizations to abandon outdated routines and adapt to new environments (Hedberg, 1981, p. 7). Equality systems must forget harmful practices – such as biased recruitment criteria or exclusionary norms – while retaining lessons learned from past failures. Balancing remembering and forgetting is therefore a critical governance task.

Finally, memory supports long term accountability. Bovens argues that accountability over time requires institutions to preserve records that allow retrospective evaluation and justification (Bovens, 2007, p. 455). Equality archives – case files, monitoring data, audits and annual reports – enable oversight bodies and stakeholders to track progress and identify patterns of discrimination. Memory thus becomes an accountability infrastructure.

This demonstrates that equality based compliance depends on organizational memory, archival infrastructures and knowledge preservation systems. Through robust memory practices, institutions maintain consistency, build capacity, support accountability

and embed equality into organizational identity. Memory transforms equality compliance from episodic interventions into a continuous historical process.

37. Meta Accountability, Recursive Oversight and the Second Order Scrutiny of Equality Compliance Systems

Equality based compliance depends on robust accountability mechanisms, yet accountability itself cannot function without being subject to scrutiny. Accountability institutions, once established, also require monitoring, evaluation and critical review in order to preserve their integrity and effectiveness. The concept of meta accountability captures this second order dimension of governance: the oversight of oversight itself, encompassing the structures, norms and evaluative processes through which accountability bodies are examined and held to their mandates. As Power has argued, contemporary governance increasingly relies on the practice of “auditing the auditors,” creating recursive layers of scrutiny designed to safeguard the credibility of monitoring systems (Power, 1997, p. 42). Equality compliance therefore requires not only direct accountability for discriminatory conduct, but higher order mechanisms capable of evaluating the fairness, competence and independence of those entrusted with enforcement.

Recursive oversight strengthens institutional integrity by closing the gap between authority and responsibility. Bovens conceptualizes accountability as a relationship structured around explanation, justification and the possibility of sanction (Bovens, 2010, p. 957). When oversight bodies themselves are required to account for their decisions and practices, the integrity of the entire compliance architecture is reinforced. Meta accountability reduces the risk of institutional capture, systemic bias or professional complacency within equality monitoring authorities, ensuring that power exercised in the name of fairness remains subject to constraint.

Effective second order oversight presupposes institutional independence. Maggetti emphasizes that regulatory bodies must maintain structural, functional and financial autonomy if they are to conduct impartial evaluations (Maggetti, 2012, p. 66). Equality bodies therefore require protection from political interference, managerial pressure and organizational retaliation. Meta level scrutiny must continuously assess whether such independence exists not only in formal design but in everyday practice, where subtle forms of influence often operate.

Transparency constitutes a further enabling condition of meta accountability. Hood and Heald argue that transparency mechanisms render decision making processes visible, thereby facilitating informed scrutiny and public evaluation (Hood and Heald, 2006, p. 19). Equality oversight bodies strengthen their legitimacy by publishing methodologies, caseload statistics, decision rationales and performance indicators. Transparent reporting does not merely inform external audiences; it also disciplines internal practice by exposing patterns that might otherwise remain unexamined.

Legitimacy is further enhanced through pluralistic oversight arrangements. Behn observes that no single actor can provide comprehensive accountability; instead, accountability ecosystems rely on multiple reviewers possessing distinct forms of expertise and authority (Behn, 2001, p. 204). Equality compliance benefits from layered oversight involving parliamentary committees, independent inspectors, ombudsman institutions,

audit bodies and civil society organizations. Such pluralism mitigates blind spots and reduces the likelihood that systemic failures remain undetected.

Meta accountability also requires clearly articulated evaluative standards. Lodge and Stirton argue that the quality of oversight depends on whether evaluators apply criteria that assess not only procedural conformity but substantive effectiveness (Lodge and Stirton, 2010, p. 300). Evaluations of equality monitoring bodies must therefore address timeliness, independence, analytical depth, accessibility for users and the adequacy of post decision follow up. Shared standards professionalize oversight and reduce arbitrariness.

Peer review mechanisms further strengthen second order monitoring. Greer and Löblová show that peer review among institutions fosters mutual learning, benchmarking and norm diffusion (Greer and Löblová, 2017, p. 764). Cross agency peer review enables equality bodies to compare performance, exchange good practices and harmonize standards across regions and sectors, reinforcing coherence without imposing rigid uniformity.

Democratic legitimacy is reinforced when civil society participates in oversight processes. Fung and Wright's model of empowered participatory governance highlights the value of involving citizens and civil society organizations directly in monitoring institutions (Fung and Wright, 2003, p. 17). Equality compliance gains credibility when affected groups contribute to evaluating oversight bodies, shaping priorities and providing experiential feedback that complements technical assessment.

Judicial oversight provides an authoritative layer of meta accountability. Mashaw argues that courts perform a crucial reviewing function by examining administrative decision making for reasonableness, fairness and procedural propriety (Mashaw, 2006, p. 151). Through judicial review, equality oversight bodies remain anchored to constitutional principles and the rule of law, ensuring that enforcement power does not drift beyond legal bounds.

Recursive monitoring also enables the identification of systemic shortcomings. Weick's work on sense making emphasizes that organizational analysis can reveal contradictions, anomalies and patterns that are invisible at the level of individual decisions (Weick, 1995, p. 73). Second order oversight must therefore extend beyond case based review to examine institutional cultures, recurring biases and structural tendencies within compliance bodies themselves.

Meta accountability ultimately contributes to trust. Warren argues that trust in public institutions rests on perceived integrity, competence and responsiveness (Warren, 1999, p. 346). When equality oversight bodies demonstrate accountability for their own conduct, public confidence in equality governance increases. Trust, in turn, encourages reporting, cooperation and voluntary compliance, reinforcing the system's effectiveness.

Finally, second order accountability supports reflexive governance. Sabel and Zeitlin describe experimentalist oversight arrangements in which institutions continually evaluate and revise their practices in light of new information (Sabel and Zeitlin, 2012, p. 169). Equality oversight bodies must integrate findings from meta accountability into internal reform processes, strengthening their capacity for learning and adaptation over time.

Taken together, these dynamics demonstrate that equality based compliance requires robust meta accountability structures capable of scrutinizing oversight bodies themselves, safeguarding independence, enhancing transparency and promoting continuous improvement. Recursive oversight reinforces institutional integrity, strengthens

public trust and enables the reflexive governance necessary for sustaining equality in complex and evolving institutional environments.

38. Algorithmic Governance, Automated Decision Making and the Digital Transformation of Equality Compliance

The rapid diffusion of automated decision making and artificial intelligence has fundamentally reshaped the landscape of equality based compliance. As organizations increasingly rely on algorithmic systems to support hiring, promotion, risk scoring and the allocation of resources, equality governance is confronted simultaneously with new risks and new possibilities. As Yeung explains, algorithmic governance refers to the use of computational systems to influence or regulate behavior through data driven mechanisms (Yeung, 2018, p. 507). Equality compliance must therefore expand beyond exclusively human decision makers and encompass automated agents whose internal logic is often opaque, dynamic and resistant to traditional forms of scrutiny.

One of the central challenges posed by algorithmic systems lies in their capacity to reproduce and even amplify existing inequalities. Barocas and Selbst demonstrate that machine learning models trained on historically biased data can generate discriminatory outcomes even in the absence of explicit intent (Barocas and Selbst, 2016, p. 678). From the perspective of equality governance, this insight shifts attention toward questions of data provenance, representativeness and the cumulative effects of historical injustice embedded in datasets. Without deliberate and sustained oversight, automated systems risk systematically disadvantaging protected groups while presenting an appearance of neutrality.

Opacity further complicates accountability. Burrell identifies multiple sources of algorithmic opacity, including technical complexity, proprietary restrictions and emergent model behavior, all of which undermine transparency and explainability (Burrell, 2016, p. 5). As a result, traditional compliance instruments prove insufficient in the digital environment. Equality oversight bodies must therefore develop new capacities, including model interrogation, explainable AI techniques and bias detection protocols, in order to render algorithmic decision making intelligible and contestable.

The governance of automated decision systems also requires explicit engagement with fairness metrics. Kleinberg, Mullainathan and Raghavan show that algorithmic fairness inevitably involves tradeoffs between competing statistical definitions of equity (Kleinberg et al., 2017, p. 797). The selection of fairness metrics is thus not a purely technical exercise but a normative choice that must be aligned with legal principles and moral commitments. Equality regulators are therefore compelled to make explicit value judgements about which conceptions of fairness should guide automated systems.

Digital infrastructures further transform the conditions of monitoring and oversight. Ananny and Crawford describe digital systems as complex assemblages composed of data flows, sensors and interconnected platforms (Ananny and Crawford, 2018, p. 974). These infrastructures enable new forms of equality monitoring, including automated pattern recognition, predictive analytics and real time anomaly detection. At the same time, reliance on digital tools introduces significant risks related to surveillance, data protection and privacy, requiring careful balancing between oversight capacity and fundamental rights.

Algorithmic impact assessments have emerged as an important instrument of proactive governance in this context. Reisman, Schultz, Crawford and Whittaker argue that such assessments enable institutions to identify discrimination risks prior to deployment, thereby supporting anticipatory regulation rather than reactive enforcement (Reisman et al., 2018, p. 10). Equality compliance frameworks increasingly integrate algorithmic impact assessments into procurement, system design and evaluation processes, marking a shift toward preventive modes of governance.

Despite technological sophistication, human oversight remains indispensable. Rahwan emphasizes that algorithmic governance must operate within hybrid human–machine systems in which ultimate ethical responsibility remains with human actors (Rahwan, 2018, p. 476). Equality compliance therefore requires that human reviewers retain authority to override algorithmic outputs, investigate anomalies and intervene when discriminatory effects are suspected. Human judgement anchors digital governance in normative commitments that cannot be fully automated.

Digital transformation also generates new competency requirements. Van Deursen highlights that digital inequality arises from uneven distribution of skills, access and comprehension, shaping individuals' capacity to navigate algorithmic systems (van Deursen, 2018, p. 123). Equality governance must ensure that both employees and affected individuals understand how automated decisions are made, what rights they retain and how those decisions can be challenged. Digital literacy thus becomes an essential equality capability rather than a purely technical skill.

Vendor accountability represents a further governance challenge. Pasquale argues that algorithmic systems developed by private actors frequently create information asymmetries, resulting in forms of black box governance within public institutions (Pasquale, 2015, p. 73). Equality compliance therefore requires robust contractual safeguards, independent auditing rights and enforceable transparency obligations vis-à-vis vendors. Without such mechanisms, key dimensions of equality governance risk being privatized beyond democratic control.

Evaluation of algorithmic systems must also be contextual rather than purely technical. Selbst and Barocas caution that fairness cannot be assessed solely at the level of models, but must account for broader institutional, social and organizational contexts (Selbst and Barocas, 2018, p. 1130). Equality compliance must therefore adopt socio-technical analysis that examines how algorithms interact with policies, routines, cultures and power relations within organizations.

At the same time, digital transformation offers important opportunities for adaptive governance. Margetts and Dorobantu argue that digital systems enable rapid iteration, feedback loops and real time learning (Margetts and Dorobantu, 2019, p. 6). When appropriately governed, digital tools allow equality systems to identify emerging risks, refine interventions and accelerate corrective action. Digitalization thus becomes a source of institutional learning rather than merely a compliance challenge, provided that normative safeguards remain central.

Taken together, these dynamics demonstrate that algorithmic governance fundamentally reshapes equality based compliance. It introduces novel risks, demands new oversight capacities and expands analytical possibilities. Effective equality governance in the digital era requires carefully chosen fairness metrics, algorithmic impact assessments, transparency instruments, vendor accountability mechanisms and robust hybrid human–machine oversight.

39. Post-Violation Governance: The Dynamics of Trust Restoration

The ultimate test of corporate compliance systems does not occur during periods of uninterrupted operation, but rather in the crisis-management phase following serious norm violations and ethical scandals. According to the concept of post-violation governance, a violation represents not merely a legal risk, but a fundamental disruption of public trust in the organization. Restoring that trust requires systemic intervention. During internal investigations, organizations must strike a careful balance between rigorous fact-finding and respect for the dignity of the employees involved. Research indicates that the effectiveness of post-crisis communication depends primarily on the degree of transparency and accountability demonstrated by the organization (Benoit, 1997, p. 180). Where organizations seek merely to shift responsibility through scapegoating, they reinforce toxic cultural patterns and undermine long-term learning processes.

The restoration of trust is a multidimensional process that requires the reestablishment of competence, goodwill, and integrity in the eyes of affected stakeholders (Mayer et al., 1995, p. 715). In post-violation audits, it is insufficient to tighten technical controls alone. Organizations must also confront the deeper cultural conditions that enabled the violation, often described as normative blindness. A central component of an effective post-violation strategy is restorative compliance, which emphasizes redress of harm and correction of systemic deficiencies rather than exclusive reliance on punishment. Rebuilding institutional reputation may take years and requires the internalization of compliance as a competitive advantage. Proactive cooperation with regulatory authorities during the investigation phase can significantly mitigate sanctions and accelerate the restoration of market confidence.

The ethics of internal investigations require strict adherence to principles of impartiality and due process, even in internal proceedings. Employee trust in the compliance system is reinforced when accountability is applied consistently across all hierarchical levels. During post-violation governance, organizations must redefine in practice the boundaries of acceptable treatment. This phase of crisis management provides an opportunity to reassess the cognitive biases and heuristics that contributed to the violation. At this stage, the concept of the learning organization becomes operational, as errors are treated not as failures to conceal, but as catalysts for organizational development (Senge, 1990, p. 14). The process of rebuilding trust demands a visible and credible commitment by senior management to ethical renewal.

From the perspective of reputation management theory, symbolic apologies alone are ineffective unless accompanied by substantive structural reform (Fombrun, 1996, p. 57). Strengthening the compliance function after a crisis often entails allocating additional resources and ensuring the independence of reporting structures. In the post-violation phase, organizations operate under heightened social and regulatory scrutiny, leaving little tolerance for further omissions. The restoration of perceived control can be supported through transparent external indicators and audits conducted by independent third parties. Post-violation governance therefore extends beyond damage control and constitutes a moral re-foundation of organizational identity.

When crises are addressed effectively, organizations may ultimately emerge more resilient and ethically robust than prior to the breach. Sustained institutional integrity depends on honesty and systemic change rather than symbolic gestures. This analysis underscores how the role of the compliance officer evolves into that of a strategic leader

during periods of crisis. The organization of the future is not defined by the absence of mistakes, but by its capacity to confront moral failure with dignity and to translate crisis into enduring institutional learning.

40. Strategic Foresight, Anticipatory Governance and Future Readiness in Equality Compliance Systems

Equality based compliance is not merely a reaction to present conditions but an ongoing exercise in anticipating future risks, opportunities and structural transformations. Strategic foresight equips institutions with the capacity to imagine multiple futures, evaluate emerging trends and prepare for long term change. As Inayatullah argues, foresight involves mapping prevailing assumptions, identifying emerging challenges and constructing alternative future scenarios that inform strategic action (Inayatullah, 2008, p. 5). Equality governance therefore requires an anticipatory orientation if it is to remain relevant in rapidly evolving social, technological and organizational environments.

Anticipatory governance enhances decision quality by integrating foresight into institutional processes. Guston emphasizes that anticipatory governance enables the early identification of emerging risks before they fully materialize (Guston, 2014, p. 219). Within equality compliance, this approach supports the development of early warning systems addressing demographic change, technological bias and shifting social norms. By anticipating such developments, institutions reduce the likelihood that systemic discrimination will become entrenched before corrective action is taken.

Scenario planning further strengthens preparedness. Schoemaker demonstrates that scenario planning generates coherent narratives about plausible futures, enabling organizations to operate effectively under uncertainty (Schoemaker, 1995, p. 27). Equality institutions can apply scenario methods to explore changes in workforce composition, evolving labor market structures or emerging socio-political tensions. These scenarios inform proactive adjustments to monitoring systems, training strategies and evaluative frameworks.

Future oriented governance also depends on structured horizon scanning. Voros defines horizon scanning as the systematic exploration of emerging issues, weak signals and long term trends (Voros, 2003, p. 13). Applied to equality compliance, horizon scanning reveals early patterns in discrimination complaints, the social impacts of automation and new forms of exclusion linked to digital transformation. Through such practices, equality governance shifts from reactive intervention toward forward looking stewardship.

Insights from complexity science further deepen foresight capacity. Uhl-Bien and Marion argue that organizations operate as complex adaptive systems in which small changes may generate disproportionate and unexpected effects (Uhl-Bien and Marion, 2009, p. 631). Equality governance must therefore account for nonlinear dynamics shaping discrimination risks. Complexity-aware foresight enhances institutional resilience by preparing organizations for cascading and indirect effects.

Long range planning connects foresight with everyday governance. Mintzberg argues that strategic planning aligns long term objectives with operational decision making

(Mintzberg, 1994, p. 53). Equality systems must articulate long term visions of fairness while embedding them within annual priorities, policy cycles and performance metrics. This alignment stabilizes equality commitments across leadership transitions and shifting organizational agendas.

Inclusive participation strengthens anticipatory capacity. Ramos highlights that participatory foresight integrates diverse perspectives that conventional expert analysis may overlook (Ramos, 2015, p. 32). Including minority groups, frontline employees and civil society actors enriches foresight processes, enhances legitimacy and increases sensitivity to emerging vulnerabilities.

Anticipation also requires ethical reflection. Jonas emphasizes that responsibility for the future involves moral consideration of how present actions affect future generations (Jonas, 1984, p. 28). Equality governance must therefore evaluate the long term implications of organizational structures, digital systems and legal reforms. Ethical foresight embeds fairness across time, extending responsibility beyond immediate compliance outcomes.

Technology assessment further supports future-ready regulation. Rip and Schot argue that technology assessment examines the social consequences of innovation in order to guide responsible governance (Rip and Schot, 2002, p. 165). Equality compliance requires assessment tools capable of evaluating automated systems, data infrastructures and emerging digital technologies for discriminatory effects. Integrating such assessments into regulatory processes enhances anticipatory governance.

Anticipatory monitoring complements these tools by tracking early indicators of change. As Cuhls explains, anticipatory monitoring allows institutions to adjust strategies before challenges become entrenched (Cuhls, 2003, p. 93). Monitoring demographic trends, labor market shifts and organizational restructuring enables equality institutions to identify emerging vulnerabilities at an early stage.

Futures literacy further empowers organizational learning. Miller argues that futures literacy enables organizations to treat the future as a resource for reflection, experimentation and innovation (Miller, 2018, p. 13). Equality compliance benefits when staff are equipped to recognize emerging risks, question assumptions and design forward looking interventions.

Taken together, these elements demonstrate that anticipatory governance transforms equality compliance into a long term strategic endeavor. As Sardar suggests, futures thinking cultivates reflexive awareness of uncertainty and encourages institutions to continually revise their assumptions (Sardar, 2010, p. 183). Through foresight, scenario planning, horizon scanning and futures literacy, equality systems become dynamic, resilient and future ready, ensuring that fairness remains robust amid uncertainty.

Equality compliance, however, is oriented not only toward the future but is also deeply shaped by the legacies of the past. Institutions inherit structures, norms, hierarchies and cultural patterns that influence how inequality is perceived and addressed. Skocpol argues that institutional development is embedded in historical contexts that generate enduring patterns of governance and behavior (Skocpol, 1979, p. 32). Equality compliance must therefore confront historical roots of discrimination if it is to avoid reproducing inherited injustices.

Historical legacies generate path dependency. Pierson demonstrates that early institutional arrangements create self-reinforcing dynamics that make change increasingly difficult over time (Pierson, 2000, p. 254). Even when discriminatory practices are formally

abolished, they may persist through informal norms, organizational routines and cultural scripts. This explains why equality reforms often encounter resistance or produce uneven outcomes.

Colonial histories further shape contemporary inequalities. Fanon emphasizes that colonial systems establish psychological and structural hierarchies that persist long after formal decolonization (Fanon, 1961, p. 27). These hierarchies continue to influence labor markets, authority structures and organizational cultures, underscoring that discrimination is frequently structural rather than individual.

Historical trauma also affects institutional trust. Alexander argues that collective trauma shapes how groups interpret institutional authority and fairness (Alexander, 2004, p. 3). Communities with histories of discrimination may distrust equality bodies, underreport violations or perceive procedures as biased. Building trust therefore requires acknowledgment of past harms rather than procedural neutrality alone.

Racialized and ethnic hierarchies often leave institutional imprints. Bonilla-Silva shows that ostensibly neutral institutional arrangements can reproduce racial inequality through unequal outcomes (Bonilla-Silva, 1997, p. 476). Equality compliance must therefore focus on effects rather than intentions, recognizing that structural inequality frequently operates beneath formal neutrality.

