

TiGRE policy brief

# *Trust in regulatory agencies: experts and citizens perspectives*

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## /// INTRODUCTION

Regulatory agencies are public sector organisations that are in charge of implementing regulatory policies while typically enjoying some degree of formal independence from elected politicians. As the institutional hallmark of the regulatory state, they hold a central role within regulatory regimes, which comprise various institutions such as legislatures, executive bodies, regulatory intermediaries, and courts (Levi-Faur and Jordana 2004; Maggetti et al. 2022).

Trust in these agencies matters because it may serve as a substitute of control in the relationship between regulatory agencies and the regulatees, wherein more trust implies less control and vice-versa. An alternative view considers trust and control as complementary, where the two can reciprocally strengthen (or weaken) each other (Six 2013). For instance, when regulatory agencies exercise a form of control that actively involves regulatees in one way or another, control may serve to build rather than deplete trust. In such a scenario, trust in regulatory agencies is likely to increase regulatory compliance by regulatees without implying a lack of control.

In addition, citizens' trust in regulatory agencies is important because citizens are consumers of goods and services produced by regulatees. In the so-called "regulatory trust triangle" (Verhoest and Six 2017), citizens must be able to trust that the producers of goods and services are compliant with rules, standards and guidelines whose supervision is entrusted to regulatory agencies. If citizens consider regulatory agencies as untrustworthy, for instance because of a perceived lack of technical competence, they would no longer be able to assess the trustworthiness of those being regulated. Such a situation would undermine the effectiveness of the regulatory regime.

To better understand existing levels of trust in the regulatory trust triangle, this policy brief reports findings from two original surveys measuring experts' and citizens' trust in regulatory agencies. These surveys were conducted by the TiGRE project in six countries: Belgium, Denmark, Germany, Israel, Netherlands, and Norway. For those countries, this policy brief will compare experts' and citizens' trust in regulatory agencies. In addition, since the expert survey also was conducted in Poland, Spain and Switzerland, we report findings for those countries, too.

The surveys cover three policy sectors: data protection, financial services, and food safety. These sectors vary according to their focus on economic (market-oriented) and social (risk-oriented) regulation. For example, food safety is an obvious case of social regulation where the ultimate objective of regulation is to protect consumers. Likewise, data protection is primarily about social regulation. In contrast, financial services regulation is more complex, combining economic regulation (balancing competition and market stability) and social regulation (conduct of business regulation to protect customers).

The first survey is an expert survey conducted among actors populating regulatory regimes. In addition, this survey also measured the trust of regulated actors – such as businesses and their interest groups – in the regulatory regime. The survey focused on relative levels of trust in regulatory agencies compared to other actors such as ministries or courts.

The second survey measures citizens' trust in regulatory agencies in six countries in the same policy sectors. This policy brief deliberately focuses on country-level comparisons of trust in regulatory agencies, and it has the following goals:

- / To summarise original empirical findings from two surveys on experts' and citizens' trust in regulatory agencies, respectively.

- / To compare trust in regulatory agencies across countries and sectors, and to check whether these patterns differ for experts and citizens.
- / To underline the broader relevance of our empirical findings and to highlight directions for further investigation, in particular within the TiGRE project.

### /// THE EXPERT SURVEY

The expert survey was fielded as an online inquiry between December 2020 and January 2021, following a detailed mapping of relevant respondents in food safety, financial services, and data protection (for more information on the survey, see Bach et al. 2021). The survey targeted respondents working within regulatory regimes, including members of parliamentary committees and employees at ministerial departments, regulatory agencies, certification and accreditation bodies, and ombudsman or arbitration bodies. The survey also targeted respondents outside regulatory regimes, such as employees working for interest groups (including business and consumer interests) and the regulated organisations (regulatees) such as food producers, banks, and hospitals (as they are processing sensitive personal data). The total number of valid responses in all nine countries was 1443.<sup>1</sup>

### /// TRUST IN REGULATORY AGENCIES: THE EXPERTS' PERSPECTIVE

This policy brief reports findings from the expert survey on different actors' trust in regulatory agencies, making comparisons across countries and sectors. First, we address experts' trust in regulatory agencies relative to other actors within regulatory regimes. Second, we address different dimensions of trust in regulatory agencies.

<sup>1</sup> In several instances, contact persons distributed survey invitations to multiple respondents in their organisations. This poses challenges for calculating the exact response rate for the survey. A conservative measurement, which likely underestimates the true response rate, suggests that on average 19% of the respondents in the nine countries answered the survey. This must be considered a good result, not least in light of the challenges related to the COVID-19 pandemic throughout Europe at that time.