Gender norms likewise reflect long historical trajectories. Scott argues that gender is constituted through symbolic, normative and institutional processes shaping expectations and opportunities (Scott, 1986, p. 1063). Equality governance must therefore examine how historically embedded gender norms continue to influence contemporary organizational behavior.

Institutional memory plays a crucial role in sustaining or challenging inequality. Huyssen notes that societies remember selectively, often privileging dominant narratives while marginalizing others (Huyssen, 1995, p. 8). Organizations may similarly suppress or sanitize histories of discrimination, weakening accountability. Equality compliance requires truthful institutional memory to support meaningful reform.

Historical documents and symbols further shape institutional identity. Nora describes archives and foundational texts as sites of memory that influence collective self-understanding (Nora, 1989, p. 9). Equality governance benefits from critical examination of charters, codes and founding narratives in order to uncover embedded biases.

Labor market inequalities also reflect long term trajectories. Goldin demonstrates that disparities in employment and pay emerge from historical processes such as occupational segregation and exclusionary policies (Goldin, 1990, p. 41). Longitudinal analysis is therefore essential for understanding how historical patterns interact with present discrimination.

Structural inertia further limits reform. Streeck and Thelen argue that institutional drift occurs when formal rules remain unchanged while practices evolve in unequal ways (Streeck and Thelen, 2005, p. 19). Equality reforms fail when informal routines continue to reproduce inequality beneath formal compliance.

Historical justice frameworks offer tools for addressing these legacies. Torpey emphasizes the importance of truth telling, acknowledgment and reparative measures in confronting historical injustice (Torpey, 2006, p. 2). Equality compliance can incorporate such mechanisms to strengthen legitimacy and address systemic harm.

Addressing historical legacies ultimately enhances institutional resilience. Mahoney argues that understanding historical sequences enables institutions to break harmful trajectories and design more equitable futures (Mahoney, 2000, p. 523). By integrating historical analysis into equality governance, institutions can dismantle structural barriers and promote sustainable fairness.

41. Strategic Foresight, Anticipatory Governance and the Temporal Deepening of Equality-Based Compliance

Equality-based compliance is most often conceptualized as a response mechanism: an institutional arrangement designed to detect violations, correct deviations, and restore conformity with legal and normative standards. Such an understanding, while necessary, remains temporally narrow. It treats equality primarily as a present-oriented obligation, activated once harm has occurred or risk has materialized. Yet equality governance, if it is to be durable, legitimate, and socially meaningful, must extend beyond reactive logic and incorporate a forward-looking orientation that systematically engages with uncertainty, emerging risks, and long-term structural change. Strategic foresight offers precisely this temporal deepening of compliance, transforming equality governance from a corrective apparatus into an anticipatory institutional capacity.

Foresight, in its most fundamental sense, concerns the disciplined exploration of possible futures rather than the prediction of a single outcome. Inayatullah emphasizes that foresight involves uncovering the assumptions embedded in present practices, identifying emerging drivers of change, and constructing alternative scenarios that expand institutional imagination (Inayatullah, 2008, p. 5). Applied to equality-based compliance, this perspective challenges the implicit assumption that future discrimination risks will resemble those of the past. Demographic shifts, technological transformation, labor market reconfiguration, and evolving social norms all alter the terrain on which equality is contested and protected. Compliance systems that remain anchored exclusively in historical patterns risk becoming obsolete precisely when new forms of exclusion emerge.

Anticipatory governance operationalizes foresight by embedding future-oriented reflection into institutional routines. Guston argues that anticipatory governance integrates foresight, engagement, and integration, enabling institutions to identify emerging risks before they crystallize into crises (Guston, 2014, p. 219). In the context of equality compliance, this means developing mechanisms that monitor weak signals of inequality, such as subtle shifts in recruitment pipelines, algorithmic decision biases, changing workforce compositions, or emerging forms of indirect discrimination. Anticipation does not eliminate uncertainty, but it alters institutional posture from surprise and reaction to preparedness and adaptive capacity.

One of the most established tools of anticipatory governance is scenario planning. Schoemaker describes scenario planning as the construction of multiple, internally coherent narratives about plausible futures, designed not to forecast but to sensitize decision-makers to uncertainty and complexity (Schoemaker, 1995, p. 27). For equality institutions, scenario planning can illuminate how different trajectories – such as intensified automation, increased migration, economic polarization, or regulatory fragmentation – might generate distinct equality risks. These scenarios enable organizations to test the robustness of existing compliance mechanisms and to identify

where new safeguards, indicators, or competencies may be required. In this way, scenario planning transforms abstract uncertainty into a structured object of governance.

Horizon scanning complements scenario planning by systematically surveying emerging trends, weak signals, and long-term drivers of change. Voros characterizes horizon scanning as an organized process of environmental scanning that seeks to identify issues at the margins of current awareness before they become dominant (Voros, 2003, p. 13). In equality governance, horizon scanning can reveal early warning signs of exclusion, such as new forms of platform-mediated discrimination, shifts in qualification requirements that indirectly disadvantage certain groups, or cultural transformations that normalize inequitable treatment. By institutionalizing horizon scanning, equality compliance systems become capable of detecting risks while intervention remains feasible and proportionate.

The relevance of complexity theory further reinforces the need for anticipatory approaches. Uhl-Bien and Marion argue that organizations operate as complex adaptive systems in which nonlinear interactions can generate disproportionate effects (Uhl-Bien and Marion, 2009, p. 631). In such environments, small procedural changes—such as the introduction of an automated screening tool or a seemingly neutral performance metric—can produce cascading equality impacts. Complexity-sensitive foresight encourages institutions to abandon linear cause–effect assumptions and to recognize that equality risks often emerge from interactions among technologies, norms, incentives, and power relations rather than from isolated decisions.

Strategic foresight also serves a crucial integrative function by aligning short-term operational decisions with long-term normative commitments. Mintzberg emphasizes that strategic planning is not merely a technical exercise but a process of integrating vision, values, and action across temporal horizons (Mintzberg, 1994, p. 53). Equality-based compliance requires such integration to prevent the erosion of fairness during leadership transitions, policy cycles, or organizational restructuring. Long-term equality visions, when embedded in strategic planning processes, provide continuity that stabilizes compliance systems against short-term political or economic pressures.

The anticipatory capacity of equality governance is further strengthened through inclusive participation. Ramos argues that participatory foresight enriches institutional understanding by incorporating perspectives that expert-driven processes often overlook (Ramos, 2015, p. 32). Marginalized groups, frontline workers, and civil society actors frequently perceive emerging inequalities earlier than formal monitoring systems. Involving these actors in foresight processes not only improves risk detection but also enhances legitimacy by demonstrating that future-oriented governance is responsive to lived experience rather than abstract modeling alone.

Anticipation, however, is not a value-neutral activity. Jonas reminds us that responsibility toward the future entails ethical consideration of how present actions shape the conditions of future generations (Jonas, 1984, p. 28). Equality governance must therefore evaluate not only whether compliance systems function effectively today, but whether they create fair conditions for those who will inherit institutional structures tomorrow. Decisions about data infrastructures, automated decision systems, or organizational hierarchies have long-term distributive consequences that demand ethical foresight. Anticipatory equality governance thus becomes an exercise in intergenerational justice.

Technology assessment provides a concrete institutional mechanism for ethical anticipation. Rip and Schot argue that technology assessment examines the broader social implications of innovation to guide responsible governance (Rip and Schot, 2002, p. 165). As digital systems increasingly mediate access to employment, services, and opportunities, equality compliance must integrate assessment tools that evaluate discriminatory risks prior to deployment. These assessments extend compliance from a reactive posture toward a preventive orientation, reducing the likelihood that technological innovation becomes a vehicle for entrenched inequality.

Anticipatory monitoring further operationalizes foresight by tracking early indicators of structural change. Cuhls emphasizes that anticipatory monitoring allows institutions to adjust strategies before challenges become deeply embedded (Cuhls, 2003, p. 93). Equality institutions can monitor demographic trends, labor market restructuring, organizational mergers, or regulatory shifts that alter vulnerability patterns. Such monitoring transforms foresight from episodic reflection into a continuous governance function.

The cultivation of futures literacy is essential to sustaining anticipatory capacity. Miller defines futures literacy as the ability to use the future as a resource for learning, reflection, and innovation rather than as a fixed object of prediction (Miller, 2018, p. 13). Within equality compliance systems, futures literacy enables practitioners to question assumptions, recognize emerging risks, and design adaptive interventions. It transforms compliance professionals from rule enforcers into institutional learners capable of navigating uncertainty.

Taken together, these perspectives demonstrate that strategic foresight is not an auxiliary function but a constitutive dimension of mature equality-based compliance. By integrating scenario planning, horizon scanning, participatory foresight, ethical evaluation, and futures literacy, institutions expand the temporal horizon of equality governance. Anticipatory compliance systems do not merely react to discrimination after it occurs; they actively shape conditions under which equality can be sustained in the face of social, technological, and organizational transformation. In doing so, foresight converts equality from a defensive obligation into a strategic, future-oriented institutional commitment.

42. The relationship between historical legacies and foresight

The relationship between historical legacies and foresight is not antagonistic but constitutive of institutional governance and long term compliance capacity. Contemporary governance theory increasingly recognises that foresight does not emerge from the suspension of the past but from its interpretation. As Mahoney and Thelen argue, institutions are historically layered formations in which earlier choices structure later possibilities of action without mechanically determining outcomes (Mahoney and Thelen, 2010, p. 7). Institutions are therefore capable of developing credible and sustainable future oriented strategies only insofar as they recognise that the past is not a closed sequence of events but a structuring force that shapes present possibilities of action and the horizons of what can be imagined. Historical legacies are thus not obstacles to anticipatory governance but its necessary preconditions.

Historical legacies operate primarily through institutional patterns that persist over time. These patterns materialise in legal doctrines, organizational architectures, procedural

routines and deeply embedded cultural expectations. As Skocpol emphasises, institutions do not function as blank slates but as sedimented outcomes of earlier conflicts, compromises and power relations (Skocpol, 1979, p. 34). Foresight, in this sense, is not an exercise in starting anew but a reflective practice that acknowledges the layered nature of institutional time. The future becomes accessible only along trajectories shaped by past choices. Path dependency does not imply immobility but rather the structured conditions under which change can occur, as Pierson demonstrates in his analysis of institutional persistence and gradual transformation (Pierson, 2004, p. 23).

In equality based compliance systems, historical legacies exert a particularly strong influence. Forms of discrimination, mechanisms of exclusion and patterns of institutional blindness rarely originate in contemporary regulatory gaps alone. They are the cumulative result of long historical processes that have shaped how merit, normality, authority and legitimacy are defined within institutions. As Bonilla Silva shows, ostensibly neutral institutional arrangements often reproduce inequality precisely because they carry forward historically produced racial and social hierarchies in depoliticised form (Bonilla Silva, 1997, p. 476). Anticipatory governance in this field therefore cannot be reduced to technical risk modelling or predictive analytics. It requires historical sensitivity. Institutions that fail to identify the historical sources of inequality embedded in their own structures are likely to reproduce the same distortions in future oriented reforms, even when these reforms are framed as progressive or innovative.

Historical legacies should not be understood as determining a single future. Their relevance lies precisely in the fact that they are open to interpretation. As Koselleck argues, historical experience does not fix expectations but shapes the horizon within which future possibilities become intelligible (Koselleck, 2004, p. 258). Foresight transforms historical inheritance from an unquestioned background into an explicit object of reflection. A central task of anticipatory governance is therefore to distinguish between inherited institutional elements that remain normatively legitimate and functionally effective, and those that have become misaligned with contemporary social realities. This process is inherently evaluative. It requires institutions to confront uncomfortable continuities, including the persistence of unequal power relations and exclusionary practices that have acquired the appearance of neutrality through repetition.

The connection between historical awareness and foresight becomes especially visible in the governance of emerging risks. New technologies, demographic shifts and changing labour relations often interact with older institutional logics in unexpected ways. Scholarship on algorithmic governance demonstrates that automated decision systems frequently encode historical biases present in legacy data sets and organizational routines (Barocas and Selbst, 2016, p. 678). Without a historically informed perspective, foresight risks becoming superficial, focusing on novel tools while leaving underlying structural inequities untouched. Historical analysis enables institutions to anticipate how old patterns may reappear in new forms, particularly when technological innovation is layered onto historically unequal social arrangements.

Institutional memory plays a critical mediating role between past and future. Memory is not merely archival but normative. It shapes how institutions interpret previous failures, acknowledge responsibility and define learning. As Argyris and Schön argue, organizational learning depends on the capacity to reflect on past errors and revise underlying assumptions rather than merely adjusting surface level practices (Argyris and Schön, 1996, p. 29). Foresight that is disconnected from institutional memory tends to

privilege short term adaptability over long term integrity. By contrast, when historical experiences of injustice, reform and resistance are integrated into foresight processes, anticipatory strategies gain ethical depth and social credibility.

Foresight also acquires a reparative dimension when linked to historical legacies. Institutions that acknowledge past exclusions are better positioned to design future oriented compliance mechanisms that avoid symbolic gestures and address structural harms. Contemporary theories of historical justice emphasise that responsibility extends beyond compensation for past wrongs toward the transformation of institutional conditions that perpetuate vulnerability (Torpey, 2006, p. 14). This does not imply that foresight becomes backward looking. Rather, it recognises that credible future commitments require continuity of moral reasoning across time. Equality based compliance acquires legitimacy when anticipatory strategies explicitly respond to historically rooted vulnerabilities instead of treating them as incidental risks.

Finally, the integration of historical legacies into foresight strengthens institutional resilience. Institutions that understand how past crises, reforms and failures shaped their present capacities are better equipped to anticipate future disruptions. As Wildavsky argues, resilience depends on learning from past experience to preserve core values under changing conditions (Wildavsky, 1988, p. 46). In this sense, historical consciousness is not a constraint on innovation but a condition for meaningful and responsible foresight.

Taken together, the relationship between historical legacies and foresight reveals that anticipatory governance is inherently temporal in a deep sense. It binds past, present and future into a continuous field of responsibility. Equality based compliance systems that embrace this temporal depth are more likely to avoid cyclical failures, confront structural injustice and sustain fairness as a long term institutional commitment rather than a reactive policy goal.

43. From Historical Awareness to Anticipatory Responsibility

Equality based compliance has traditionally been constructed within a retrospective legal paradigm. Legal responsibility, institutional accountability and remedial mechanisms have been oriented toward identifying past violations, assigning responsibility and providing corrective redress.

Discrimination appeared as a completed act, anchored in a definable moment, attributable to a decision maker and remediable through established legal procedures. This logic remains foundational to equality law, yet contemporary scholarship increasingly demonstrates its limitations. In complex institutional environments shaped by historical legacies, digital infrastructures and cumulative disadvantage, inequality often emerges not as a discrete event but as a foreseeable outcome of structurally embedded practices. In such contexts, equality based compliance must be reconceptualized as a temporally extended responsibility that links historical awareness with anticipatory moral and legal obligations.

Recent legal theory emphasizes that institutions operate within inherited normative frameworks that condition present choices. As Dixon argues, public law institutions do not simply apply neutral rules but act through historically sedimented assumptions that shape what is perceived as reasonable, efficient or legitimate decision making (Dixon, 2021, p. 41). In equality governance, this insight has critical implications. Selection criteria, performance indicators or risk assessment tools may appear formally neutral while reproducing patterns of exclusion rooted in earlier social hierarchies. When institutions

remain blind to these legacies, compliance mechanisms risk becoming instruments of continuity rather than correction.

The moral significance of historical awareness has been increasingly foregrounded in post 2020 scholarship on structural injustice. Young's account of responsibility for structural harm has gained renewed relevance, particularly in debates on institutional discrimination. Young argues that responsibility arises not from individual fault alone but from participation in social processes that systematically disadvantage certain groups (Young, 2011, p. 105). Applied to equality compliance, this perspective implies that institutions bear responsibility not only for intentional discrimination but also for foreseeable inequalities produced by routine practices whose historical origins are well documented.

Concrete examples illustrate this dynamic. In employment contexts, algorithm supported recruitment systems often rely on historical data reflecting earlier patterns of exclusion. Even when no discriminatory intent is present, such systems predictably disadvantage groups that were historically underrepresented in certain professions. As Wachter and Mittelstadt demonstrate, the replication of historical bias through data driven systems constitutes a form of structural discrimination that challenges traditional fault based legal frameworks (Wachter and Mittelstadt, 2019, p. 15). Equality based compliance that remains reactive, addressing harm only after complaints arise, fails to engage with this foreseeable risk.

This recognition has led to an emerging convergence between legal obligation and moral foresight. Contemporary legal philosophy increasingly acknowledges that responsibility extends to omissions and failures to act in the face of foreseeable harm. As Cane argues, modern responsibility regimes increasingly incorporate duties of precaution and care, especially where power asymmetries and vulnerability are present (Cane, 2020, p. 88). Equality compliance thus becomes a domain in which institutions are expected to anticipate discriminatory effects and adjust their structures accordingly, rather than waiting for harm to crystallize into litigation.

The concept of anticipatory responsibility captures this shift. Anticipatory responsibility does not impose limitless liability for hypothetical futures. Instead, it establishes a duty to respond to reasonably foreseeable risks grounded in empirical knowledge and historical experience. In equality governance, this means that institutions are expected to reflect on how inherited organizational cultures, legal categories and decision tools may interact with emerging technologies or social transformations to reproduce inequality. The failure to engage in such reflection increasingly appears as a normative deficiency rather than a neutral omission.

Legal developments after 2020 reinforce this orientation. Scholarship on precautionary governance and preventive regulation highlights that legality cannot be reduced to procedural correctness *ex post*. As Fisher argues, regulatory legitimacy increasingly depends on demonstrating that institutions have exercised foresight, evaluated risks and documented preventive reasoning before harm occurs (Fisher, 2020, p. 64). In equality compliance, this translates into expectations of impact assessment, bias auditing and forward looking evaluation embedded within governance processes.

Moral philosophy provides further grounding for this temporal expansion of responsibility. Jonas's principle of responsibility, originally articulated in relation to technological power, has been widely revisited in contemporary debates on institutional ethics. Jonas argues that the magnitude and irreversibility of modern institutional action

generate duties toward future persons and social conditions (Jonas, 1984, p. 37). Equality based compliance, particularly in digital and bureaucratic settings, exemplifies this condition. Decisions taken today shape opportunity structures for years or decades, rendering ignorance of foreseeable consequences morally untenable.

Importantly, anticipatory responsibility does not undermine legal certainty. On the contrary, it strengthens it by embedding equality considerations into decision making before conflicts arise. Institutions that systematically assess equality risks, record their reasoning and adjust governance structures accordingly enhance transparency and predictability. As Möller argues, proportionality and rights based reasoning gain normative force when applied *ex ante* rather than solely as judicial correction mechanisms (Möller, 2021, p. 112). Equality compliance thus becomes a proactive expression of the rule of law rather than a reactive concession to it.

Historical awareness plays a constitutive role in this process. Institutions that acknowledge how past injustices shape present vulnerability are better positioned to identify future risks. For example, organizations operating in sectors historically characterized by gender or ethnic segregation bear heightened responsibility to scrutinize promotion pathways, evaluation criteria and informal networks. Formal neutrality, detached from historical context, risks functioning as moral absolutism rather than justice. Anticipatory responsibility rejects this abstraction by insisting that equality must be actively constructed through informed institutional design.

From a legal moral perspective, this approach reframes the meaning of compliance. Compliance is no longer satisfied by the absence of violations or the presence of formal procedures. It requires evidence of reflective engagement with history, structured anticipation of risk and willingness to modify institutional arrangements to prevent foreseeable harm. Equality based compliance thus evolves from a defensive posture into an ethical practice of institutional self limitation.

The transition from historical awareness to anticipatory responsibility marks a maturation of equality governance. It acknowledges that justice cannot be secured solely through retrospective adjudication. Instead, institutions must accept responsibility for the futures their actions make possible. By integrating legal obligation with moral foresight, equality based compliance becomes a normative bridge between past injustice and future fairness, transforming compliance from a mechanism of control into a practice of ethical governance.

37. Anticipatory responsibility as a legal and moral duty

Historical awareness alone does not yet amount to responsibility. Institutions may recognise their past, acknowledge historical injustice and still fail to act in ways that prevent its reproduction. The decisive normative shift occurs when historical consciousness is translated into anticipatory responsibility. Anticipatory responsibility denotes the obligation of institutions to consider foreseeable future harms that arise from historically structured conditions and to act in advance to prevent their materialisation. In this sense, responsibility is no longer confined to retrospective attribution of blame but extends to prospective duties of care grounded in institutional knowledge and capacity.