### // Higher trust in regulatory agencies than in other actors

Our data on respondents' relative trust in regulatory agencies is based on a battery of questions where respondents were asked the following: "Think of your experience in your organisation. How much trust do you have in each of the following institutions?" Subsequently, respondents were presented with a list of several institutions, and were asked to score them on a scale ranging from '0' to '10', where '0' is no trust at all and '10' is complete trust.

The list of institutions included the following: national agency(ies), European Union (EU) level body(ies), ministry(ies), politicians in national parliament, certification and accreditation bodies, and courts. For all types of institutions, except for courts, a sector-specific piece of information was included, for instance "national agency(ies) *regulating the financial sector*".

Figure 1 below depicts the mean values for trust in regulatory agencies by country, including all countries investigated in the expert survey. The countries which are not included in the citizen survey are depicted with hatched bars. Figure 1 combines answers from respondents in all three sectors. It compares trust in regulatory agencies with a 'general trust score', which is the average of the means for all actor types (regulatory agencies, EU regulatory bodies, parliament, ministries, certification and accreditation bodies, and courts). In this way, the general trust score weighs scores for all actors equally, which reduces the effect of extreme values for single actors.

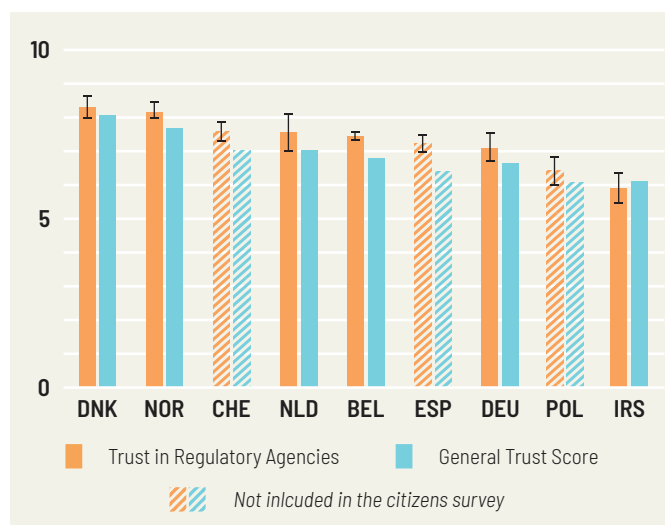


Figure 1: Experts' trust in regulatory agencies by country (means, N=29-177, N=29-199 (including CHE, POL, ESP))

The following key findings emerge from this cross-country comparison:

- / First, in almost all countries, respondents reported higher levels of trust in regulatory agencies than for other actors within regulatory regimes. The only exception is Israel, where respondents on average reported relatively lower levels of trust in regulatory agencies
- / Second, there is some variation in the differences between trust in regulatory agencies and other actors in regulatory regimes. For instance, in Spain, the average trust in regulatory agencies is approximately 0.8 points larger compared to other actors in regulatory regimes on a 0-10 scale, whereas, the difference between the general trust score and trust in regulatory agencies was much smaller in Denmark (approximately 0.2 points on a 0-10 scale).
- / Third, there are clear country differences as to trust in actors within regulatory regimes in general, and regulatory agencies in particular. In our sample, the Scandinavian countries of Denmark and Norway stand out as having the highest trust means. Switzerland, Netherlands, Belgium, Spain and Germany are in a middle position, and respondents in Poland and Israel report the lowest levels of trust in our sample.

## // Sector matters little for trust in regulatory agencies

In addition to country differences regarding trust in regulatory agencies, we also analysed differences across sectors. According to the comparative literature on regulatory governance and public administration, sectoral differences are often more pronounced than cross-country differences (Bach et al. 2020). However, this expectation about pronounced sectoral differences is not supported by the findings from the TiGRE expert survey.

As can be gleaned from Figure 2, there are no substantive differences as to respondents' levels of trust in regulatory agencies in different sectors. If anything, respondents in food safety report slightly higher levels of trust in regulatory agencies than respondents in finance and data protection. Again, it is important to highlight that respondents only answered with reference to their sector of employment (or, in the case of members of parliament, the standing committee they are members of).