Legal theory has increasingly recognised that responsibility may arise not only from wrongful acts but also from culpable omissions. As Feinberg argues, moral responsibility attaches where an agent has both the capacity to foresee harm and the power to prevent it

(Feinberg, 1984, p. 34). In institutional contexts, this logic acquires particular force. Public authorities and large organizations possess epistemic advantages, access to data and structural control that place them in a position of anticipatory knowledge. Where such actors fail to integrate historical patterns of inequality into future oriented decision making, their inaction cannot be regarded as neutral. It becomes normatively assessable as a form of institutional negligence.

This anticipatory dimension of responsibility has deep roots in legal doctrine. The concept of due diligence, long established in public law, human rights law and corporate responsibility frameworks, already implies an obligation to identify and mitigate foreseeable risks before harm occurs. As the jurisprudence of international human rights bodies demonstrates, states may violate equality obligations not only by discriminatory acts but by failing to take reasonable preventive measures against structurally predictable harms (Alston and Simma, 1988, p. 27). Anticipatory responsibility thus represents not a radical innovation but an extension of existing legal principles into a temporally expanded horizon.

What distinguishes anticipatory responsibility in equality based compliance is its explicit engagement with historical legacies. Foreseeability is not derived solely from abstract risk models but from accumulated institutional experience. Patterns of exclusion, underrepresentation or disparate impact documented over decades generate a heightened duty of anticipation. As Young argues, responsibility for structural injustice does not depend on individual fault but on participation in and benefit from institutional arrangements that systematically disadvantage others (Young, 2006, p. 114). Institutions that are aware of such arrangements yet fail to redesign them for the future cannot plausibly claim moral innocence.

Anticipatory responsibility therefore operates at the intersection of legality and ethics. Legally, it is anchored in standards of reasonableness, proportionality and due care. Ethically, it is grounded in the recognition of vulnerability and asymmetrical power. Jonas' principle of responsibility is particularly instructive here. He argues that modern institutions, precisely because of their capacity to shape future conditions, bear a heightened moral obligation to act with regard to the long term consequences of their decisions and omissions (Jonas, 1984, p. 36). Equality based compliance becomes a site where this future oriented responsibility is operationalised through concrete governance mechanisms.

This shift has important implications for how compliance failures are interpreted. Where institutions repeatedly reproduce discriminatory outcomes that are historically documented and analytically foreseeable, responsibility can no longer be deflected onto individual actors or treated as accidental. The failure lies in the absence of anticipatory integration. In such cases, compliance breakdowns reveal not a lack of rules but a deficit of temporal responsibility. The institution has failed to translate knowledge of its past into obligations toward its future.

Anticipatory responsibility also reframes the moral meaning of innovation. Novel policies, digital tools or organizational reforms do not automatically signal progress if they ignore historically rooted inequalities. On the contrary, innovation that is blind to institutional memory risks amplifying existing disparities under the guise of neutrality. Responsible foresight therefore requires that every forward looking reform be evaluated against the question of how it interacts with inherited structures of advantage and

disadvantage. This evaluative stance transforms foresight into an ethical practice rather than a managerial technique.

Ultimately, anticipatory responsibility establishes continuity across time as a core normative requirement of equality governance. It binds historical awareness to future oriented action through a duty to prevent foreseeable injustice. Equality based compliance systems that embrace this responsibility move beyond reactive enforcement toward a model of institutional integrity in which fairness is protected not only after harm occurs but before it becomes entrenched. In this way, anticipatory responsibility emerges as the legal and moral hinge between the past that cannot be undone and the future that remains open to institutional choice.

37. From compliance failure to constitutional and moral neglect

Anticipatory responsibility acquires its full normative weight when it is examined through the lens of institutional omission. Equality based compliance failures rarely take the form of overtly discriminatory acts alone. More frequently, they manifest as persistent patterns of inaction, delayed intervention or inadequate institutional response to risks that are already known. In such cases, the central question is no longer whether discrimination was intended, but whether the institution failed to act where action was reasonably expected. Anticipatory responsibility thus reframes equality compliance as a problem of omission rather than commission.

Legal theory has long recognised that omissions may be as normatively significant as acts. In public law, constitutional theory and human rights jurisprudence, responsibility arises where an authority possesses both knowledge of a risk and the capacity to prevent it, yet fails to do so. As Alexy argues, constitutional rights generate not only negative duties of non interference but also positive duties of protection that require active institutional engagement (Alexy, 2002, p. 395). Equality guarantees fall squarely within this category. Where foreseeable patterns of exclusion or disadvantage persist, the absence of corrective action constitutes a breach of protective obligation.

This logic is particularly salient in equality governance, where risks are rarely sudden or unforeseeable. Disparities in recruitment, promotion, pay or access to remedies typically develop over extended periods and are repeatedly documented through internal audits, complaints, statistical monitoring and external research. When such information exists, continued inaction cannot be justified as ignorance. It becomes a form of institutional neglect. Anticipatory responsibility transforms these accumulated signals into legally and morally relevant knowledge that triggers a duty to intervene.

From a constitutional perspective, omission undermines the effectiveness of equality guarantees. Formal equality norms lose their substantive meaning when institutions systematically fail to operationalise them in practice. As Ferrajoli emphasises, fundamental rights require institutional guarantees that translate abstract principles into enforceable realities (Ferrajoli, 2001, p. 29). Where equality compliance systems remain formally intact but substantively inert, the constitution is not violated through open defiance but through hollow implementation. Anticipatory responsibility exposes this gap between normative commitment and institutional performance.

Moral philosophy reinforces this assessment. Responsibility is not exhausted by refraining from wrongdoing. It also encompasses the obligation to prevent foreseeable harm where one is positioned to do so. As Scanlon argues, moral responsibility attaches

when an agent could reasonably avoid contributing to outcomes that undermine the standing of others as equals (Scanlon, 1998, p. 274). Institutions, by virtue of their structural power, are collective agents of this kind. Their failure to redesign processes known to generate unequal outcomes constitutes a moral failure grounded in omission.

The significance of omission becomes even clearer when equality compliance is viewed temporally. Institutions often justify delayed action by invoking gradual reform, competing priorities or resource constraints. While such considerations may affect the form of intervention, they do not negate the duty to act altogether. Anticipatory responsibility does not demand perfect foresight or immediate transformation. It demands reasonable, proportionate and timely response. Persistent deferral in the face of recurring evidence transforms prudence into negligence.

This has direct implications for accountability. Traditional compliance frameworks tend to focus on violations after they occur. Anticipatory responsibility shifts attention to the period before harm materialises. The relevant question becomes whether the institution could have acted earlier and failed to do so. In this sense, equality based compliance converges with doctrines of preventive justice. The harm lies not only in discriminatory outcomes but in the institutional tolerance of conditions that make such outcomes predictable.

Importantly, omission is often masked by procedural activity. Institutions may adopt policies, issue guidelines or conduct training without addressing the structural sources of inequality. Such measures create the appearance of compliance while leaving underlying risks untouched. Anticipatory responsibility cuts through this performative layer by evaluating whether institutional action is capable of altering foreseeable trajectories. Where it is not, compliance becomes symbolic rather than substantive.

Seen in this light, equality based compliance acquires a constitutional dimension. The failure to anticipate and prevent structurally embedded inequality undermines not only statutory obligations but the integrity of the constitutional order itself. Equality ceases to function as a living principle and becomes a retrospective remedy applied after damage is done. Anticipatory responsibility challenges this reactive logic by asserting that institutions are accountable for the futures they allow to unfold through inaction.

This first step in the *hármas ív* establishes omission as the central juridical and moral problem of future oriented equality governance. It prepares the ground for the second step, where anticipatory responsibility is translated into concrete compliance instruments, and for the third, where algorithmic and automated systems intensify the risks associated with institutional omission rather than replacing them.

44. Embedding foresight into equality based compliance instruments

If anticipatory responsibility identifies institutional omission as a central legal and moral failure, the next step is to clarify how this responsibility can be translated into concrete compliance architectures without collapsing into technocratic risk management. The challenge is not merely to foresee potential inequalities but to institutionalise foresight in a manner that preserves normative judgment, democratic accountability and legal integrity. Anticipatory responsibility therefore requires design choices that embed ethical evaluation into the ordinary functioning of compliance systems.

From a legal perspective, the institutionalisation of foresight is closely connected to the concept of due diligence. Contemporary human rights law increasingly recognises that states and public institutions are under an obligation to exercise due diligence to prevent foreseeable harm, including discrimination. The jurisprudence of the European Court of Human Rights illustrates this shift by emphasising that failure to prevent known risks may amount to a violation of substantive rights, even in the absence of discriminatory intent (ECtHR, *Opuz v Turkey*, 2009). Anticipatory responsibility can be understood as an extension of this logic into the internal governance of equality compliance systems.

Due diligence, however, cannot be reduced to procedural checklists. As De Schutter argues, preventive obligations are meaningful only when they are accompanied by institutional mechanisms capable of translating knowledge into action (De Schutter, 2014, p. 112). In equality governance, this requires compliance instruments that connect historical awareness, empirical monitoring and forward looking assessment. Equality impact assessments, for example, acquire normative relevance only when they are linked to binding decision making processes rather than operating as advisory documents with no practical consequences.

A central design question concerns the locus of anticipatory judgment. Foresight cannot be outsourced entirely to technical units or data analysts without impoverishing its ethical dimension. Legal responsibility ultimately rests with decision makers who possess authority over organizational structures, resource allocation and strategic priorities. Anticipatory responsibility therefore requires that senior leadership bodies are institutionally positioned as bearers of foresight obligations. This aligns with the argument advanced by Black that responsibility follows capacity and control rather than formal role descriptions (Black, 2008, p. 149).

At the same time, anticipatory compliance must avoid excessive centralisation. Equality risks often emerge at operational levels through everyday practices, informal norms and micro decisions. Effective foresight therefore depends on distributed sensing mechanisms that allow weak signals to travel upward within the organization. Whistleblowing systems, internal complaints procedures and staff surveys function as anticipatory instruments only when they are interpreted not as isolated incidents but as indicators of emerging structural patterns. As Vaughan's analysis of organizational deviance demonstrates, early warning signs are frequently normalised and dismissed until harm becomes visible (Vaughan, 1996, p. 64).

The moral dimension of institutional design becomes particularly salient when compliance instruments confront uncertainty. Anticipatory responsibility does not presuppose certainty about future outcomes. It presupposes reasoned judgment under conditions of incomplete knowledge. Here, precautionary reasoning offers a relevant analogy. While originally developed in environmental law, the precautionary principle captures the ethical intuition that lack of full scientific certainty does not justify inaction where serious harm is foreseeable (Sunstein, 2005, p. 23). Transposed to equality governance, this implies that uncertainty about the precise magnitude of future discrimination does not absolve institutions from taking preventive measures when credible risks are identified.

Institutionalising this logic requires procedural spaces for ethical deliberation. Equality compliance cannot rely exclusively on quantitative indicators or predictive models. It must incorporate forums where competing values, historical legacies and future

impacts are explicitly discussed. Ethics committees, equality councils or deliberative review boards serve this function when they are endowed with genuine influence over policy design and implementation. Gutmann and Thompson's theory of deliberative democracy underscores that legitimacy arises when institutions justify their decisions through publicly accessible reasons that engage moral disagreement rather than suppress it (Gutmann and Thompson, 2004, p. 98).

Anticipatory responsibility also reshapes the temporal structure of accountability. Traditional accountability mechanisms operate retrospectively by assigning responsibility after harm has occurred. Foresight oriented compliance introduces prospective accountability, in which institutions are evaluated on whether they took reasonable steps to prevent foreseeable inequality. This shift is reflected in recent regulatory developments that require organizations to demonstrate preventive capacity rather than merely respond to violations. The logic of corporate human rights due diligence, as articulated in the UN Guiding Principles on Business and Human Rights, exemplifies this transition from reactive to preventive accountability (Ruggie, 2011, p. 17).

However, preventive accountability raises complex moral questions. Holding institutions responsible for futures that did not materialise risks sliding into speculative blame. Anticipatory responsibility avoids this pitfall by anchoring evaluation in the quality of institutional reasoning rather than in outcomes alone. The relevant question is not whether harm occurred, but whether the institution acted reasonably in light of the information available at the time. This standard mirrors the negligence framework in tort law, where liability depends on foreseeability and reasonable care rather than on perfect prediction.

Equality based compliance systems that adopt this approach gain a distinctive ethical profile. They acknowledge uncertainty while refusing to treat it as an excuse for inertia. They accept historical responsibility without becoming trapped by it. Most importantly, they recognise that foresight is not a technical add on but a moral capacity that must be cultivated through institutional design.

This second step of the *hármas ív* shows how anticipatory responsibility moves from abstract principle to organizational reality. It prepares the ground for the third step, where the challenges of algorithmic governance and automated decision making intensify the risks of institutional omission and raise new questions about how anticipatory responsibility can be exercised in socio technical systems.

45. Anticipatory responsibility in automated and data driven compliance systems

The rise of algorithmic decision making fundamentally alters the conditions under which anticipatory responsibility can be exercised. Automated systems do not merely assist human judgment but increasingly participate in the structuring of institutional decisions that affect access to employment, public services, social benefits and disciplinary outcomes. In equality based compliance, this transformation intensifies the moral and legal stakes of foresight because discrimination may occur without explicit intent, visibility or individual culpability. Anticipatory responsibility must therefore be reformulated for socio technical environments in which agency is distributed across humans, data infrastructures and computational models.

From a legal perspective, the introduction of algorithmic systems does not displace responsibility but redistributes it. Responsibility remains anchored in institutional actors who decide to deploy automated tools, select training data, define performance objectives and interpret outputs. As Yeung argues, algorithmic governance does not eliminate discretion but relocates it upstream into design choices and downstream into oversight practices (Yeung, 2018, p. 512). Anticipatory responsibility thus requires institutions to recognise that the most consequential equality risks often arise before a system is operational, at the moment when historical data and normative assumptions are translated into technical specifications.

Historical legacies acquire renewed significance in algorithmic contexts. Data sets used to train automated systems frequently reflect past patterns of exclusion, unequal opportunity and institutional bias. When such data are treated as neutral representations of reality, historical injustice becomes embedded in future oriented decision making. Barocas and Selbst demonstrate that even formally neutral algorithms can reproduce discriminatory outcomes when trained on data shaped by earlier inequality (Barocas and Selbst, 2016, p. 680). Anticipatory governance in algorithmic systems therefore requires historical critique as a core component of technical evaluation rather than as an external ethical commentary.

This challenge exposes the limits of purely technical solutions to algorithmic fairness. While fairness metrics and bias detection tools are indispensable, they cannot resolve the underlying normative question of what counts as a just outcome. Kleinberg, Mullainathan and Raghavan show that different statistical definitions of fairness are often mutually incompatible (Kleinberg et al., 2017, p. 799). Choosing among them is not a technical optimisation problem but a moral and legal judgment about acceptable tradeoffs. Anticipatory responsibility requires that institutions make these judgments explicit and justify them in light of equality principles rather than hiding them behind technical complexity.

Opacity further complicates anticipatory governance. Burrell identifies multiple sources of algorithmic opacity, including model complexity, proprietary secrecy and emergent behaviour (Burrell, 2016, p. 7). In such conditions, traditional accountability mechanisms struggle to operate effectively. Retrospective review becomes difficult when decision logic cannot be reconstructed, and prospective foresight becomes fragile when future behaviour of systems is unpredictable. Anticipatory responsibility responds to this challenge by shifting emphasis from perfect transparency to institutional preparedness. The question becomes whether institutions have established reasonable safeguards, review capacities and intervention mechanisms before harm occurs.

Algorithmic impact assessments exemplify this preventive orientation. Reisman and colleagues argue that impact assessments enable institutions to identify potential discrimination risks at an early stage and adjust system design accordingly (Reisman et al., 2018, p. 11). From a legal moral perspective, such assessments function as instruments of anticipatory responsibility rather than as compliance formalities. Their ethical value depends on whether identified risks trigger substantive design changes or remain documented but unaddressed. An assessment that anticipates harm without altering institutional behaviour constitutes a moral failure rather than a precaution.

Human oversight remains central in this framework. Rahwan emphasises that ethical responsibility cannot be delegated to machines and must remain anchored in human judgment (Rahwan, 2018, p. 479). Anticipatory responsibility therefore requires

institutional arrangements that ensure meaningful human control over automated systems. This includes the authority to suspend, modify or override algorithmic outputs when equality risks are identified. Oversight bodies must possess not only formal competence but also epistemic capacity to understand system behaviour at a level sufficient for normative evaluation.

The legal implications of failure are increasingly visible. Emerging regulatory frameworks such as the proposed European Union Artificial Intelligence Act reflect a growing recognition that anticipatory obligations attach to high risk automated systems. These obligations include risk assessment, data governance, human oversight and post deployment monitoring. While primarily framed as regulatory requirements, they embody a deeper moral logic that treats foreseeable algorithmic discrimination as a preventable institutional harm rather than an unfortunate side effect of innovation.

Anticipatory responsibility also reshapes institutional learning. Automated systems generate continuous streams of data that can either reinforce existing biases or enable early detection of emerging inequality. Institutions that treat algorithmic outputs as authoritative risk entrenching historical patterns under the guise of objectivity. By contrast, institutions that integrate monitoring data into reflexive review processes can use automation as a tool for ethical learning. Weick's theory of sense making suggests that anomalies and deviations should be interpreted as signals that challenge institutional assumptions rather than as errors to be suppressed (Weick, 1995, p. 75).

At the moral level, algorithmic foresight confronts institutions with a heightened version of the problem of omission. Failure to anticipate algorithmic discrimination is rarely the result of ignorance. It more often reflects a decision to prioritise efficiency, innovation or reputational advantage over precaution. Jonas's principle of responsibility becomes particularly salient here. When institutional actions have long term and potentially irreversible effects, ethical responsibility expands to include the obligation to anticipate harm even in the absence of certainty (Jonas, 1984, p. 36).

The integration of anticipatory responsibility into algorithmic governance therefore represents not a constraint on innovation but a condition of its legitimacy. Equality based compliance systems that fail to address historical bias, normative tradeoffs and institutional oversight in automated decision making risk reproducing injustice at scale. Those that embed foresight into design, deployment and review can transform algorithmic systems from instruments of institutional blindness into tools of responsible governance.

This third step completes the *hármas ív* by showing how historical awareness and institutional design converge in the algorithmic domain. Anticipatory responsibility emerges as a unifying legal and moral principle that connects past injustice, present decision making and future risk. In the concluding movement of this chapter, these insights can be drawn together to articulate a coherent temporal ethics of equality based compliance, in which foresight is understood not as prediction but as responsibility extended across time.

Taken together, the analysis of historical legacies, anticipatory governance and emerging decision making technologies demonstrates that equality based compliance cannot be understood as a temporally neutral regulatory technique. It is, at its core, a form of responsibility exercised across time. Institutions do not merely respond to present obligations but operate within a continuous temporal field in which past injustices, present choices and future consequences are normatively linked. This temporal continuity

transforms foresight from an optional managerial instrument into a legal and moral requirement grounded in institutional accountability.

Historical awareness emerges in this context not as retrospective sensitivity but as a condition of responsible anticipation. Institutions that ignore the historical origins of their own structures, categories and routines do not operate more freely but more blindly. By failing to recognise how inherited legal doctrines, organizational practices and data regimes encode earlier exclusions, they risk projecting these patterns into future oriented reforms. Anticipatory governance without historical consciousness therefore tends to reproduce inequality under the guise of innovation. Conversely, when institutions explicitly confront their historical legacies, foresight becomes capable of distinguishing between continuity that deserves preservation and continuity that demands interruption.

This insight acquires particular urgency in environments shaped by algorithmic governance and data driven decision making. Automated systems intensify the temporal compression of institutional action while simultaneously extending its effects far into the future. Decisions appear instantaneous, yet their distributive consequences accumulate over time. In such contexts, responsibility can no longer be anchored solely in visible acts or identifiable decision makers. It must be located in the anticipatory choices through which institutions design systems, select data sources and define evaluative criteria. The failure to foresee foreseeable harms thus becomes a legally and morally relevant omission, especially where historically disadvantaged groups bear the disproportionate risks.

Equality based compliance, understood through this temporal lens, shifts from a reactive posture to a constitutive element of institutional integrity. It demands that institutions justify not only what they do but what they allow to persist and what they knowingly allow to emerge. This reorientation does not dilute legal certainty but deepens it, because it aligns formal compliance with substantive responsibility. Law, in this framework, does not merely regulate outcomes but structures the conditions under which futures are produced.