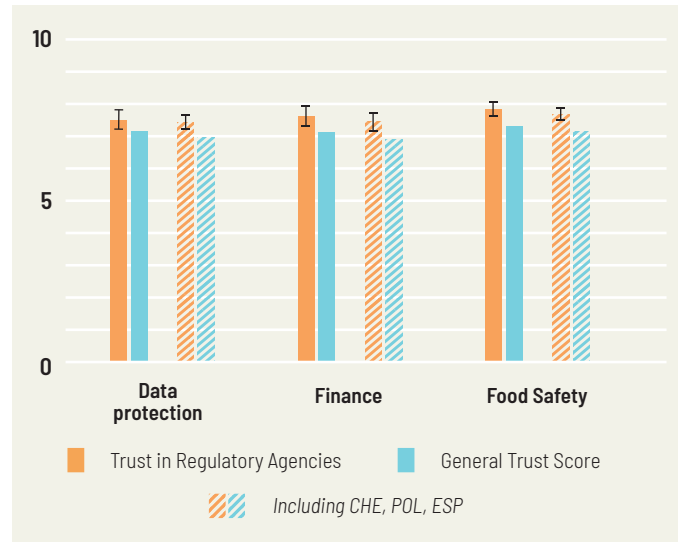


Figure 2: Experts' trust in regulatory agencies by sector (means, N=166-291, N=239-428 (including CHE, POL, ESP))

## /// TRUST IN REGULATORY AGENCIES: THE CITIZENS' PERSPECTIVE

Citizen trust is vital to make regulatory agencies effective. Trust in regulatory agencies is required for citizens to follow up on their recommendations and warnings, and, consequently, for enhancing compliance by the regulatees (Walls et al. 2004). Hence, citizen trust in regulatory agencies is crucial to sustain the effectiveness of regulatory agencies that, to a large extent, depend on voluntary compliance by the regulatees (Murphy et al. 2009).

The citizen survey was fielded as an online inquiry between June and July 2021. The survey targeted a representative sample of citizens in six countries: Belgium, Denmark, Germany, Israel, the Netherlands, and Norway. Citizens were recruited by the survey company Kantar. The total number of valid responses in all six countries was 5765.

Citizen trust in government was measured based on a simplified trust scale developed by Grimmelikhuijsen and Knies (2017). The trust scale ran from 1 (totally disagree (no trust)) to 7 (totally agree (great deal of trust)). Figure 3 shows the mean level of citizen trust in regulatory agencies in the three sectors: finance, data protection and food safety. In general, citizens seem to hold their regulatory agencies in rather high regard: in none of the countries does the trust fall below the neutral midpoint of 4.0. There is some variation in the overall trust scores, although they are not markedly different across countries.

The regulatory agencies in the Netherlands enjoy the most citizen trust (5.29), together with their counterparts in Norway (5.17). The regulatory agencies in Israel are the least trusted from these six countries (4.38), although even here it must be emphasized that the mean trust score does not fall below 4.0, the neutral midpoint of the scale. Belgium, Germany and Denmark fall somewhere in between and enjoy moderate levels of trust from their citizens.

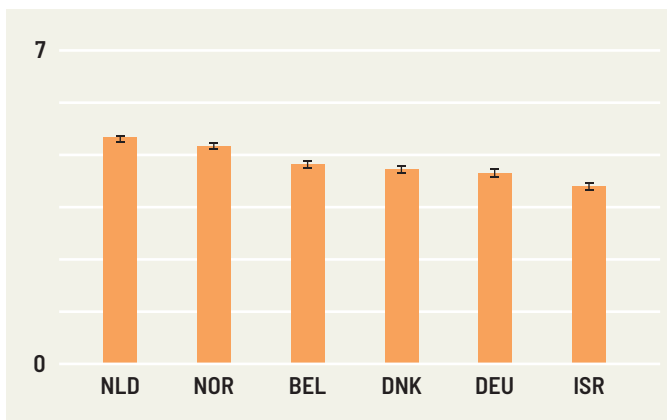


Figure 3: Citizens' trust in regulatory agencies per country (means, N = 5765)

Figure 4 compares the average trust scores per sector. Data protection regulators have the highest trust (4.95), and financial regulators the lowest (4.71). However, the most remarkable finding is that there are barely any differences between the sectors. Citizens hardly seem to differentiate between each type of regulatory agency: they all receive similar trust scores.