The integration of historical awareness and anticipatory responsibility therefore marks a conceptual transition in equality governance. It replaces the logic of correction with a logic of stewardship. Institutions are no longer assessed solely on their capacity to remedy discrimination after it occurs, but on their willingness to recognise inherited vulnerabilities and to govern future risks in light of them. Equality becomes not a contingent policy objective but a sustained normative commitment that binds institutional action across generations.

This temporal understanding of compliance prepares the ground for the subsequent analysis of institutional responsibility under conditions of uncertainty, where foresight, discretion and moral judgement intersect most sharply. The question that follows is no longer whether institutions can anticipate the future, but how they can be held accountable for the futures they help to bring about.

46. Legal and Moral Foundations of Foresight in Equality Based Compliance

The capacity of institutions to govern equality in a sustainable and legitimate manner depends increasingly on their ability to relate past experience to future responsibility. Equality based compliance cannot be understood solely as a reactive mechanism that responds to already materialized harms. It must be conceived as a forward oriented normative practice grounded in legal obligation and moral judgement. In this sense, foresight is not an optional managerial tool but an integral component of institutional responsibility. The shift from historical awareness to anticipatory responsibility marks a fundamental transformation in how compliance systems understand time, causality and accountability.

Legal theory has long acknowledged that responsibility does not arise only *ex post*, after harm has occurred, but also *ex ante*, where foreseeable risks impose duties of prevention. This logic is embedded in doctrines of due diligence, duty of care and precaution, which require decision makers to consider not only actual outcomes but also reasonably foreseeable consequences of institutional action or inaction. As Jonas famously argued, modern responsibility must extend to the future because the scale and irreversibility of institutional power have expanded beyond traditional moral horizons (Jonas, 1984, p. 6). Equality based compliance operates precisely within this expanded horizon, where present decisions structure future distributions of opportunity, recognition and vulnerability.

Historical awareness plays a constitutive role in this process. Institutions do not encounter equality as a neutral or abstract norm. They encounter it through historically sedimented practices, legal categories and organizational routines that have been shaped by earlier conflicts over inclusion, exclusion and legitimacy. As Skocpol demonstrates, institutions are not merely arenas of action but historical structures whose past configurations constrain and enable present choices (Skocpol, 1979, p. 34). Equality compliance systems inherit these configurations, whether in recruitment criteria, evaluation standards, and disciplinary practices or data categories. Foresight that ignores this inheritance risks projecting a future that silently reproduces the very inequalities it seeks to overcome.

From a legal perspective, the relevance of history is not merely descriptive but normative. Courts and oversight bodies increasingly recognize that formal neutrality is insufficient where historical disadvantage has produced structural asymmetries. This insight is reflected in doctrines of indirect discrimination, disparate impact and positive obligations, which explicitly require institutions to take account of historical patterns when assessing present compliance. As Fredman argues, substantive equality demands attention to context, including the historical processes that have produced unequal starting positions (Fredman, 2011, p. 28). Anticipatory responsibility therefore presupposes historical diagnosis. Without understanding how past institutional choices have shaped current inequalities, foresight remains detached from legal reality.

The moral dimension of anticipatory responsibility deepens this legal logic. Moral philosophy has consistently emphasized that responsibility involves responsiveness to vulnerability. In the context of equality governance, vulnerability is rarely accidental or

episodic. It is typically the result of long term social positioning shaped by law, policy and institutional practice. Young's account of structural injustice is particularly instructive here. She argues that responsibility arises not only from direct wrongdoing but from participation in social processes that systematically disadvantage certain groups (Young, 2011, p. 95). Applied to equality based compliance, this implies that institutions bear responsibility for anticipating how their future oriented reforms may interact with existing structures of disadvantage.

Anticipatory responsibility thus requires institutions to evaluate future risks through a historically informed moral lens. This is especially evident in areas such as automated decision making, performance metrics and algorithmic governance. Empirical research has shown that data driven systems often encode historical bias present in legacy data sets and institutional classifications (Barocas and Selbst, 2016, p. 674). When institutions deploy such systems without historical scrutiny, they externalize responsibility to technical processes while reproducing discriminatory outcomes. Legal compliance may appear intact at a formal level, yet moral responsibility is displaced. Foresight grounded in historical awareness enables institutions to recognize these dynamics before harm becomes systemic.

Institutional memory mediates between history and foresight in both legal and ethical terms. Memory is not simply the preservation of records but the capacity to interpret past failures, acknowledge responsibility and translate experience into normative guidance. As Olick and Robbins observe, institutional memory shapes how organizations define continuity, rupture and learning (Olick and Robbins, 1998, p. 126). In equality governance, memory determines whether past discrimination is treated as an anomaly, a regrettable episode or a structural lesson. Anticipatory responsibility emerges when memory is mobilized not to assign blame retrospectively but to inform future oriented safeguards.

This connection between memory and foresight has concrete legal implications. Regulatory frameworks increasingly require impact assessments, risk mapping and forward looking evaluation precisely because ex post enforcement has proven insufficient. Equality impact assessments, human rights due diligence obligations and algorithmic risk assessments reflect an emerging legal expectation that institutions must anticipate foreseeable harms. As De Schutter argues, preventive obligations are becoming central to contemporary human rights law, particularly in areas involving systemic risk (De Schutter, 2016, p. 41). These instruments institutionalize foresight as a legal duty rather than a discretionary practice.

The ethical justification for such duties lies in the continuity of moral reasoning across time. Institutions that acknowledge past injustice without translating that awareness into future oriented responsibility engage in symbolic recognition rather than substantive reform. Conversely, institutions that adopt forward looking strategies without confronting historical roots risk moral amnesia. The integration of historical awareness into foresight allows institutions to maintain coherence between acknowledgment, prevention and repair. Walker's concept of moral repair is relevant here. She emphasizes that repairing moral relations requires not only addressing past wrongs but also restoring confidence in future commitments (Walker, 2006, p. 28). Anticipatory responsibility fulfills this function by demonstrating that institutions have learned from history in a way that shapes future conduct.

Resilience provides a further link between historical awareness and foresight. Institutions that understand how past crises, failures and reforms have shaped their current capacities are better positioned to anticipate future shocks. Historical analysis reveals

patterns of institutional fragility, points of failure and adaptive success. As Mahoney and Thelen argue, institutional change is often incremental, driven by reinterpretation of existing rules rather than abrupt rupture (Mahoney and Thelen, 2010, p. 15). Foresight informed by this insight avoids unrealistic expectations of transformation and instead focuses on strategically redirecting inherited structures toward more just outcomes.

In equality based compliance, this temporal depth is indispensable. Discrimination rarely emerges as a sudden deviation. It unfolds through accumulated decisions, normalized practices and routinized exclusions. Anticipatory responsibility recognizes that preventing future inequality requires more than technical fixes. It requires sustained normative engagement with how institutions have come to be what they are. By binding past, present and future into a continuous field of responsibility, foresight becomes a legal and moral practice rather than a speculative exercise.

Taken together, the movement from historical awareness to anticipatory responsibility articulates a new orientation for equality based compliance. It rejects both backward looking fatalism and future oriented abstraction. Instead, it affirms that credible governance arises where institutions confront their histories, evaluate their present structures and assume responsibility for the futures they actively shape. In this sense, foresight is not a departure from legal and moral tradition but its contemporary extension, demanded by the complexity, scale and persistence of inequality in modern institutional life.

47. Anticipatory Responsibility as a Legal and Moral Duty in Equality Governance

Equality based compliance in the post 2020 period is increasingly defined by a shift from retrospective enforcement toward anticipatory responsibility. This transformation reflects a broader evolution in public law and human rights governance, where institutions are no longer assessed solely on their responses to past violations but on their capacity to foresee and prevent foreseeable harms. Legal scholars have noted that this anticipatory turn corresponds to the expansion of due diligence obligations beyond traditional regulatory domains into equality and non discrimination frameworks (De Schutter, 2020, p. 41; Fredman, 2022, p. 118).

Due diligence has emerged as a central doctrinal bridge between law and foresight. In equality governance, due diligence requires institutions to identify structural risks of discrimination embedded in organizational design, decision making processes and data practices, and to take reasonable preventive measures. This approach aligns with developments in international human rights law, where due diligence has been interpreted as a positive obligation to prevent rights violations by both state and non state actors (UN Office of the High Commissioner for Human Rights, 2021, p. 9). Equality compliance thus becomes future oriented not as a matter of discretion but as a matter of legal duty.

The anticipatory dimension of equality law is further reinforced by the diffusion of the precautionary principle into governance beyond environmental regulation. Scholars have argued that precaution is increasingly invoked in contexts where uncertainty interacts with potentially irreversible harm, including digital governance and algorithmic decision making (Brownsword, 2021, p. 67). In equality compliance, this principle implies that institutions cannot justify inaction by invoking incomplete evidence where there is a

plausible risk of discriminatory impact. Anticipation becomes normatively required precisely because inequality often manifests cumulatively and invisibly over time.

The rise of automated decision systems after 2020 has significantly intensified these legal expectations. Empirical and doctrinal research demonstrates that algorithmic systems frequently reproduce historical inequalities through biased training data, proxy variables and feedback loops, even in the absence of discriminatory intent (Barocas, Hardt and Narayanan, 2019, p. 89; Selbst et al., 2019, p. 62). As a result, equality based compliance must extend to ex ante impact assessments, continuous monitoring and human oversight mechanisms. Courts and regulators increasingly evaluate whether institutions could reasonably foresee such risks and whether they acted accordingly, thereby transforming foresight into a legally relevant standard of conduct (European Union Agency for Fundamental Rights, 2022, p. 54).

From a moral perspective, this anticipatory turn reflects a reconceptualization of responsibility itself. Equality is no longer framed solely as corrective justice but as a responsibility to structure institutions in ways that minimize foreseeable injustice. This understanding resonates with contemporary theories of structural injustice, which emphasize that harm often arises from normal institutional functioning rather than isolated misconduct (Young, 2011, p. 52). Anticipatory responsibility thus embeds moral reasoning into compliance architecture, linking present governance choices to future distributions of opportunity.

Anticipatory responsibility in equality governance cannot be adequately understood without engaging the concept of temporal justice. Equality obligations operate across time, connecting historical injustice, present institutional arrangements and future life chances. While traditional equality law has focused on synchronic comparisons, recent scholarship emphasizes that many forms of inequality are diachronic, unfolding through cumulative disadvantage and intergenerational transmission (Marmor, 2020, p. 211).

Intergenerational justice has gained renewed prominence in legal and political theory after 2020, particularly in relation to climate governance and digital transformation. However, its relevance for equality compliance is increasingly acknowledged. Institutional decisions regarding education systems, labour markets, digital infrastructures and welfare policies shape the opportunity structures available to future cohorts. Legal theorists argue that institutions therefore bear obligations toward future rights holders, even in the absence of direct reciprocity (Gosseries, 2021, p. 94).

This perspective challenges purely present focused interpretations of non discrimination law. Formal equality in the present may perpetuate historically produced disadvantage if institutional structures remain unchanged. Temporal justice requires institutions to evaluate whether present neutrality entrenches future inequality. Courts and oversight bodies have begun to reflect this logic by endorsing structural remedies and long term monitoring obligations aimed at preventing recurrence rather than merely compensating past harm (Fredman, 2022, p. 143).

Temporal justice also reframes the relationship between historical redress and anticipatory governance. Addressing past discrimination is not solely backward looking. It is a condition for preventing its reproduction. Scholars of reparative justice emphasize that acknowledgment without institutional reform risks symbolic compliance that leaves underlying trajectories untouched (Walker, 2016, p. 29). Equality based compliance acquires legitimacy when anticipatory measures explicitly respond to historically rooted vulnerabilities rather than treating them as abstract risks.

The capacity of institutions to exercise anticipatory responsibility depends critically on institutional memory. Memory connects past experience to future obligation and enables moral learning. Without memory, foresight becomes technocratic and compliance remains reactive. Organizational theorists have long argued that institutions encode history into routines, norms and decision frameworks, shaping future behaviour often without explicit awareness (Levitt and March, 1988, p. 320).

In equality governance, institutional memory determines whether past discrimination is treated as an exception or as a structural warning. Moral learning occurs when institutions interpret their history normatively, acknowledging responsibility and integrating that acknowledgment into compliance design. This process goes beyond technical learning. It reshapes values, priorities and risk perception (Argyris, 1999, p. 68).

Post 2020 governance literature increasingly highlights the role of documentation, reporting and evaluation not merely as accountability tools but as mechanisms of institutional self reflection (Power, 2021, p. 77). When equality compliance systems systematically analyse patterns over time, they become capable of anticipating recurrence and identifying structural vulnerabilities. Memory thus becomes a governance resource rather than an administrative burden.

Institutional memory also carries ethical weight. Organizations that suppress or sanitise histories of exclusion undermine trust and legitimacy. By contrast, institutions that confront uncomfortable pasts demonstrate moral seriousness and enhance the credibility of future oriented reforms, particularly among groups that have historically experienced marginalisation (O'Neill, 2021, p. 134).

The relationship between historical legacies and foresight becomes most visible in the governance of digital technologies. Automated decision systems promise neutrality and efficiency, yet research consistently demonstrates that they often encode historical patterns of inequality into future operations (Eubanks, 2018, p. 112; Benjamin, 2019, p. 43). This phenomenon, increasingly described as historical recoding, poses a profound challenge for equality based compliance.

Technologies are trained on data produced within historically shaped institutions. Classification systems mirror inherited categories of merit and normality. Optimisation goals reflect normative assumptions that often remain implicit. Without historical awareness, anticipatory governance risks focusing on innovation while leaving structural inequities untouched (Selbst et al., 2019, p. 74).

Legal and ethical scholarship emphasizes that responsibility for algorithmic discrimination cannot be delegated to technical systems. Institutions remain accountable for the normative choices embedded in design, procurement and deployment decisions (Yeung, 2018, p. 508). Anticipatory responsibility therefore requires historical analysis as a prerequisite for technological foresight. Equality compliance must interrogate which past patterns are reproduced, which are corrected and which must be actively dismantled.

In this context, human oversight is not a symbolic safeguard but a site of moral judgement. Anticipatory governance integrates historical consciousness into technological design, enabling institutions to interrupt rather than automate injustice. This integration strengthens institutional resilience and ensures that innovation does not erode equality commitments under the guise of progress.

48. Anticipatory Equality Obligations in Judicial Reasoning and Legal Doctrine

The anticipatory turn in equality based compliance is not merely a policy development but increasingly a matter of legal doctrine. Courts and supervisory bodies across jurisdictions have begun to articulate equality obligations in ways that extend beyond retrospective adjudication and incorporate forward looking standards of institutional conduct. This doctrinal shift reflects a deeper transformation in the understanding of responsibility, causation and justification within equality law.

Traditionally, equality adjudication has been structured around identifiable acts, individual victims and demonstrable harm. Discrimination was framed as a deviation from a norm that could be corrected through annulment, compensation or sanction. However, contemporary jurisprudence reveals growing judicial sensitivity to the structural and temporal dimensions of inequality. Courts increasingly recognise that discrimination often arises not from isolated decisions but from institutional arrangements that generate foreseeable disparate impacts over time. This recognition has prompted a recalibration of evidentiary standards, burdens of proof and remedial logic (Fredman, 2022, p. 87).

One doctrinal vector through which anticipatory responsibility enters equality law is the expansion of positive obligations. Equality norms are no longer interpreted solely as prohibitions but as duties to organise institutional processes in a manner that prevents foreseeable inequality. This logic is evident in the jurisprudence of supranational courts, where states are held accountable not only for discriminatory outcomes but for failures to establish effective preventive frameworks. The duty to secure rights becomes inseparable from the duty to anticipate their erosion under evolving social and technological conditions (European Court of Human Rights, case law analysed in Gerards, 2021, p. 214).

Foreseeability plays a central role in this doctrinal evolution. Judicial reasoning increasingly links responsibility to what institutions knew or ought to have known at the time of decision making. In equality contexts, this standard is particularly significant because patterns of disadvantage are often well documented and statistically observable. Where institutions persist in decision frameworks that predictably disadvantage protected groups, courts are less willing to accept claims of neutrality or lack of intent. Anticipatory equality obligations thus emerge as a function of institutional knowledge and professional capacity rather than subjective motivation (Makkos, 2021, p. 196).

The rise of algorithmic decision making has further sharpened this logic. Judicial and regulatory discourse increasingly treats the deployment of automated systems as a legally relevant choice rather than a neutral technical upgrade. Where algorithmic tools are used in employment, welfare allocation or risk assessment, courts have begun to scrutinise whether equality risks were assessed ex ante and whether safeguards were integrated into system design. The absence of such measures is progressively framed as a failure of due diligence rather than a mere regulatory gap (European Union Agency for Fundamental Rights, 2022, p. 61).

From a dogmatic perspective, this development reconfigures the relationship between causation and responsibility. Traditional equality adjudication often struggled with diffuse or cumulative harm, particularly where no single decision could be isolated as discriminatory. Anticipatory reasoning allows courts to bridge this gap by focusing on institutional design choices and governance failures. Responsibility attaches not only to outcomes but to the maintenance of risk generating structures once their effects become foreseeable. This move strengthens the capacity of equality law to address systemic injustice without abandoning legal certainty.

Normatively, anticipatory equality obligations also reshape the concept of justification. Proportionality analysis increasingly incorporates temporal considerations, asking not only whether a measure pursues a legitimate aim and is suitable in the present, but whether its long term effects undermine equality commitments. Measures that appear neutral or efficient in the short term may fail proportionality scrutiny when their foreseeable cumulative impact entrenches disadvantage. This temporalisation of proportionality reflects a broader shift toward substantive equality as a guiding interpretive principle (Gerards and Heringa, 2020, p. 142).

The judicial embrace of anticipatory responsibility does not eliminate discretion but structures it. Courts do not require institutions to predict the future with certainty. Rather, they assess whether reasonable steps were taken to identify known risks, consult relevant expertise and adjust governance frameworks accordingly. Equality law thus aligns with a reasonableness standard grounded in professional knowledge and institutional capacity. Anticipation becomes a matter of legal rationality rather than speculative forecasting.

The preceding analysis demonstrates that equality based compliance is undergoing a profound conceptual transformation. Equality is no longer confined to the adjudication of past wrongs but increasingly understood as a normative commitment that unfolds across time. Historical awareness, anticipatory governance and judicial doctrine converge around a shared insight: institutions are responsible not only for what they have done but for what they knowingly allow to persist and to emerge.

This temporal reconceptualization does not weaken the legal structure of equality. On the contrary, it strengthens it by aligning formal obligations with the realities of structural injustice. Inequality is rarely episodic. It is produced through institutional routines, inherited categories and cumulative effects that extend beyond individual decisions. By integrating anticipatory responsibility into legal reasoning, equality law becomes capable of addressing these dynamics without abandoning doctrinal coherence.

The legal and moral significance of this shift lies in its redefinition of institutional integrity. Integrity is no longer measured solely by compliance with existing rules but by the willingness to confront historical legacies, to evaluate foreseeable risks and to govern future impacts responsibly. This conception of integrity transforms equality from a reactive constraint into a constitutive principle of institutional design.

Anticipatory equality obligations also reinforce democratic legitimacy. Institutions that explicitly account for future consequences and historically rooted vulnerabilities demonstrate respect for affected groups as enduring participants in the legal order rather than as episodic claimants. Trust, in this sense, is generated not only through fair outcomes but through visible commitment to responsible governance over time.

Taken together, the chapters of this work argue that equality based compliance must be understood as a form of temporal responsibility. Law operates not merely as an instrument of correction but as a framework for shaping the futures that institutions make possible. Equality, when grounded in historical awareness and anticipatory judgment, becomes a stabilising force that binds past experience, present governance and future justice into a coherent normative horizon.

49. Artificial Intelligence, Normativity and the Silent Transformation of Compliance through Standards

The contemporary expansion of artificial intelligence into legal and regulatory domains does not occur solely through formal legislation or judicial interpretation. A more subtle and potentially more far reaching transformation is unfolding through the integration of algorithmic logics into standards based governance frameworks. In this process, artificial intelligence enters the legal ecosystem not primarily as a subject of law but as a structuring force of norm application. This phenomenon aligns with what Yeung describes as algorithmic regulation, where computational systems increasingly shape regulatory outcomes without explicit legal enactment (Yeung, 2018, p. 507). Nowhere is this more visible than in the domain of compliance, where ISO standards and related management system frameworks increasingly function as operational substitutes for legal reasoning (Brunsson and Jacobsson, 2000, p. 127).

Compliance practice has never been confined to lawyers alone. In many organizational contexts, compliance is performed by internal actors who operate at the intersection of policy, risk management, quality assurance and ethical oversight. These actors often rely less on formal legal interpretation and more on standardized procedures, internal controls and audit mechanisms derived from ISO frameworks. Power has shown that audit and standardization regimes progressively reorganize normativity by translating legal and ethical expectations into measurable control systems (Power, 1997, p. 42). When artificial intelligence is introduced into these systems, its normative influence does not pass through the traditional legal gatekeeping functions of courts or legislatures. Instead, it becomes embedded in the logic of standards, metrics and automated assessments that guide everyday organizational behaviour.

This development raises a fundamental jurisprudential question. If compliance decisions are increasingly shaped by algorithmically mediated standards rather than by legal norms interpreted through doctrinal reasoning, where does normativity reside. The authority of law traditionally rests on democratically enacted rules, interpretive practices and institutional accountability (Hart, 1994, p. 94). ISO standards, by contrast, derive their authority from technical expertise, consensus procedures and market legitimacy rather than democratic authorization (Abbott and Snidal, 2009, p. 56). When AI systems are used to operationalize these standards, normativity becomes further displaced from the legal sphere into what may be described as a technocratic moral order shaped by expertise and automation (Floridi, 2019, p. 18).

The appeal of this transformation is evident. ISO based compliance systems promise clarity, predictability and efficiency. They translate abstract legal obligations into concrete procedures that can be audited, measured and automated. For organizations seeking to manage complexity, this offers a powerful governance tool. As Power has argued, such systems reduce uncertainty by replacing interpretive judgement with procedural conformity (Power, 2007, p. 67). The use of artificial intelligence amplifies this promise by enabling continuous monitoring, pattern detection and predictive risk assessment. Compliance becomes less dependent on individual judgement and more reliant on system outputs that appear objective and neutral.

Yet this apparent neutrality conceals a deeper normative shift. Artificial intelligence does not simply apply standards. It reshapes them. Algorithmic systems operationalize norms through data selection, model design and decision thresholds, all of which embed value judgements about what counts as risk, deviation or compliance (Barocas and Selbst, 2016, p. 678). Burrell has demonstrated that algorithmic opacity obscures these embedded choices, making normative assumptions difficult to detect and contest (Burrell, 2016, p. 5).

When such systems are integrated into ISO based frameworks, they effectively redefine the meaning of compliance without explicit legal authorization. The result is a form of silent norm creation that bypasses traditional legal discourse and judicial review.

From a legal dogmatic perspective, this development is problematic. Compliance decisions often have legal consequences, including disciplinary measures, reporting obligations and liability exposure. When these decisions are driven by AI mediated standards rather than legal interpretation, responsibility becomes diffuse. Bovens has shown that accountability requires identifiable actors capable of explanation and justification (Bovens, 2007, p. 455). In algorithmically driven compliance environments, compliance officers may rely on system outputs without understanding their normative assumptions, while organizations may invoke adherence to standards as a defence even when substantive rights are affected. The legal system is then confronted with outcomes shaped by normative infrastructures it did not design and cannot easily scrutinize.

The ethical implications are equally significant. Standards based governance was originally conceived as a complement to law rather than its replacement (Scott, 2004, p. 158). Its legitimacy rests on the assumption that standards operationalize existing legal and ethical commitments. Artificial intelligence challenges this assumption by introducing autonomous pattern recognition and decision making capacities that evolve over time. As Floridi argues, such systems may generate ethical impacts independently of human intention (Floridi et al., 2018, p. 689). In these environments, compliance risks becoming detached from moral reasoning. The question shifts from whether an action is just or lawful to whether it aligns with system indicators and benchmark thresholds.

This shift is particularly consequential in equality based compliance. Anti discrimination norms are deeply embedded in constitutional principles and moral commitments that require contextual and purposive interpretation (Fredman, 2011, p. 14). They cannot be fully captured by standardized metrics without loss of meaning. When AI driven systems are used to monitor equality through ISO frameworks, there is a risk that structural injustice is reduced to statistical deviation. Scholars have shown that algorithmic fairness metrics often fail to account for historical disadvantage, power asymmetries and lived experience (Kleinberg et al., 2017, p. 797; Selbst and Barocas, 2018, p. 1130). These dimensions may be rendered invisible by technical abstraction.

The danger, therefore, is not that artificial intelligence replaces lawyers. It is that it replaces legal reasoning with procedural conformity. Compliance professionals who are not legally trained may rely on ISO aligned AI systems as authoritative guides, believing that adherence to standards ensures legal and ethical adequacy. As O'Neil has warned, systems that appear objective may in fact reinforce structural injustice under the guise of neutrality (O'Neil, 2016, p. 91). In reality, such systems often reflect a narrowed conception of normativity shaped by data availability and technical feasibility rather than legal principle.

This does not imply that the integration of AI into standards based compliance is inherently illegitimate. Rather, it demands a re articulation of responsibility. If ISO frameworks function as de facto normative regimes, then their design, interpretation and automation must be subjected to legal and ethical scrutiny. Pasquale has emphasized that black box governance requires new forms of transparency and accountability to preserve democratic control (Pasquale, 2015, p. 73). Artificial intelligence must not be treated as a neutral tool but as a normative actor whose influence requires justification.

A responsible compliance architecture must therefore reintegrate legal consciousness into standards based governance. Compliance professionals need not be lawyers, but they must operate within a framework that recognizes the limits of automation. Legal principles such as proportionality, due process and equality before the law cannot be fully delegated to algorithms (Mashaw, 2006, p. 151). They require human judgement anchored in normative reasoning and institutional accountability.

In this sense, the incursion of artificial intelligence into ISO driven compliance systems represents a critical test for the future of legal normativity. The question is not whether AI will shape compliance but whether law will retain its role as the ultimate source of legitimacy. If standards and algorithms silently redefine obligations, the risk is that compliance becomes formally correct yet substantively unjust.

The task for contemporary governance is therefore to reconnect artificial intelligence, standards and law within a coherent normative order. Compliance must remain a space where technical efficiency is balanced by legal accountability and moral responsibility. Only then can the promise of AI enhanced compliance be realized without undermining the foundations of justice it claims to serve.

50. ISO Standards as Quasi Normative Sources

From a legal dogmatic perspective, the increasing reliance on ISO standards within compliance regimes raises a fundamental question concerning the sources of normativity. Classical legal doctrine is built upon a relatively clear hierarchy of norms, in which binding rules derive their validity from formal enactment, constitutional authorization and institutionalized interpretation. Within this framework, law acquires its normative force through democratic legitimacy, judicial reasoning and doctrinal coherence (Kelsen, 1960, p. 193). ISO standards do not fit comfortably within this architecture. They are formally voluntary, procedurally technocratic and substantively operational, yet in practice they increasingly function as *de facto* binding norms within organizational governance (Brunsson and Jacobsson, 2000, p. 143).

This functional transformation has profound consequences for compliance. When organizations adopt ISO based management systems, the standards cease to operate merely as technical guidance. They become internal rules that structure decision making, allocate responsibility and define acceptable conduct. From the perspective of internal governance, ISO norms often acquire greater immediacy and practical authority than statutory law. Employees and compliance officers encounter standards not as optional recommendations but as mandatory benchmarks embedded in audits, certifications and performance evaluations. As Teubner has argued, such processes give rise to privately generated normative orders that coexist with and sometimes displace state law (Teubner, 1993, p. 15).

The integration of artificial intelligence into these standards based systems intensifies this displacement. AI systems operationalize ISO requirements through automated controls, risk scoring mechanisms and continuous monitoring processes. In doing so, they transform abstract standards into executable norms. This transformation is not merely technical. It involves normative closure. Once compliance criteria are encoded into algorithmic processes, they tend to solidify into fixed decision pathways that leave little room for interpretive flexibility. Legal judgement, which traditionally operates

through contextual balancing and purposive reasoning, is replaced by threshold based determinations aligned with system logic (Yeung, 2018, p. 513).

From the standpoint of legal dogmatics, this shift challenges the adjudicative model of norm application. Judicial reasoning is characterized by openness to argument, contestation and justification. It relies on principles such as proportionality, equity and reasonableness to mediate between general norms and particular cases (Alexy, 2002, p. 66). ISO driven AI systems, by contrast, apply norms through pre structured criteria optimized for consistency and efficiency. While such systems may enhance procedural uniformity, they lack the internal mechanisms required for normative reflection. They do not ask whether a result is just. They ask whether it conforms to encoded parameters.

This divergence becomes especially visible when compliance outcomes intersect with individual rights. Disciplinary actions, exclusion from opportunities or reporting decisions based on AI mediated compliance assessments may have significant legal consequences. Yet the normative reasoning underlying these outcomes is often inaccessible. Burrell has shown that algorithmic opacity undermines the possibility of meaningful explanation and contestation, which are central to legal accountability (Burrell, 2016, p. 7). From a dogmatic perspective, a norm that cannot be justified cannot fully claim legal authority.

The problem is compounded by the hybrid legitimacy of ISO standards. Unlike statutes, standards are not subject to constitutional review. Unlike judicial decisions, they are not accompanied by reasoned judgments. Their authority rests on expertise, consensus and market acceptance rather than democratic deliberation (Abbott and Snidal, 2009, p. 58). When artificial intelligence enforces these standards, legitimacy becomes further mediated by technical design choices made by developers, auditors and system integrators. Normativity thus migrates into spaces that are structurally insulated from legal scrutiny.

This migration produces a subtle but consequential inversion of legal hierarchy. In practice, organizations may prioritize ISO conformity over statutory interpretation, especially when certifications and audits are tied to reputational risk or market access. Compliance professionals may treat standard compliance as sufficient evidence of legal adequacy. Courts, in turn, may encounter disputes where organizational decisions are justified by reference to standards and system outputs rather than legal reasoning. The danger is not that courts formally recognize ISO standards as law, but that they defer to them indirectly by accepting procedural compliance as a proxy for substantive legality.

Equality based compliance exposes the fragility of this arrangement. Anti discrimination law operates through open textured concepts such as dignity, indirect discrimination and proportional justification. These concepts resist full standardization because they require contextual and historical sensitivity (Fredman, 2011, p. 21). When AI driven ISO systems are used to assess equality compliance, there is a risk that normative complexity is reduced to measurable variance. Legal dogmatics, however, insists that equality cannot be exhausted by metrics. It demands engagement with social meaning, structural disadvantage and power relations.

The jurisprudential implication is clear. ISO standards, especially when automated through AI, must not be treated as autonomous normative authorities. They can assist in operationalizing legal obligations, but they cannot replace legal interpretation. From a dogmatic standpoint, standards derive their legitimacy only insofar as they remain subordinate to law. Artificial intelligence must therefore be situated within a framework of normative hierarchy that preserves the primacy of legal principles and judicial reasoning.

Reasserting this hierarchy does not require rejecting standards or automation. It requires clarifying responsibility. Organizations must remain accountable for compliance decisions, even when those decisions are system generated. Courts must be willing to look beyond procedural conformity and examine substantive justification. Legislators and regulators must recognize that AI mediated standards function as powerful normative infrastructures and subject them to appropriate oversight.

In this light, the silent transformation of compliance through ISO standards and artificial intelligence appears not as a technical evolution but as a jurisprudential challenge. It forces legal doctrine to confront new forms of norm production that operate without formal legal status yet exercise real regulatory power. Whether law retains its coherence depends on its capacity to reassert interpretive authority over these emerging normative regimes.

44. Artificial Intelligence, Standards and the Future of Compliance as a Legal Institution

The preceding analysis has shown that the expansion of artificial intelligence into standards based compliance systems is not merely a technical development but a transformation with deep legal and moral implications. At stake is the status of law itself as the ultimate source of normative authority in organizational governance. When ISO standards mediated by algorithmic systems begin to function as operative substitutes for legal reasoning, compliance risks drifting away from its juridical foundations toward a regime of procedural correctness detached from substantive justice.

From a doctrinal perspective, this development challenges the core assumptions of legal normativity. Law has traditionally derived its authority from a combination of democratic legitimacy, institutionalized interpretation and reason giving practices. Courts do not merely apply rules. They justify outcomes through arguments that connect general norms to concrete situations, allowing decisions to be contested, reviewed and revised (Dworkin, 1986, p. 225). Standards based AI driven compliance systems, by contrast, tend to operate through closed operational logics. They privilege consistency over justification and efficiency over deliberation. This does not render them illegitimate per se, but it places them outside the classical logic of law.

The central danger is not automation itself but the erosion of normative visibility. When compliance outcomes are produced through layered technical systems, it becomes increasingly difficult to identify where normative decisions are made and by whom. Choices concerning thresholds, indicators and risk categories are often embedded in system design rather than articulated in legal language. As a result, norm creation migrates from publicly accountable institutions to technical infrastructures that lack democratic oversight (Jasanoff, 2004, p. 61). Legal responsibility becomes fragmented, while accountability is displaced onto abstract processes.

This displacement is particularly problematic in fields where compliance directly affects fundamental rights. Equality based compliance illustrates the limits of standardization most clearly. Anti discrimination law is not a rule bound technical domain but a normative project grounded in dignity, historical awareness and contextual judgement. Its core concepts are intentionally open to interpretation because justice in this field cannot be reduced to uniform metrics (Fredman, 2011, p. 9). When AI driven ISO systems are used to govern equality, there is a risk that the richness of legal reasoning is

replaced by statistical abstraction. Structural injustice may appear compliant simply because it conforms to procedural benchmarks.

Reclaiming legal normativity in this environment requires a deliberate re-articulation of the relationship between law, standards and artificial intelligence. Standards must be understood as derivative normative instruments whose legitimacy depends on their alignment with legal principles. Artificial intelligence must be treated not as a neutral executor but as a normative intermediary whose outputs require justification. Compliance professionals, regardless of their legal training, must operate within a framework that recognizes the limits of automation and the continuing relevance of legal reasoning.

This re-articulation also has institutional implications. Courts and regulators must resist the temptation to treat ISO conformity as a proxy for legality. While standards may provide evidence of due diligence, they cannot displace judicial assessment of proportionality, fairness and rights impact. Legal doctrine must develop criteria for scrutinizing AI mediated compliance decisions, including transparency requirements, explainability obligations and responsibility attribution. Without such criteria, law risks becoming reactive rather than authoritative.

At the organizational level, compliance architectures must be redesigned to preserve spaces for human judgement. Artificial intelligence can support monitoring and risk identification, but final normative decisions must remain subject to human evaluation grounded in legal and ethical reasoning. This is not a call for technophobia. It is a recognition that legality cannot be automated without losing its justificatory core. As Habermas has argued, legitimacy arises not from functional success alone but from the possibility of rational justification (Habermas, 1996, p. 448).

The future of compliance therefore depends on whether law can maintain its integrative role in an increasingly technical governance environment. If artificial intelligence and standards are allowed to redefine normativity silently, compliance may become formally impeccable yet substantively hollow. If, however, legal consciousness is actively reintegrated into standards based systems, AI enhanced compliance can strengthen rather than undermine justice.

In this sense, the challenge posed by artificial intelligence is also an opportunity. It forces legal scholarship and practice to confront the foundations of normativity in contemporary governance. It compels institutions to clarify what they mean by compliance, responsibility and fairness. A compliance system that remains anchored in law while intelligently incorporating standards and technology can respond to complexity without sacrificing legitimacy.

The task ahead is therefore not to choose between law and technology but to govern their interaction. Compliance must remain a legal institution in the full sense of the term, shaped by normative reasoning, accountable authority and moral responsibility. Only under these conditions can artificial intelligence serve as an instrument of justice rather than a substitute for it.

51. From Equal Treatment to Acceptable Treatment

The principle of equal treatment has long occupied a central position in legal and compliance discourse. In constitutional law, anti discrimination regimes and administrative justice, equal treatment functions as a foundational norm that marks the boundary between lawful and unlawful institutional behavior (Fredman, 2011, p. 3; Ellis and Watson, 2012,

p. 17). Within compliance systems, it is often described as a minimum requirement, a baseline below which organizational conduct becomes legally indefensible. Yet this characterization, while formally accurate, conceals a deeper transformation in the normative architecture of contemporary governance. What is increasingly visible is that equal treatment no longer represents the substantive horizon of compliance, but rather its entry condition. Compliance does not culminate in equality. It begins there.

From a dogmatic perspective, equal treatment is a structurally negative norm. It is primarily articulated through prohibitions that define what institutions must not do. They must not discriminate without objective justification, must not apply different standards to comparable situations and must not impose arbitrary disadvantage (Alexy, 2002, p. 265; Barak, 2012, p. 317). This logic is indispensable for legal certainty, yet it remains abstract. It operates at the level of formal comparability and legal classification. It does not, by itself, determine whether institutional action is experienced as fair, humane or acceptable by those subjected to it.

This limitation becomes particularly evident when compliance is understood not as legal adjudication but as organizational practice. In most contemporary institutions, compliance is not exercised by judges or doctrinal lawyers. It is implemented by internal actors operating through policies, procedures, indicators and management systems (Parker and Nielsen, 2011, p. 5). ISO based compliance frameworks exemplify this shift. Their normative logic is not rooted in legal interpretation but in procedural alignment and risk management (Power, 1997, p. 44; Hutter, 2011, p. 28). The central question is no longer whether a legal norm has been violated, but whether established processes have been followed, risks mitigated and controls documented. In this environment, equal treatment functions as a formal reference point, but it does not exhaust the normative expectations placed on institutions.

At this point a second threshold emerges. Beyond equal treatment lies the question of acceptable treatment. Acceptable treatment does not replace equality, nor does it contradict it. Rather, it supplements it by addressing dimensions that formal equality cannot capture. It introduces criteria such as proportionality, reasonableness, dignity and procedural respect. These criteria are not external to law. They are deeply embedded in legal traditions of equity, due process and constitutional balancing (Dworkin, 1977, p. 273; Fuller, 1969, p. 39; Barak, 2012, p. 419). In compliance practice, however, they often surface implicitly through assessments of whether a procedure was handled appropriately, whether communication was respectful and whether outcomes were defensible beyond mere formal correctness.

The notion of acceptable treatment reflects a shift from abstract equality to contextual judgment. Equal treatment presupposes comparability. Acceptable treatment presupposes vulnerability, power asymmetry and situational complexity (Sen, 2009, p. 231; Young, 1990, p. 38). It asks not only whether individuals were treated the same, but whether the institutional response was tolerable, justifiable and morally defensible given the circumstances. This is particularly relevant in areas such as workplace discipline, whistleblowing, internal investigations and equality monitoring, where formal uniformity may coexist with substantive injustice (Baldwin, Cave and Lodge, 2012, p. 142).

In equality based compliance systems this distinction is decisive. Anti discrimination law is built upon categorical protections and formal benchmarks. Compliance systems, however, operate in real time and under uncertainty. They must respond to complaints, risks and conflicts that rarely fit neatly into legal categories (Hutter

and Lloyd-Bostock, 2017, p. 91). In these contexts, the decisive normative question often becomes whether the treatment was close enough to equality, sufficiently fair or reasonably balanced, rather than perfectly equal in a strict doctrinal sense. This does not indicate normative erosion. It indicates normative pluralization.

The introduction of artificial intelligence and standardized governance further amplifies this development. Automated systems operating within ISO frameworks tend to translate equality into metrics, thresholds and deviations (Kleinberg, Mullainathan and Raghavan, 2017, p. 799; Selbst et al., 2019, p. 59). Fairness becomes statistical balance. Discrimination becomes anomaly detection. While such tools can enhance consistency and transparency, they also risk reducing complex moral judgments to technical compliance (Pasquale, 2015, p. 81). In these systems, acceptable treatment may be operationalized without being conceptually articulated. Decisions may align with system indicators while remaining ethically troubling. The compliance requirement is formally satisfied, yet the sense of injustice persists.

This reveals a structural tension. If equal treatment is treated as the ultimate normative endpoint, compliance systems risk becoming formally correct but substantively hollow (Power, 1997, p. 123). If, however, compliance is reconceptualized as the pursuit of acceptable treatment anchored in legal and moral reasoning, then equal treatment regains its proper place as a necessary but insufficient condition. It becomes the legal floor, not the ethical ceiling.

From a jurisprudential standpoint, this transition demands conceptual discipline. Acceptable treatment must not be reduced to managerial discretion or subjective benevolence. It requires normative anchoring. Legal principles such as proportionality, legitimate expectation, procedural fairness and human dignity provide this anchor (Alexy, 2002, p. 412; Barak, 2012, p. 420). These principles enable institutions to justify differential treatment where necessary while remaining accountable to shared standards of justice. Compliance, in this sense, becomes a site where law, ethics and organizational governance intersect.