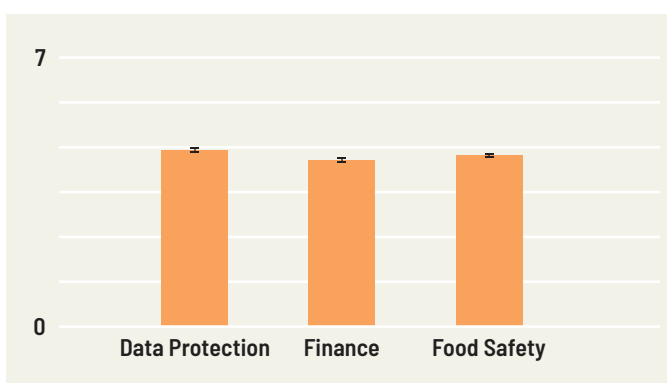


Figure 4: Citizens' trust in regulatory agencies per sector (means, N = 5765)

### /// COMPARING EXPERT AND CITIZEN PERSPECTIVES ON REGULATORY AGENCIES

We now compare the results of the expert and citizen surveys. While a few methodological issues should make us cautious in making direct comparisons, it is still possible to compare the overall conclusions of each survey.<sup>2</sup>

#### // Experts and citizens perceive regulatory agencies as trustworthy

A general message is that, overall, both experts and citizens tend to perceive regulatory agencies as trustworthy. For instance, experts trusted regulatory agencies more than other actors in their sector (e.g. ministries, regulatees etc.) and citizens in all countries gave trust scores well above the neutral midpoint of the 7-point scale. This finding stands in contrast with the common assumption that there is a crisis of trust in public authorities. However, based on the results of our surveys, we cannot provide an explanation for this puzzling finding. A speculative answer may be that regulatory agencies are perceived in a different light than other government and political actors, because of their relative independence.

#### // Sectoral differences in citizen and expert trust are very minor

Regulatory regimes can be highly different across sectors in terms of rules, powers, stakeholders and trust dynamics. Remarkably, we find that these contextual differences do not play out in variations in trust between sectors. When we look at the relative scores, experts do provide slightly higher ratings for the food regulator, while citizens do so for the data protection regulator. However, these differences are relatively minor and the

<sup>2</sup> The first issue that makes a direct comparison difficult is the use of different scale ranges. The expert survey used a 11-point scale (0-10) while the citizen survey employed a 7-point Likert scale, which means that the absolute numbers are not comparable across surveys. That said, comparisons are possible regarding the relative position of countries and sectors within each survey. A second noteworthy issue is that the experts were only asked to rate their own sector and citizens were asked to rate all three sectors in one survey. This may have led to different trust judgements. At the same time, the order of sectors was randomized to prevent order effects. While a one-on-one comparison of the absolute numbers is not possible, we can draw some general comparisons based on the conclusions of each survey.

main takeaway is that the similarities are much more pronounced than the differences in trust.

## // Citizens and experts rank countries similarly

Based on the findings we can identify a group of high-trust countries. As expected, the Nordic countries have relatively high trust (Denmark, Norway) compared to others. At the other end of the continuum Israeli experts and citizens have the lowest level of trust in their regulatory agencies. Countries on mainland Europe fall somewhere in between (Belgium, Germany, the Netherlands). When we compare experts and citizens ratings, we find similar relative rankings.

One remarkable difference is that citizens in the Netherlands trust their regulators the most, more so than in any of the other countries, while the expert survey ranks the Dutch regulators somewhat more in the middle category. The opposite applies to trust in the Danish regulatory agencies: citizens rank them somewhere in the middle while Danish experts trust them the most of all countries.

## /// CONCLUSION AND NEXT STEPS

This policy brief provided a summary of original empirical findings from two surveys on experts' and citizens' trust in regulatory agencies, it compared trust in regulatory agencies across countries and sectors, and it discussed differences and similarities with respect to trust patterns for experts and citizens. In this conclusion, we highlight possible implications and next steps for further investigations within the TiGRE project.

*First, citizen and expert trust in regulatory agencies is relatively high and it is crucial to cherish and nurture current levels of trust.* While our surveys generally do not point to excessively high or low trust, we need to be wary not to 'overtrust' regulatory agencies as some level of critical vigilance is necessary to keep them in check.

*Second, a related implication is that the relative high levels of trust are seemingly at odds with reports of low or declining trust in experts and public authority.* This makes regulatory agencies somewhat 'special'. In the TiGRE project we will investigate a broad range of factors that may affect trust dynamics both of regime actors and of citizens.

*Third, in the introduction we highlighted that in the relationship between regulatory agencies and regulatees, trust in regulatory agencies is important to increase their effectiveness.* With low levels of trust, it is harder to exercise control and achieve compliance amongst regulatees (Six 2013). Citizens should be able to trust that the producers of goods and services are in line with rules and standards (Verhoest and Six 2017) and we found that indeed both citizens and experts tend to trust regulatory agencies. Within the TiGRE project, we will further investigate to what extent this indeed results in a 'virtuous cycle' of effective and legitimate regulatory regimes.

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