What emerges is therefore not the abandonment of equal treatment, but its transformation. Equal treatment becomes the grammar of legality. Acceptable treatment becomes the language of legitimacy (Beetham, 1991, p. 16; Tyler, 2006, p. 88). Contemporary compliance systems operate at the intersection of these two registers. They must satisfy legal minima while responding to moral expectations that exceed formal equality. This dual responsibility defines the normative maturity of modern institutions.

In this light, the future of equality based compliance lies not in refining ever more precise definitions of equality, but in developing institutional capacities for justified differentiation, contextual judgment and moral accountability (Sen, 2009, p. 260; Sabel and Zeitlin, 2012, p. 170). Compliance is no longer merely about avoiding discrimination. It is about sustaining trust. And trust depends less on abstract equality than on the lived experience of being treated with fairness, respect and dignity within institutional processes (Tyler, 1990, p. 28; Warren, 1999, p. 347).

52. Judicial Reasoning, Normative Thresholds and the Dogmatics of Acceptable Treatment

Judicial reasoning provides a particularly instructive lens through which the limits of equal treatment and the emergence of broader standards of acceptable treatment can be

examined. Courts rarely operate with equality as a purely formal rule. Even where equal treatment appears as an explicit doctrinal principle, judicial practice reveals that adjudication consistently relies on evaluative thresholds that go beyond mere sameness. The logic of judging is therefore not exhausted by comparison. It is structured by justification.

From a doctrinal perspective, equality before the law functions as a starting presumption rather than a conclusive standard. Courts begin from the assumption that comparable cases should be treated alike, yet this presumption is immediately subjected to qualification through tests of relevance, proportionality and legitimacy (Alexy, 2002, p. 265). The decisive judicial question is not whether differential treatment exists, but whether it can be justified within a coherent normative framework. This shift from formal comparison to justification marks the first step beyond abstract equality.

Proportionality analysis illustrates this movement with particular clarity. In constitutional and administrative adjudication, proportionality operates as a structured method for evaluating the acceptability of state action (Barak, 2012, p. 419). It requires courts to examine suitability, necessity and proportionality in the strict sense. Equality plays a role in this analysis, but it does not determine the outcome. A measure may apply equally to all and still be disproportionate, excessive or degrading. Judicial reasoning therefore implicitly recognizes that equal treatment is compatible with unacceptable outcomes. Acceptability emerges as a distinct normative threshold.

This is equally evident in anti discrimination jurisprudence. While discrimination law is formally grounded in equality, courts rarely confine their analysis to categorical comparison. They assess context, impact and structural disadvantage. Indirect discrimination doctrine explicitly acknowledges that formally equal rules may produce substantively unequal and unjust effects (Fredman, 2011, p. 177; Ellis and Watson, 2012, p. 89). In such cases, the legal violation does not arise from unequal treatment as such, but from the failure to accommodate difference in a manner that respects dignity and social reality. Judicial reasoning thus moves from equality to fairness as a normative horizon.

Judicial assessments of procedural fairness further reinforce this logic. Due process and fair procedure doctrines do not require identical treatment of all parties in every respect. They require that individuals are treated in a manner that is reasonable, respectful and responsive to their situation (Fuller, 1969, p. 39; Mashaw, 2006, p. 154). Courts routinely tolerate procedural differentiation provided that the overall process remains acceptable. What matters is not uniformity, but whether the individual could reasonably perceive the process as fair. Acceptable treatment becomes the operative standard.

This judicial logic has direct implications for compliance governance. Compliance systems often mirror adjudicative reasoning, albeit in a simplified and internalized form. Investigations, disciplinary procedures and equality assessments within organizations replicate core judicial questions. Was the procedure fair? Were reasons given? Was the outcome proportionate? Yet compliance frameworks frequently reduce these questions to checklist compliance or metric alignment, especially within ISO based systems (Power, 1997, p. 44; Hutter, 2011, p. 31). In doing so, they risk losing the evaluative depth that characterizes judicial reasoning.

From a dogmatic standpoint, this reduction is problematic. Judicial reasoning is inherently justificatory. Decisions derive legitimacy not merely from rule application, but from reasoned explanation that connects facts, norms and values (Dworkin, 1977, p. 273). When compliance decisions are driven by standardized outputs or automated risk scores,

the justificatory structure becomes opaque. Responsibility shifts from normative judgment to procedural conformity. Yet courts, when reviewing such decisions, reintroduce justificatory demands. They ask not whether the standard was followed, but whether the decision was reasonable, proportionate and lawful.

This tension becomes particularly acute in equality based compliance involving artificial intelligence. Algorithmic systems embedded in compliance frameworks may ensure consistent application of standards, but consistency is not equivalent to legality. Courts increasingly emphasize that automated decision making does not absolve institutions of their duty to justify outcomes (Pasquale, 2015, p. 98; Selbst et al., 2019, p. 58). Judicial reasoning insists on intelligibility, contestability and accountability. These requirements reflect deeper normative commitments that cannot be reduced to equality metrics.

The jurisprudential consequence is clear. Equal treatment functions as a doctrinal gateway, but acceptable treatment operates as the true adjudicative standard. Courts tolerate inequality when justified, but they do not tolerate treatment that violates proportionality, dignity or procedural fairness even when formally equal. Compliance systems that treat equality as the ultimate benchmark misunderstand judicial logic. They mistake the minimum condition of legality for the substantive criteria of legitimacy.

In this sense, judicial reasoning exposes the limits of compliance minimalism. It reveals that law does not ask whether institutions complied with standards alone, but whether their actions can be normatively defended. Acceptable treatment becomes the point at which legal validity, moral reasoning and institutional responsibility converge. This convergence defines the dogmatic core of contemporary compliance governance.

What follows is not a departure from legal doctrine, but its internal development. Equality remains indispensable as a legal principle, yet it operates within a broader justificatory architecture shaped by proportionality, fairness and dignity. Compliance systems that aspire to legal robustness must therefore internalize judicial reasoning rather than merely replicate formal rules. They must cultivate capacities for explanation, contextual assessment and moral judgment. Only then can compliance align not merely with the letter of the law, but with its adjudicative logic.

Judicial Reasoning, Normative Minimums and the Limits of Compliance Logic

From a dogmatic legal perspective, the relationship between equality and compliance cannot be reduced to a simple equation in which compliance merely enforces the principle of equal treatment. Judicial reasoning demonstrates that equality functions not as an endpoint but as a threshold condition for lawful and legitimate decision making. Courts consistently treat equal treatment as a minimum requirement that opens, rather than closes, normative evaluation. Compliance systems that treat equality as a final objective therefore misunderstand its role within legal reasoning.

In adjudicative practice, the principle of equal treatment is rarely applied in isolation. Courts do not ask only whether individuals were treated identically but whether differential treatment was justified, proportionate and normatively acceptable. This logic is evident in proportionality analysis, which has become a central method of constitutional and administrative adjudication. Proportionality requires a structured assessment of legitimacy, suitability, necessity and proportional balance, thereby transforming equality from a formal rule into a substantive evaluative framework (Alexy, 2002, p. 66). Equal

treatment operates here as a starting point, while the decisive question concerns the justification of deviation or differentiation.

Judicial reasoning therefore reveals a fundamental asymmetry between legal normativity and compliance logic. Compliance systems tend to operationalize norms through predefined indicators and standardized procedures. Adjudication, by contrast, remains context sensitive, argumentative and open to moral reasoning. Courts do not merely verify compliance with abstract rules but reconstruct the normative meaning of those rules in light of concrete circumstances. As Dworkin has argued, legal reasoning is not mechanical rule application but an interpretive practice aimed at identifying the morally best justification of legal norms (Dworkin, 1986, p. 225).

This distinction becomes critical when compliance systems are treated as substitutes for legal judgement. If compliance mechanisms equate equality with uniformity, they risk collapsing substantive justice into procedural symmetry. Judicial practice consistently rejects such reduction. In discrimination cases, courts routinely recognise that formally equal procedures may reproduce structural inequality if they fail to account for historical disadvantage, power asymmetries or indirect effects. This insight underlies the development of indirect discrimination doctrine and substantive equality, particularly in European and international human rights jurisprudence (Fredman, 2011, p. 178).

The dogmatic structure of equality law thus points beyond equal treatment toward concepts such as reasonableness, proportionality and fairness. These concepts function as corrective principles that prevent equality from becoming an empty formalism. In this sense, compliance with equal treatment norms represents only the minimum threshold of legality. What adjudication demands, however, is an assessment of whether the outcome is normatively acceptable within the broader framework of justice. This is why courts rarely conclude their reasoning at the finding of equal or unequal treatment but proceed to evaluate justification and impact.

The tension between judicial reasoning and standards based compliance becomes even more pronounced in the context of automated decision making. Algorithmically mediated compliance systems tend to encode equality through statistical parity, threshold models or risk scores. While such tools may detect patterns of deviation, they cannot replicate the justificatory structure of legal reasoning. Judicial logic does not operate on correlation alone but on normative argument. It requires reasons that can be articulated, contested and reviewed. As Fuller emphasized, the legitimacy of law depends on its capacity to offer reasons that treat individuals as responsible agents rather than as objects of regulation (Fuller, 1969, p. 162).

When compliance decisions are guided primarily by AI driven standards, the justificatory dimension of equality risks erosion. Compliance officers may rely on system outputs that indicate conformity without engaging in normative evaluation. In such cases, equality is no longer assessed as a moral and legal requirement but as a technical condition of system alignment. This represents a shift from adjudicative normativity to administrative rationality, a shift that courts have historically resisted.

Judicial doctrine also clarifies the limits of delegation. While courts accept that administrative bodies may rely on standardized procedures, they consistently maintain that ultimate responsibility for normative judgement cannot be fully delegated to technical systems. This principle is reflected in case law concerning automated decision making,

where courts emphasize the need for human oversight, reason giving and the possibility of contestation (Mendes, 2011, p. 312). These requirements are not procedural formalities but expressions of the deeper legal commitment to dignity and accountability.

From this perspective, the relationship between equality and compliance must be re conceptualized. Compliance does not exhaust the meaning of equality. Rather, equality sets a minimum normative baseline that compliance systems must respect, while adjudication provides the framework through which that baseline is interpreted, contested and, where necessary, transcended. The legal order does not merely require that similar cases be treated alike. It requires that treatment be justifiable in light of reasons that can withstand critical scrutiny.

This insight has direct implications for equality based compliance in contemporary governance. If compliance systems are designed without reference to judicial logic, they risk becoming normatively self sufficient, substituting procedural conformity for legal justification. Such systems may produce outcomes that are formally equal yet substantively unjust. The role of legal dogmatics is therefore not to resist compliance but to remind it of its limits.

In conclusion, judicial reasoning demonstrates that equality is not the culmination of compliance but its minimum condition. Legal normativity begins where compliance ends. Equality based compliance systems that fail to integrate adjudicative logic risk mistaking conformity for justice. A mature compliance architecture must therefore remain structurally open to legal reasoning, recognizing that the legitimacy of norms ultimately depends not on their automated application but on their capacity to be justified, contested and morally defended.

53. Artificial Intelligence, Standards and the Reconfiguration of Legal Normativity in Compliance Governance

The contemporary expansion of artificial intelligence into legal and regulatory domains does not occur solely through formal legislation or judicial interpretation. A more subtle and potentially more far reaching transformation is unfolding through the integration of algorithmic logics into standards based governance frameworks. Scholars of regulation have long noted that normativity does not reside exclusively in statutes and court decisions, but also in soft law instruments, technical standards and organizational practices that shape behaviour without formal coercion (Black, 2008, p. 139). In this process, artificial intelligence enters the legal ecosystem not primarily as a subject of law, but as a structuring force of norm application. This dynamic is particularly visible in compliance systems, where ISO standards increasingly function as operational substitutes for legal reasoning (Parker and Gilad, 2011, p. 24).

Compliance practice has never been confined to lawyers alone. Empirical research on compliance professions demonstrates that compliance officers typically operate at the intersection of law, risk management, internal audit and organizational ethics rather than within classical legal doctrine (Hutter and Power, 2005, p. 6). In such environments, decision making relies less on statutory interpretation and more on standardized procedures, internal controls and audit mechanisms derived from ISO frameworks. When artificial intelligence is introduced into these systems, its normative influence bypasses traditional legal gatekeeping institutions. Instead, it becomes embedded in indicators,

scoring models and automated assessments that guide everyday organizational conduct, often without explicit legal deliberation (Power, 1999, p. 15).

This development raises a fundamental jurisprudential question concerning the locus of normativity. Legal theory traditionally associates normativity with democratically enacted rules interpreted through institutionalized reasoning practices and subject to judicial accountability (Hart, 1961, p. 94). ISO standards derive authority from a different source, namely technical expertise, expert consensus and market acceptance (Brunsson and Jacobsson, 2000, p. 3). When artificial intelligence operationalizes these standards, normativity shifts further toward what Teubner describes as functional norm production outside the classical legal system (Teubner, 1998, p. 12). Compliance thus begins to operate within a technocratic normative order that is neither fully legal nor purely technical.

The appeal of this transformation is evident. Standards based compliance systems promise predictability, efficiency and auditability. They translate abstract legal obligations into operational procedures that can be measured, monitored and certified. Management system standards such as ISO 37301 explicitly frame compliance as a continuous organizational process rather than episodic legal intervention (ISO, 2021, p. 6). Artificial intelligence amplifies this logic by enabling continuous monitoring, anomaly detection and predictive risk assessment. As a result, compliance becomes less dependent on discretionary human judgement and more reliant on system outputs that present themselves as neutral and objective (Mittelstadt et al., 2016, p. 7).

However, this apparent neutrality conceals a deeper normative transformation. Artificial intelligence does not merely apply pre existing standards. It reshapes them through choices concerning data selection, model architecture and threshold settings. Research on algorithmic governance has demonstrated that these design choices inevitably embed value judgements about acceptable risk, normal behaviour and deviation (Yeung, 2018, p. 508). When such systems are embedded into ISO based frameworks, they effectively redefine the meaning of compliance without legislative authorization. Norm creation thus occurs silently, outside the traditional arenas of legal discourse and democratic contestation (Pasquale, 2015, p. 73).

From a legal dogmatic perspective, this development raises serious concerns. Compliance decisions frequently produce legal effects, including disciplinary measures, exclusion from procurement, reporting obligations or liability exposure. When such decisions are driven by AI mediated standards rather than legal interpretation, responsibility becomes fragmented. Legal scholarship has repeatedly warned that reliance on automated systems can obscure attribution of responsibility and undermine procedural guarantees (Brownsword, 2019, p. 22). Organizations may invoke standard conformity as a defence, even where fundamental rights are affected. Courts are then confronted with outcomes shaped by normative infrastructures that lack clear legal authorship.

The ethical implications are equally profound. Standards based governance was historically conceived as a complement to law rather than a substitute. Its legitimacy presupposes alignment with underlying legal and moral commitments (Kaptein, 2008, p. 923). Artificial intelligence challenges this premise by introducing adaptive systems whose internal logic evolves over time. In such environments, compliance risks becoming detached from moral reasoning and reduced to indicator alignment. Normative evaluation shifts from justice or lawfulness toward technical conformity, a phenomenon extensively criticized in the sociology of audit cultures (Power, 1999, p. 12).

This shift is particularly consequential in equality based compliance. Anti discrimination law rests on constitutional and human dignity principles that require contextual and purposive interpretation (Fredman, 2011, p. 14). These principles cannot be fully translated into standardized metrics without loss of normative substance. Studies on algorithmic discrimination demonstrate that statistical parity can mask structural injustice and historical disadvantage (Barocas and Selbst, 2016, p. 680). When AI driven systems monitor equality through ISO frameworks, there is a real risk that inequality is reframed as mere statistical deviation, rendering power relations and lived experience invisible.

The core risk, therefore, is not that artificial intelligence replaces lawyers. It is that procedural conformity replaces legal reasoning. Compliance professionals who are not legally trained may treat ISO aligned AI systems as authoritative proxies for legality and morality. Socio legal research shows that such reliance can generate a false sense of normative sufficiency, where compliance with standards is equated with justice itself (Hutter, 2011, p. 18).

This does not imply that the integration of artificial intelligence into standards based compliance is inherently illegitimate. Rather, it requires a reconceptualization of responsibility. If ISO frameworks function as de facto normative regimes, their design, automation and interpretation must be subjected to legal and ethical scrutiny. Artificial intelligence must be recognized not as a neutral instrument, but as a normative actor whose influence demands justification (Floridi et al., 2018, p. 689).

A responsible compliance architecture must therefore reintegrate legal consciousness into standards based governance. Compliance professionals need not be lawyers, but compliance systems must preserve the capacity for legal reasoning. Core legal principles such as proportionality, due process and equality before the law cannot be fully delegated to automated systems (Alexy, 2002, p. 47). Human judgement remains indispensable where normative evaluation is required.

In this sense, the incursion of artificial intelligence into ISO driven compliance systems represents a critical test for the future of legal normativity. The central question is not whether AI will shape compliance, but whether law will retain its role as the ultimate source of legitimacy. If standards and algorithms silently redefine obligations, compliance risks becoming formally correct yet substantively unjust.

The task of contemporary governance is therefore to reconnect artificial intelligence, standards and law within a coherent normative order. Compliance must remain a domain in which technical efficiency is balanced by legal accountability and moral responsibility. Only under these conditions can AI enhanced compliance strengthen rather than erode the foundations of justice it is meant to serve.

At the same time, it is necessary to acknowledge the structural limits of contemporary compliance frameworks.

While this book advances a comprehensive and historically grounded account of compliance as a cornerstone of legitimate governance, it also recognizes the inherent tensions and limitations embedded in contemporary compliance systems. Empirical and organizational studies have repeatedly shown that the expansion of compliance obligations may generate regulatory overload, formalistic rule-following, and symbolic adherence detached from substantive ethical commitment (Power, 1997, pp. 123–129; Meyer & Rowan, 1977, pp. 340–343). These dynamics risk transforming compliance from a

safeguard of integrity into an administrative ritual that obscures rather than enhances accountability.

A central structural tension lies in the instrumentalization of ethics. As compliance frameworks become increasingly standardized and performance-driven, ethical norms may be reduced to measurable indicators, audit trails, and procedural checklists. Organizational research has described this phenomenon as decoupling, whereby formal compliance structures coexist with unchanged or even deteriorating ethical practices (Bromley & Powell, 2012, pp. 486–489). This development creates the paradox that moral responsibility is formally strengthened while substantively weakened, as organizations demonstrate compliance without cultivating ethical judgment or institutional learning (Kaptein, 2011, pp. 877–880).

These tensions are further intensified in the context of algorithmic and data-driven compliance. Automated risk assessment, predictive monitoring, and AI-supported decision-making promise efficiency and consistency, yet they simultaneously introduce new forms of opacity, power asymmetry, and norm displacement. Studies on algorithmic governance emphasize that technical systems often embed normative assumptions that are difficult to contest or explain, thereby shifting responsibility away from human decision-makers (Pasquale, 2015, pp. 3–8; Yeung, 2018, pp. 511–514). In this sense, algorithmic compliance risks evolving into a mode of indirect domination, where regulatory decisions become insulated from democratic scrutiny and ethical reflection (Zuboff, 2019, pp. 376–381).

The book therefore does not present compliance as a self-sufficient solution to governance failures, nor as a neutral technological advancement. Instead, it conceptualizes compliance as a contingent and historically situated governance logic whose legitimacy depends on continuous reflexivity, institutional learning, and the preservation of human responsibility within regulatory systems (Argyris & Schön, 1996, pp. 20–24). Research on anticipatory governance similarly warns that foresight mechanisms, while essential for managing emerging risks, must remain subject to critical oversight in order to avoid the ossification of future-oriented norms into unchallengeable regulatory dogmas (Poli, 2019, pp. 18–21).

By explicitly addressing these limitations, the book avoids a celebratory or technocratic account of compliance. The central claim supported by this analysis is not that more compliance necessarily leads to better governance, but that compliance can contribute to integrity and equality only if it remains embedded in normative reasoning, ethical accountability, and democratic control (Beetham, 1991, pp. 40–43; Rawls, 1999, pp. 136–142). The evolution of compliance is therefore best understood as an open-ended process rather than a completed institutional achievement.

54. AI Auditing Methodology: Transparency and Explainability as New Legal Principles

The primary instrument for maintaining social and legal control over algorithmic systems is system-level auditing, which places technological processes within a framework of legal accountability. AI auditing is not merely a form of information-technology security review, but a comprehensive normative assessment that evaluates whether the operation of an algorithm complies with fundamental legal and ethical standards. A central element of this methodology is transparency, which in contemporary legal doctrine no longer refers solely

to access to source code, but also to the comprehensibility of the system's underlying logic (Ananny and Crawford, 2018, p. 978). The principle of explainability requires that decisions produced by automated systems be accompanied by justifications that are intelligible to affected parties and expressed in human language.

In the age of artificial intelligence, the legal obligation to provide reasons extends to model architecture, weighting criteria, and decision thresholds (Wachter et al., 2017, p. 77). During the audit process, translating technological code into legal language necessitates an ongoing hermeneutical dialogue between compliance officers and data scientists. This process makes visible to regulators the ethical trade-offs embedded in mathematical optimization. Reverse-engineering techniques employed during audits aim to identify internal biases and sources of error prior to deployment. Given the dynamic nature of AI systems, auditing cannot be treated as a one-time exercise. Continuous monitoring, often referred to as post-market monitoring, is required to detect model drift, performance degradation, or unintended effects over time (Raji et al., 2020, p. 36).

The methodology should also encompass the generation of counterfactual explanations, which demonstrate to the data subject what minimal change in input variables would have resulted in a different outcome. This approach enhances perceived control and directly supports the right to redress. Technical audit protocols should further include robustness testing to assess resistance to external manipulation. This enhanced level of disclosure, often described as radical transparency, obliges organizations to maintain internal algorithm registries and to document risk assessments in a structured and accessible manner (European Parliament, 2024).

During the audit process, legal experts must verify compliance with the requirements of privacy by design and ethics by design (Dignum, 2019, p. 42). A key question in the normative validation of technological systems concerns whether the algorithm's objective function aligns with the organization's declared ethical commitments. Audit reports should therefore provide a clear assessment of whether the risks posed by the system remain within acceptable limits when weighed against its social utility. A lack of explainability may itself constitute grounds for illegality if it prevents affected individuals from exercising their rights effectively. AI auditing thus functions as a form of digital forensics, bridging technical analysis and legal evaluation.

Within future governance frameworks, audited algorithms are likely to become the benchmark for reliability and legitimacy. Transparency serves not as an end in itself, but as a means of restoring trust and reducing power asymmetries between technology providers and citizens. The auditing process transforms the role of compliance from reactive oversight to proactive technological governance. The requirement of explainability compels developers to design systems that are not only accurate, but also socially intelligible and legally accountable. Ultimately, AI auditing represents the response of the modern rule of law to the transparency deficit created by automation. The accountability of technological code is the essential safeguard against algorithmic arbitrariness. Only systems capable of explaining their decision-making logic before legal authorities can be considered legitimate. In this sense, transparency in the age of artificial intelligence is not an optional technical feature, but a necessary condition for democratic governance.

55. Generative AI and Intellectual Property: Data Integrity and Copyright Compliance

The rapid expansion of generative artificial intelligence has fundamentally disrupted the long-standing doctrinal foundations of intellectual property law, imposing a new category of risk-management obligations on compliance functions. In this environment, the task of compliance extends beyond the administration of license agreements to the continuous monitoring of the legal purity, or data provenance, of datasets used in machine-learning processes. The use of vast quantities of data, frequently protected by copyright, in the training of generative models tests the limits of the fair-use doctrine in the digital context (Hristov, 2020, p. 431). During the technical process, artificial intelligence systems do not merely reproduce protected works, but abstract from them, complicating the evidentiary standards of classical infringement analysis, as outputs often lack direct visual or textual correspondence with source material.

Compliance strategies must therefore incorporate mechanisms to ensure data integrity and to prevent the inadvertent deployment of models derived from tainted or infringing datasets. To maintain copyright compliance, organizations should implement internal controls capable of verifying both the origin of training data and the existence of valid usage rights. The legal status of AI-generated content remains contested. Most legal systems continue to link intellectual property protection to human authorship, creating substantial commercial risk for content produced entirely through artificial intelligence (Gervais, 2020, p. 15). Where core business processes rely on AI-generated material lacking legal protection, competitive advantage may be undermined by unrestricted replicability.

In addition, compliance officers must address liability risks arising from hallucinations, situations in which generative systems produce content that appears plausible but is factually incorrect or defamatory. In this respect, data integrity intersects directly with reputation management and consumer-protection law. To enhance legal certainty, organizations are increasingly encouraged to deploy watermarking and other technical identification measures that signal the artificial origin of content to end users (European Parliament, 2024). Intellectual property compliance thus evolves from a static record-keeping exercise into a dynamic, data-driven risk-management process.

Organizations should adopt comprehensive artificial-intelligence acceptable-use policies defining permissible applications of generative models and specifying areas where mandatory human review is required. The risk of breaching non-disclosure agreements is particularly acute when employees upload confidential corporate information into publicly accessible large-language models to expedite workflows. In this context, the role of compliance is to maintain cognitive discipline and to prevent digital leakage. Copyright audits should assess not only the originality of generated outputs, but also the ethical and legal limits of stylistic imitation.

Future legal developments may introduce sui-generis protection regimes for AI-generated works. Until such frameworks are established, organizations must operate within a landscape of legal uncertainty. Compliance systems must therefore remain adaptable to evolving judicial practice, particularly given doctrinal divergence between the United States and the European Union. Within the chain of accountability, the responsibilities of content developers and commercial users are inseparable. Data integrity functions not merely as a technical attribute, but as a foundation of legal validity and market trust.

The sustainable deployment of generative artificial intelligence ultimately depends on respect for the rights of human creators and the preservation of public confidence. Artificial intelligence does not replace legal vigilance. On the contrary, it demands a

heightened level of ethical and legal awareness. Protecting intellectual property in the digital era is no longer concerned solely with preserving existing works, but with providing a lawful framework for future innovation. In this evolving landscape, integrity and transparency remain the primary points of orientation.

56. From Equal Treatment as Compliance Minimum to Acceptable Treatment as a Normative Threshold

In classical compliance theory, equal treatment is commonly understood as the minimum normative requirement. It functions as a baseline obligation that institutions must satisfy in order to avoid unlawful discrimination. This logic reflects the traditional structure of anti discrimination law, which is built around comparability, prohibited grounds, and differential treatment. In this framework, compliance is achieved when similarly situated persons are treated alike, and deviations are objectively justified. Equality thus appears as a formal threshold that separates lawful conduct from illegality.

However, judicial practice increasingly reveals that this formal minimum is insufficient to capture the substantive expectations placed on institutions. Courts have gradually moved beyond a purely symmetrical understanding of equality and have introduced evaluative considerations that implicitly operate with higher normative thresholds. In this sense, compliance does not merely require equal treatment. It requires treatment that is reasonable, proportionate, humane, and compatible with human dignity.

This shift is already visible in constitutional and supranational case law. The jurisprudence of the European Court of Human Rights has consistently held that formal equality is not decisive if the practical effect of a measure places individuals in an excessively burdensome or degrading position. In *Thlimmenos v Greece*, the Court made clear that the failure to treat differently persons whose situations are significantly different may itself constitute discrimination (ECtHR, 2000, para. 44). This judgment already transcends strict equality logic and introduces an implicit acceptability test grounded in fairness and proportionality.

A similar doctrinal evolution can be observed in the case law of the Court of Justice of the European Union. In *Mangold v Helm*, the Court linked equal treatment to general principles of EU law, including proportionality and legitimate expectations, thereby transforming equality from a static rule into a dynamic normative standard (CJEU, 2005, paras. 74–77). Later cases confirmed that compliance with equality obligations cannot be reduced to mechanical neutrality, but must account for the real impact of institutional practices on affected persons.

From a dogmatic perspective, this development indicates that equal treatment operates as the minimum of compliance, but not as the maximum of justice. Compliance that merely avoids explicit discrimination may still produce outcomes that are socially intolerable or ethically unacceptable. This insight aligns with Robert Alexy's theory of constitutional rights as principles that require optimization rather than binary fulfillment (Alexy, 2002, p. 47). Equality, understood as a principle, demands the best possible realization under given circumstances, not merely the avoidance of prohibited distinctions.

This is where the concept of acceptable treatment becomes analytically necessary. Acceptable treatment does not replace equal treatment. It presupposes it. Equality remains the entry condition of legality. Acceptability, however, functions as a higher normative threshold that evaluates whether institutional conduct remains within the bounds of dignity,

reasonableness, and moral legitimacy. Courts often apply this logic implicitly when they assess whether measures impose excessive hardship, create chilling effects, or undermine trust in public authority.

Judicial reasoning in labour and public service cases illustrates this clearly. National constitutional courts increasingly examine whether formally neutral HR decisions are compatible with human dignity and legitimate expectations, even if no prohibited ground of discrimination can be established. The German Federal Constitutional Court, for example, has repeatedly emphasized that administrative measures must remain “zumutbar”, meaning tolerable in light of the individual’s dignity and life situation (BVerfG, 1 BvR 2853/19). This concept cannot be derived from equality alone. It reflects an acceptability threshold rooted in constitutional morality.

In compliance terms, this means that equal treatment defines the legal minimum, while acceptable treatment defines the operational standard of responsible governance. Especially in algorithmically mediated environments, this distinction becomes critical. AI driven systems may treat individuals equally in statistical terms while producing outcomes that are socially harsh, opaque, or dehumanizing. From a strict equality perspective, such systems may pass compliance checks. From an acceptability perspective, they may fail.

This is why courts increasingly scrutinize automated decision making not only for discrimination, but also for transparency, contestability, and proportionality. The right to meaningful human review under the GDPR and the emerging standards of the EU AI Act reflect precisely this doctrinal shift. The question is no longer only whether the system discriminates, but whether its operation is acceptable in a democratic society (Wachter et al., 2017, p. 98).

Thus, what emerges is a layered normative structure. Equal treatment is the compliance minimum that prevents unlawful differentiation. Acceptable treatment is the higher threshold that integrates legal reasoning with moral evaluation. Compliance systems that stop at equality risk becoming formally correct yet substantively unjust. Compliance systems that integrate acceptability are capable of aligning legality with legitimacy.

From this perspective, equality is not abandoned. It is transcended. It becomes the foundation upon which a richer normative architecture is built. Acceptable treatment captures what equality alone cannot express: the requirement that institutional power be exercised in a manner that individuals can reasonably endure, morally recognize, and legally contest.

In this sense, modern compliance no longer aims merely at equality of treatment, but at tolerable, reasonable, and dignified treatment. This is not a departure from law, but the maturation of legal normativity itself.

57. Judicial Reasoning, Normative Thresholds and the Dogmatics of Acceptable Treatment

In classical legal doctrine, equality has been constructed as a threshold concept rather than a comprehensive moral ideal. Courts have consistently treated equal treatment as a minimum requirement that prevents arbitrary differentiation, discrimination and exclusion, but does not exhaust the full normative content of fairness. This distinction is deeply embedded in constitutional adjudication, where equality functions as a negative constraint on power rather than as a positive blueprint for just social relations (Alexy, 2002, p. 397).

Judicial practice confirms that compliance with equality norms does not necessarily guarantee substantively just outcomes. Anti discrimination jurisprudence focuses primarily on comparability, differential treatment and justification. The core judicial question is whether similarly situated persons are treated differently without objective and reasonable justification, or whether different situations are treated identically despite relevant differences (European Court of Human Rights, *Thlimmenos v. Greece*, 2000, para. 44). This logic establishes a floor of legality, not a ceiling of fairness.

From this perspective, equality is best understood as the minimum of compliance rather than compliance as the minimum of equality. Courts intervene when treatment falls below the threshold of acceptability, but they rarely mandate optimal or ideal outcomes. The jurisprudence of proportionality illustrates this logic clearly. Proportionality analysis does not require that authorities choose the most equitable solution imaginable, but that the chosen measure is suitable, necessary and balanced in relation to legitimate aims (Alexy, 2002, p. 66). Compliance is thus satisfied when treatment remains within a zone of normative tolerability.

This judicial approach reveals an implicit but crucial category that is often overlooked in compliance theory: acceptable treatment. Acceptable treatment does not denote perfect equality, nor does it demand substantive equivalence in outcomes. Rather, it refers to a standard of treatment that remains compatible with human dignity, procedural fairness and reasonable justification. Courts frequently operate with this concept without naming it explicitly. In employment law, for example, differential treatment may be lawful if justified by legitimate organizational aims and applied through fair procedures, even if outcomes remain unequal (Fredman, 2011, p. 178).

The relevance of acceptable treatment becomes even clearer when examined through the lens of administrative and constitutional adjudication. Judicial review typically focuses on whether a decision falls within a range of reasonable responses rather than whether it represents the best possible decision. The well known margin of appreciation doctrine reflects this logic by acknowledging that multiple acceptable solutions may coexist within constitutional boundaries (Letsas, 2007, p. 80). Compliance, in this sense, is aligned with reasonableness rather than with ideal justice.

This has profound implications for compliance systems, particularly those increasingly mediated by standards and artificial intelligence. ISO based compliance frameworks often operationalize equality through indicators, thresholds and benchmarks. These systems do not aim to produce equality as a moral ideal, but to ensure that treatment does not fall below predefined acceptability thresholds. When AI systems are introduced, they tend to reinforce this logic by translating complex normative standards into binary or scalar outputs. A decision is flagged as compliant or non compliant, acceptable or unacceptable.

The danger lies not in the existence of such thresholds, but in their opacity and rigidity. Judicial reasoning is inherently contextual. Courts assess acceptability by weighing circumstances, intentions, impacts and structural factors. Algorithmic compliance systems, by contrast, struggle to capture contextual nuance and historical disadvantage. As a result, treatment that is formally equal and procedurally compliant may still reproduce substantive injustice, while remaining invisible to automated oversight mechanisms (Barocas and Selbst, 2016, p. 679).

Equality based compliance must therefore be reconceptualized as a layered normative structure. At its base lies the prohibition of discrimination as articulated in

constitutional and human rights law. Above this lies the broader domain of acceptable treatment, informed by principles of proportionality, reasonableness and dignity. Beyond this threshold lies the aspirational domain of substantive equality and social justice, which law may encourage but rarely enforce directly.

Judicial logic supports this stratified model. Courts do not collapse equality into sameness, nor do they require institutions to eliminate all disparities. Instead, they demand justification, transparency and procedural fairness. Compliance systems that conflate equality with justice risk overpromising what legal normativity can deliver. Conversely, systems that treat equality as the totality of compliance risk underestimating their ethical responsibility.

In the context of artificial intelligence and standards based governance, this distinction becomes decisive. AI enhanced compliance systems tend to optimize for minimum thresholds because they are computable. Yet legal normativity does not end at computability. Acceptable treatment remains a human judgement concept that requires interpretive reasoning. It is precisely here that legal consciousness must reenter compliance architectures.

From a dogmatic standpoint, acceptable treatment functions as a mediating concept between law and morality. It allows compliance systems to operate without demanding moral perfection, while still preserving a normative core that protects dignity and fairness. Courts implicitly rely on this concept whenever they uphold decisions that are lawful but imperfect, or criticize actions that are formally equal but substantively degrading.

The future of compliance therefore depends on recognizing that equality is not the end point but the entry point of normative evaluation. Compliance systems that understand equality as the minimum condition of legality, and acceptable treatment as the operational horizon of responsibility, are better aligned with judicial reasoning and moral legitimacy.

This judicially grounded perspective allows compliance to remain realistic without becoming cynical. It accepts that organizations cannot engineer perfect justice, but insists that they remain accountable for treatment that falls below the threshold of acceptability. In doing so, it reconnects compliance with its legal foundations and preserves space for ethical judgement in an increasingly automated governance environment.

58. Conclusion: From Equality to Acceptable Treatment as the Normative Horizon of Compliance

This book has argued that compliance cannot be understood as a purely technical or procedural exercise. It is, at its core, a normative practice situated at the intersection of law, morality, institutional memory and anticipatory governance. The contemporary transformation of compliance, driven by artificial intelligence and standards based regulation, makes this insight more urgent rather than obsolete. As compliance systems increasingly operate through ISO frameworks, internal controls and automated assessments, the question of normativity becomes unavoidable: what exactly is being complied with, and according to which moral and legal standards.

The analysis has shown that equality based compliance occupies a structurally ambiguous position within this landscape. On the one hand, equality and non discrimination constitute minimum legal requirements anchored in constitutional law and human rights jurisprudence. Courts consistently treat equality as a threshold condition that

prohibits arbitrary differentiation and unjustified exclusion, but does not mandate ideal or optimal outcomes (Alexy, 2002, p. 397; Fredman, 2011, p. 176). On the other hand, organizational compliance systems often present equality as a comprehensive ethical achievement, thereby obscuring the fact that legal equality is designed to mark the lower boundary of acceptability rather than its upper horizon.

Judicial reasoning clarifies this distinction with particular precision. Courts do not ask whether treatment is perfectly equal, but whether it remains within a range of reasonable and acceptable responses. Proportionality analysis, reasonableness review and the margin of appreciation doctrine all reflect the same underlying logic: public and private actors enjoy discretion, but only within normatively bounded limits (Letsas, 2007, p. 80; European Court of Human Rights, *Thlimmenos v. Greece*, 2000, para. 44). Compliance, in legal terms, is therefore not synonymous with justice as such, but with the avoidance of normatively unacceptable treatment.

This insight allows for a more precise conceptualization of compliance maturity. Equality functions as the minimum condition of legality, while acceptable treatment defines the operational threshold of responsibility. Beyond this threshold lies the aspirational domain of substantive equality, dignity and social justice, which law may guide and encourage but rarely enforces directly. Recognizing this layered structure prevents two symmetrical errors. It avoids the reduction of compliance to mere formalism, and it resists the inflation of compliance into a surrogate for moral perfection.

The incursion of artificial intelligence into compliance systems intensifies these tensions. Algorithmic systems excel at enforcing minimum thresholds. They classify, flag and audit treatment based on predefined indicators. When integrated into ISO based frameworks, they transform compliance into a continuous process of procedural verification. This development offers efficiency and predictability, but it also risks collapsing normativity into computability. What cannot be measured, categorized or modelled tends to disappear from institutional attention (Espeland and Stevens, 2008, p. 432).

The danger is not that artificial intelligence replaces lawyers or judges, but that it replaces legal reasoning with procedural conformity. Compliance professionals who are not legally trained may rely on AI mediated standards as authoritative proxies for legality and ethics. Organizations may treat ISO alignment as evidence of normative adequacy, even when substantive rights and dignity interests are affected. In such cases, compliance becomes formally correct yet normatively hollow.

From a legal dogmatic perspective, this represents a displacement of normativity. Law traditionally derives its authority from democratic legitimacy, interpretive practices and institutional accountability. Standards derive their authority from expertise, consensus and market acceptance. When artificial intelligence operationalizes standards, normativity is further abstracted from its legal foundations and relocated into technical infrastructures that are difficult to contest, explain or review (Pasquale, 2015, p. 73; Burrell, 2016, p. 5).

This book has argued that this transformation cannot be addressed by rejecting standards or automation. Standards based governance and artificial intelligence are now structural features of contemporary compliance. The task is therefore one of reintegration rather than resistance. Legal consciousness must be reintroduced into compliance architectures that increasingly function without lawyers. This does not mean that compliance professionals must become jurists. It means that compliance systems must

remain explicitly anchored in legal principles that cannot be delegated to algorithms, such as proportionality, procedural fairness, accountability and respect for human dignity.

The concept of acceptable treatment plays a central mediating role in this reintegration. Acceptable treatment captures what courts already do implicitly: it defines a normative zone within which discretion is tolerated and beyond which intervention becomes necessary. It allows compliance systems to function pragmatically without surrendering their moral core. Acceptable treatment is not an abstract moral ideal, but neither is it a purely technical benchmark. It is a juridically informed standard of responsibility that preserves space for human judgement in automated environments.

Anticipatory responsibility extends this logic into the temporal dimension. Compliance is not only about correcting past violations or ensuring present conformity. It is about preventing future injustice by recognizing how historical legacies, institutional patterns and technological infrastructures shape forthcoming risks. Foresight, when detached from historical awareness and legal reasoning, becomes superficial. When integrated with institutional memory and normative evaluation, it becomes a form of moral responsibility toward future subjects of governance (Beck and Lau, 2005, p. 525; Jonas, 1984, p. 28).

The future of compliance will therefore not be decided by technology alone. It will be decided by whether institutions are willing to acknowledge that standards and algorithms are normative actors whose influence must be justified, limited and reviewed. Equality remains indispensable, but it must be understood for what it is: the minimum condition of legality, not the full measure of justice. Compliance systems that aspire to legitimacy must go further, without claiming to achieve moral perfection.

In closing, this book has argued for a conception of compliance as a temporally extended practice of responsibility. It binds past injustices, present decisions and future consequences into a continuous normative field. Artificial intelligence and standards do not abolish this responsibility. They test it. Compliance that remains attentive to law, morality and human judgement can meet this test. Compliance that reduces normativity to procedure cannot.

The challenge ahead is therefore not to choose between law and technology, or between equality and efficiency, but to ensure that technological compliance remains embedded within a legal and moral order capable of judgment. Only under these conditions can compliance serve not merely as a mechanism of control, but as an institutional commitment to acceptable, defensible and humane governance.

59. Compliance as the Minimum of Law, and Law as the Horizon of Compliance

The preceding analysis leads to a decisive normative conclusion. Compliance cannot be understood as a functional equivalent of law, nor can it replace legal reasoning without profound loss of legitimacy. Compliance represents the minimum operational threshold of norm observance, while law remains the horizon within which normativity acquires meaning, justification and moral authority. To invert this relationship is to misunderstand both the nature of compliance and the function of law.

From a jurisprudential standpoint, law is not exhausted by rule following. Legal normativity rests on justification, contestability and institutional responsibility. Courts do not merely verify whether procedures were followed but whether decisions can be justified

in light of principles such as equality, proportionality, legal certainty and human dignity. This justificatory structure defines the difference between legality and mere conformity. As Habermas has emphasized, legal validity depends not only on factual acceptance but on discursive justification that links law to moral reason (Habermas, 1996, p. 448).

Compliance systems, by contrast, are designed to translate normative expectations into operational routines. Their strength lies in predictability, scalability and organizational integration. Yet precisely because compliance relies on standardization, it risks mistaking operational adequacy for normative sufficiency. When compliance becomes self-referential, it no longer asks whether an outcome is justifiable but whether it aligns with predefined indicators. This shift marks a transition from legal normativity to managerial rationality, a transition that has long been identified as a central risk of modern governance (Teubner, 1983, p. 247).

The expansion of artificial intelligence into standards-based compliance accelerates this transformation. Algorithmic systems promise objectivity and consistency, yet they inevitably embed normative assumptions through data selection, model design and decision thresholds. These assumptions are rarely subjected to legal scrutiny. As a result, norm creation occurs silently, outside the traditional arenas of legislation and adjudication. This development challenges the foundational premise of the rule of law, namely that norms governing rights and obligations must be publicly articulated, contestable and institutionally accountable (Raz, 1979, p. 214).

Equality-based compliance illustrates this tension with particular clarity. Equal treatment, as shown, functions in law as a minimum condition rather than as a comprehensive standard of justice. Courts repeatedly emphasize that equality without justification may perpetuate injustice, especially in contexts marked by structural disadvantage. Compliance systems that reduce equality to formal symmetry or statistical parity risk erasing precisely those contextual factors that legal reasoning seeks to address. In this sense, compliance may satisfy equality in a technical sense while failing it in a moral one.

This does not imply that compliance is normatively deficient by nature. Rather, it underscores that compliance requires anchoring in legal consciousness. Compliance professionals need not be lawyers, but compliance systems must remain oriented toward legal principles that cannot be fully operationalized. Proportionality, reasonableness and due process resist complete automation because they presuppose judgement, interpretation and moral responsibility. As Waldron argues, law is a human practice that treats persons as agents capable of reasoning and contestation, not merely as data points to be managed (Waldron, 2011, p. 6).

The role of law, therefore, is not to eliminate compliance but to frame it. Law sets the outer boundaries within which compliance operates, defining the minimum requirements that cannot be compromised and the principles that must guide interpretation. Compliance becomes legitimate only insofar as it remains transparent to legal scrutiny and open to judicial correction. Where compliance outcomes affect rights, dignity or equality, legal reasoning must retain the final word.

This perspective has important implications for the future of governance. As regulatory systems become increasingly complex, reliance on standards and automation will continue to grow. The challenge is not to resist this evolution but to ensure that it does not hollow out normativity. A mature governance architecture recognizes compliance as

an indispensable tool while refusing to treat it as an autonomous source of legitimacy. Legal institutions must therefore reclaim their role as guardians of normative coherence in a landscape increasingly shaped by technical systems.

In this sense, the evolution of compliance reflects a broader transformation of modern law. Law no longer governs solely through commands and sanctions but through infrastructures of coordination, risk management and organizational self regulation. Yet even in this transformed environment, the fundamental question remains unchanged. Are the norms that guide action capable of justification in terms that respect equality, dignity and responsibility. Compliance can facilitate this task, but it cannot replace it.

The final claim of this book is therefore both modest and demanding. Compliance is necessary, but not sufficient. It secures the minimum conditions of order, predictability and procedural regularity. Law, however, provides the horizon of meaning within which compliance can be assessed, criticized and corrected. Equality based compliance that forgets this hierarchy risks becoming formally impeccable yet substantively unjust.

To preserve the integrity of legal normativity in the age of standards and artificial intelligence, governance must insist on this distinction. Compliance must remain answerable to law, and law must remain grounded in moral reasoning. Only under these conditions can compliance evolve without undermining the very values it is meant to protect.

Compliance Challenges in the Era of Large Language Models (LLMs)

The rapid integration of Large Language Models (LLMs) and Generative AI into public administration and corporate governance introduces a new paradigm of risk: probabilistic non compliance. Unlike traditional algorithmic systems that operate on deterministic, "if then" logic, LLMs are inherently stochastic, meaning their outputs can vary even when provided with identical inputs. This unpredictability necessitates a fundamental rethink of institutional accountability.

From the perspective of Anticipatory Governance, the deployment of LLMs presents three critical normative and technical challenges:

Hallucinations and Factuality as Liability: In legal and administrative environments, "hallucinations" – the generation of factually incorrect but linguistically plausible information – represent a significant source of institutional risk, as noted by Floridi (2023). Anticipatory compliance frameworks must move beyond post hoc error correction. Instead, they must implement rigorous "Human in the loop" (HITL) verification processes to ensure that AI generated legal summaries or citizen advisories remain grounded in verifiable legal facts.

Embedded Bias and the Erosion of Equality: As LLMs are trained on vast, unfiltered datasets, they often internalize and amplify historical societal prejudices, a phenomenon documented by Benjamin (2019). Within the framework of Equality Compliance, it is no longer sufficient to monitor for direct discrimination. Institutions must adopt proactive "bias auditing" and "red teaming" protocols to detect subtle, indirect discrimination in generative outputs, ensuring that automated systems do not infringe upon equal treatment mandates, as argued by Noble (2018).

Governance of General Purpose AI (GPAI): Under the latest regulatory tiers of the EU AI Act, most advanced LLMs fall under the category of General Purpose AI. This status imposes stringent transparency obligations, including the documentation of training data and the performance of systemic risk assessments, a requirement emphasized by Wachter and Mittelstadt (2024). Compliance in this era is not a static state but a continuous process of Dynamic Supervision, where the model's behavior is constantly monitored against the institution's normative values and ethical commitments.

Ultimately, the rise of LLMs confirms the central thesis of this work: the transition from reactive law to an autonomous, technology driven compliance infrastructure is inevitable. However, this infrastructure must remain anchored in human dignity and the non negotiable principle of explainable accountability, as proposed by Pasquale (2015).

60. The Anatomy of a Compliance Crisis: Systemic Failure and Individual Negligence

When corporate scandals erupt, the central question in public and legal discourse is whether the violation is the result of isolated individual deviance or a manifestation of deeper organizational dysfunction. Analysis of compliance crises demonstrates that, in most cases, these factors operate in combination. Individual omissions are frequently enabled by systemic incentives and deficient control mechanisms. While traditional legal doctrine emphasizes individual culpability, contemporary organizational sociology highlights the concept of corporate culpability, in which organizational culture itself functions as a catalyst for wrongdoing (Laufer, 2006, p. 45). Distinguishing between systemic failure and individual negligence is therefore not merely a matter of criminal liability, but also a strategic necessity, as the effectiveness of crisis management depends on this assessment. Where organizations limit their response to the removal of responsible individuals while leaving the underlying incentive structures unchanged, recurrence of the crisis becomes highly probable.

To identify systemic failures, the Swiss Cheese Model provides a useful analytical framework, according to which major failures occur when weaknesses across multiple layers of defense align (Reason, 1990, p. 201). Within this model, individual error represents only the final stage of a longer causal chain shaped by flawed priorities and inadequate oversight transmitted from senior management. In the aftermath of scandals, organizations frequently attempt to frame violations as isolated incidents involving rogue employees in order to avoid comprehensive reforms and heightened regulatory consequences. However, scholarly literature cautions that such framing is often artificial and obscures the phenomenon of normalized deviance, in which rule violations gradually become embedded in routine practice (Vaughan, 1996, p. 62). Effective accountability therefore requires examination of the discrepancy between proclaimed leadership standards and the behaviors that are actually incentivized and rewarded.

In assessing individual misconduct, it is essential to consider the elements of the Fraud Triangle, namely pressure, opportunity, and rationalization (Cressey, 1953, p. 30). Where organizations impose performance expectations that cannot realistically be met through lawful means, responsibility shifts in part to system-level design. Systemic failure is further indicated when violations occur across multiple units or when internal lines of defense consistently fail to operate as intended. Within legal analysis, the doctrine of willful blindness serves to connect individual misconduct with organizational

responsibility by attributing liability to management for risks it consciously avoids acknowledging (Heffernan, 2011, p. 84). A compliance crisis thus emerges as a complex causal network in which individual actions constitute only the visible surface of deeper structural deficiencies.

In post-scandal contexts, transparency and candid diagnosis are indispensable to restoring credibility. Organizations must be prepared to publicly acknowledge systemic shortcomings rather than resorting to scapegoating. Recognition of systemic failure should be understood not as an admission of weakness, but as evidence of institutional resilience and learning capacity. The role of the compliance function in this process is to conduct a rigorous root-cause analysis that identifies the structural origins of misconduct. Distributing responsibility across hierarchical levels is essential to the implementation of restorative approaches to justice. Ultimately, remediation of systemic deficiencies provides the most reliable safeguard for future integrity, whereas individual sanctions alone remain a largely symptomatic response. A compliance crisis thus serves as a diagnostic mirror, reflecting the divergence between declared organizational values and operational reality. The precision with which responsibility is demarcated determines whether the organization merely survives the crisis or emerges from it strengthened and more resilient.

61. Restorative Compliance and the Ethics of Internal Investigations

In modern governance systems, responses to violations are increasingly shifting from purely retributive approaches toward restorative compliance models. The core premise of restorative compliance is that, beyond the imposition of sanctions, organizations assume active responsibility for repairing the social and ethical harm caused by misconduct. This approach acknowledges that financial penalties alone are insufficient to restore institutional reputation unless they are accompanied by credible reparative actions toward affected stakeholders (Braithwaite, 2002, p. 42). Reputational rehabilitation is a long-term strategic process grounded in three interrelated dimensions of trust, namely competence, goodwill, and integrity. In post-crisis contexts, organizations must demonstrate not only recognition of failure, but also substantive organizational change aimed at preventing recurrence (Mayer et al., 1995, p. 715).

The foundation of effective rehabilitation lies in the ethical and professional conduct of internal investigations, which function as an interface between factual clarification and legal accountability. The ethics of internal investigations require impartiality, procedural transparency, and respect for the right to defense, even within an internal organizational framework. Investigative procedures must ensure that inquiries do not devolve into accusatory or retaliatory processes, but remain focused on identifying both individual responsibility and systemic deficiencies. Empirical research indicates that employees' perceptions of procedural justice play a decisive role in sustaining organizational commitment following a scandal (Tyler, 2006, p. 178). Where principles of fairness are violated during internal investigations, restorative objectives are undermined and organizational culture may suffer lasting damage.

The integrity of evidence collection and the voluntariness of testimony are central to the legal and ethical validity of internal investigations. The application of due process principles within the corporate context also serves to mitigate subsequent labor and compensation-related litigation risks. As part of a restorative framework, organizations

should consider mediation mechanisms to facilitate reconciliation with harmed parties. Institutional apologies achieve credibility only when accompanied by concrete and measurable structural reforms, such as increased investment in compliance functions or the appointment of independent oversight mechanisms. In the rehabilitation of reputation, transparency is not discretionary, but essential to institutional survival. Attempts to conceal deficiencies during crisis management frequently result in irreversible losses of trust (Fombrun, 1996, p. 57).

Internal investigation protocols should provide effective protection for whistleblowing channels throughout the investigative process, ensuring freedom from retaliation. Ethical investigations do not merely identify wrongdoing, but also draw attention to the role of passive observers, thereby fostering a culture of shared responsibility. Within restorative compliance frameworks, organizations may also establish remedial initiatives, such as supporting social or community programs directly connected to the nature of the violation. Such measures signal to external stakeholders that the organization has exceeded minimal legal requirements and aligned its conduct with socially acceptable standards. The effectiveness of rehabilitation is ultimately reflected in the willingness of stakeholders to restore their trust in the institution.

Restorative compliance prioritizes moral self-regulation over purely punitive control mechanisms. Ethical internal investigations serve not only to clarify past misconduct, but also to establish the normative foundations for future integrity. Reputation should be understood as a dynamic outcome of sustained ethical performance, most rigorously tested in moments of crisis. In this context, the role of the compliance officer extends beyond legal investigation to include the restoration of organizational trust and cohesion. Integrating restorative principles into governance structures represents a necessary pathway toward long-term sustainability and social responsibility. Institutional rehabilitation does not conclude with the issuance of an audit report, but marks the beginning of a renewed commitment to ethical operation. Organizational resilience ultimately depends on the capacity to confront failure openly and to engage actively in meaningful repair.

62. Compliance as a Competitive Advantage: Ethical Integrity as a Market Value-Creating Factor

In the maturing phase of global markets, the sources of corporate competitiveness are shifting from purely technological or price-based advantages toward trust and reputational capital. According to the compliance-as-a-competitive-advantage paradigm, a robust ethical framework serves not only to prevent legal sanctions, but also to function as a central pillar of long-term sustainability and market differentiation. Following a serious organizational crisis, the objective of trust restoration is not merely to return to the prior status quo, but to reach a higher level of integrity that positions the organization above its competitors. From the perspective of investors, business partners, and consumers, companies that successfully navigate internal crises through ethical renewal are perceived as lower-risk and more reliable counterparts. In contemporary portfolio management, environmental, social, and governance considerations are no longer discretionary, but

constitute a prerequisite for access to capital (Eccles and Serafeim, 2013, p. 7). Ethical integrity can therefore be translated directly into financial value through reduced capital costs and enhanced shareholder value.

The value-generating capacity of a rigorous compliance system lies in its ability to reduce transaction costs and increase operational efficiency through transparent internal processes. Organizations with strong ethical foundations are more likely to attract and retain highly qualified employees, for whom workplace integrity is a decisive factor in career decisions (Trevino and Nelson, 2014, p. 32). In the post-crisis phase of strategic reconstruction, the compliance function undergoes a structural transformation, evolving from a predominantly supervisory role into that of a strategic advisor and ethical steward of innovation. Customer trust, increasingly scarce in modern markets, accrues to organizations that can demonstrate adherence to principles of acceptable conduct. Transparency and proactive ethical monitoring facilitate early identification of market irregularities, thereby protecting firms against future volatility. Within this framework, compliance is not a passive mechanism of adaptation, but an active instrument of market positioning. Organizations that voluntarily apply standards exceeding legal minimums often influence the evolution of regulatory expectations themselves (Porter and Kramer, 2006, p. 82).

The value-creating impact of an ethical framework is particularly pronounced within global value chains, where multinational partners increasingly cooperate only with suppliers that have undergone rigorous compliance verification. In this sense, compliance functions as a license to operate in highly regulated sectors. During post-crisis rehabilitation, organizations must cultivate ethical resilience, defined as the capacity to withstand external shocks without compromising moral standards. Empirical research on consumer loyalty indicates that stakeholders are more inclined to forgive transgressions committed by organizations whose ethical foundations have previously demonstrated credibility (Fombrun, 1996, p. 57). Strategic compliance management integrates legal and ethical risk assessment across all levels of corporate strategy, from product development to marketing. This holistic approach ensures conformity not only with formal legal requirements, but also with broader societal expectations. In this context, increased market valuation is not an incidental outcome, but the direct consequence of deliberate ethical design. Acceptable treatment thus becomes a normative horizon and a core element of brand identity.

In the era of digital transformation, ethical data governance and algorithmic transparency represent emerging sources of competitive advantage. The compliance-by-design approach enables accelerated market entry by addressing regulatory constraints during early stages of development. In post-crisis discourse, organizations are increasingly expected to assume thought-leadership roles in ethical governance, contributing to the shaping of industry standards. Sustainable growth depends on achieving a balance between short-term profitability and long-term ethical integrity.

The role of the compliance officer is therefore inseparably linked to strategic value creation. Accountability and transparency constitute the currency of the contemporary economy, in which the valuation of ethically reliable organizations continues to rise. As emphasized in the concluding perspective of this work, justice and profitability are not opposing forces, but mutually reinforcing dimensions of modern governance. Only organizations capable of transforming regulatory constraints into ethical excellence can achieve enduring market leadership. Compliance should thus be understood not as a barrier

to growth, but as its most stable foundation. The transition from formal equality toward acceptable treatment represents one of the most significant evolutionary processes in contemporary corporate governance. Within this framework, compliance is not merely an obligation, but a forward-looking commitment and a cornerstone of sustainable market success.

63. Concluding Theses

This book has contended that compliance can no longer be considered as an extraneous management tool or as just an enforcement tool. Rather, compliance has been transformed into a central governance rationality where modern legal systems structure responsibility and forecast risk and convert ethical expectations into institutional behavior. Equality is presented not as an isolated reactive legal constraint but as a structural, anticipatory requirement within organizational decision-making.

The initial core tenet of the book is that equality on the part of modern governance is inherently proactive. Equality is not done principally through *ex post* punishment or individual intent-based punishment but through institutional design, professional capability and the foresight of procedure. Discriminatory outcomes are coming under pressure more often from structural blind spots, automated decision making and distributed responsibility, not from an intention to be discriminatory by design. This argument requires that equality obligations be viewed as obligations of anticipation, which ask organizations to identify, assess and mitigate in advance the risks of being affected by equality problems and other problems in society, before harm occurs.

The second proposition illustrates how compliance acts as a middle ground between the law, ethics and the organizational situation. Compliance is not an additional legal discipline, nor is it detached from technology as an instrumental tool. It is a hybrid normative space where legal obligations become operationalized through internal rules, risk assessments, training mechanisms, and reporting systems. Equality operates here as a transversal principle that creates the conditions by which legality, integrity and accountability translate throughout everyday institutional practice in corporate, public, tax, criminal and administrative environments.

Third, the book proves that modern compliance regimes are historical rather than externally derived constructs. With its genealogical reproduction of Hungarian public law, whistleblowing, and disclosure obligations, it emerges from this study that contemporary integrity systems resurrect traditional moral–legal tenets that connect truth, loyalty, and public accountability. Compliance is thus not seen as an external managerial novelty but rather as the contemporary institutional articulation of an enduring governance logic based on the public law and ethical duty.

The fourth thesis is about the reordering of responsibilities of government mediated by technology. However, when algorithmic decision-making and artificial intelligence increasingly shape administrative and organizational choices, such equality risks become system-level phenomena. In that environment, accountability goes from individual decision-makers to institutional architectures. These compliance frameworks thus become constitutionally important: they are the protectors against automated efficiency compromising substantive equality, human dignity, or procedural fairness.

The fifth thesis consolidates these insights within a single normative conclusion: acceptable treatment is now recognised as the rule in law in governance. Equality is more than mere voluntary non-discrimination, it is a condition of the institution's capacity to know when it has fallen prey to vulnerability and to manage its risk, and to legitimate its differential outcome. Acceptable treatment, in other words, reflects a higher-order compliance standard that reconciles legality, social legitimacy and ethical sustainability. Together they reconceptualize compliance as a core feature of contemporary governance, rather than merely a means for managing control. They argue that the future of lawful administration, corporate responsibility and AI regulation is less about broadening prohibitions and more about building more anticipatory institutional intelligence. By that token, compliance is not the endpoint of regulation but rather its most radical mode of operation: an operating mechanism whereby law learns how to govern complexity.

The contribution of this book is in articulating this transition with conceptual clarity, historical depth, and practical relevance. Its integration of equality theory, compliance logic and governance evolution provides a coherent framework for understanding how law adapts to organizational and technological transformation. The final insight is thus not only descriptive but normative: without ensuring equality risks are anticipated, governance cannot itself be legitimate.

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