

**ON RIGHTSIZING REGULATIONS TO FOSTER KNOWLEDGE AND INNOVATION
FOR BUSINESS PERFORMANCE: PERSPECTIVES FROM ELITE EXECUTIVES**

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Abstract

This study explores the relationship between regulations, knowledge, innovation, and business performance. Elite executives' insights, gathered through qualitative interviews, reveal the impact of regulations on business performance. Grounded theory and coding analysis applied to the data produced frameworks that capture private sector knowledge on right-sizing regulations for innovation and entrepreneurialism. The government's role as an impartial umpire, ensuring a conducive business environment without picking winners and losers, was emphasized by the executives. Vetting regulations to avoid unintended consequences is viewed as vital. This research contributes guiding principles and practical implications; collectively, we term Systemic Entrepreneurialism for policymakers, scholars, and elite executives, central figures in driving innovation and entrepreneurialism within the dynamic business environment.

Keywords

Systemic Entrepreneurialism, Regulations, Knowledge, Innovation, Business Performance, Elite Executives, Grounded Theory, Policy Implications,

Synopsis

Purpose of the Paper

Despite the impact of regulations on business performance, research on the view of business executives on this problem is sparse. This study's purpose is to build theory and practice on the impact of regulations on business performance, based on interviews with elite executives, to develop an enhanced view of right-sized regulations for a healthy business environment. Regulations for this study include Tax, Regulation, Assessments, Adjustment Mechanisms, Intervention, Inflation, Legal, and Subsidies (**TRAILS**). To our knowledge, this is one of the first studies—if not the first—that rigorously analyzes interviews with top executives across industries on how regulations affect business performance and the types of regulations that contribute to a healthy business environment.

We use grounded theory from elite interviews to develop new theoretical frameworks and practical applications. We used existing interdisciplinary literature on the topic to inform the interviews and to develop a theoretical framework. The study aims to reduce the extreme epistemic polarity of the TRAILS phenomena by bringing reason, reality, and logic to the debate.

Problem of Practice

Regulations tend to build on each other over time; there are increasing concerns that there is a state of over-regulation, which can be detrimental to a healthy business environment. The corresponding TRAILS can result in regulatory capture, leading to an administrative state that consumes the productive side of the economy. Hayek (1960) portended that the confluence elucidated in the above origins of contemporary regulatory policies would damage business growth. Despite numerous signals of the economic and societal perils of Hayek's prediction,

there is a paucity of research from the perspectives of business executives who have first-hand knowledge of how regulations impact business performance.

Interview Summary

17 elite executives were interviewed, averaging 38 years of experience. The output was 2,000 pages of transcripts, which were coded in 6 cycles and analyzed using grounded theory.

Results

We adapted the ABBO model from the organizational literature (Edmonson, 1999) to conceptualize the impact of regulations on business performance. The framework comprises:

- Antecedents (the philosophical underpinnings of the business environment),
- Beliefs (TRAILS)
- Behaviors (guided by incentives from TRAILS).
- Outcomes (business performance and measures)

The coding and analysis of the interviews with elite executives reveal the need for *systemic entrepreneurialism* for a healthy business environment. This term encapsulates an environment that remains impartial in regulations, allowing entrepreneurs to engage in fair competition and make decisions without undue regulatory constraints.

A comprehensive decision matrix was devised for the entrepreneur and policy maker to navigate the right-sizing of TRAILS, distinguishing between positive TRAILS (leading to right-sizing) and adverse TRAILS (resulting in wrong-sizing). Six guiding principles from the analysis of the interviews were developed: the significance of knowledge creation, awareness of

unintended consequences, policy makers' ignorance, the primacy of market forces, the repercussions of regulatory inaction, and intervention in private sector dynamics.

Based on the above, four overarching propositions were formulated:

- 1) The necessity to consider incentives and business performance outcomes in order to right-size TRAILS.
- 2) The importance of addressing unintended consequences from TRAILS.
- 3) The recognition that unintended consequences can stifle knowledge and innovation.
- 4) The potential knowledge destruction of governmental inaction.

All of this led to four emergent practical recommendations for systemic entrepreneurialism:

1. The establishment of polycentric communities for industries to right-size TRAILS.
2. Eliminating any government intervention to pick winners and losers.
3. Privatizing all noncore governmental business interests.
4. Alignment of monetary TRAILS to ensure the effectiveness of fiscal TRAILS.

Conclusion

The study's findings underscore the detrimental impact of regulations' adverse unintended consequences, market intervention, and governmental inaction on the contemporary regulatory environment, which can gradually erode knowledge and foster an unhealthy business climate. The solution proposed is systemic entrepreneurialism, wherein individuals operate freely within open markets while the government assumes an impartial umpire role.

Essential tools were developed to implement systemic entrepreneurialism including a framework to right-size TRAILS (i.e., Decision Matrix), along with guiding principles and propositions to operationalize this solution. The recommendations align with the egalitarian

principles and entrepreneurial ethos emphasized by the elite executives, mitigating the adverse effects of regulatory overreach.

Practical Relevance

The practical implications of the study's findings are profound, signaling an urgent need for action to address the shortcomings of the contemporary regulatory environment. By recognizing the detrimental effects of adverse unintended consequences, market intervention, and governmental inaction, businesses and policymakers can prioritize initiatives to foster a healthier business climate.

Implementing systemic entrepreneurialism promotes economic growth and innovation and ensures equitable opportunities for businesses and individuals. The study provides a roadmap for policymakers and businesses to chart a path toward a regulatory environment conducive to sustainable growth and prosperity. Business executives have an important leadership role to play to participate and affect the change.

I. Research Design and Methods

Research Question

The research question is: *How can TRAILS be right-sized to create a healthy business environment?*

Method and Design

We performed an empirical qualitative study with elite intensive interviews of executives, using an open-ended questionnaire, analyzed using primarily grounded theory to understand executives' perspectives on right-sized and wrong-sized regulations for business performance. We analyzed the data inductively, deductively, and abductively relative to existing theory and

used the theoretical lenses described above as starting points to assess the phenomena and reconcile connections and disconnections with existing scholarly work (Creswell & Creswell, 2017). As a result, the study led to a real-world but theoretically sound framework to right-size TRAILS towards a favorable business environment. Additional details regarding method and research instrument, and line-by-line coding are in Appendix A, B, and C, respectively.

Data Collection, Sample, and Analysis

The sample represented 600 years of relevant experience, an average of 38 years per executive, over \$4 trillion in industry assets, and 91% of all industries (see Table 1).

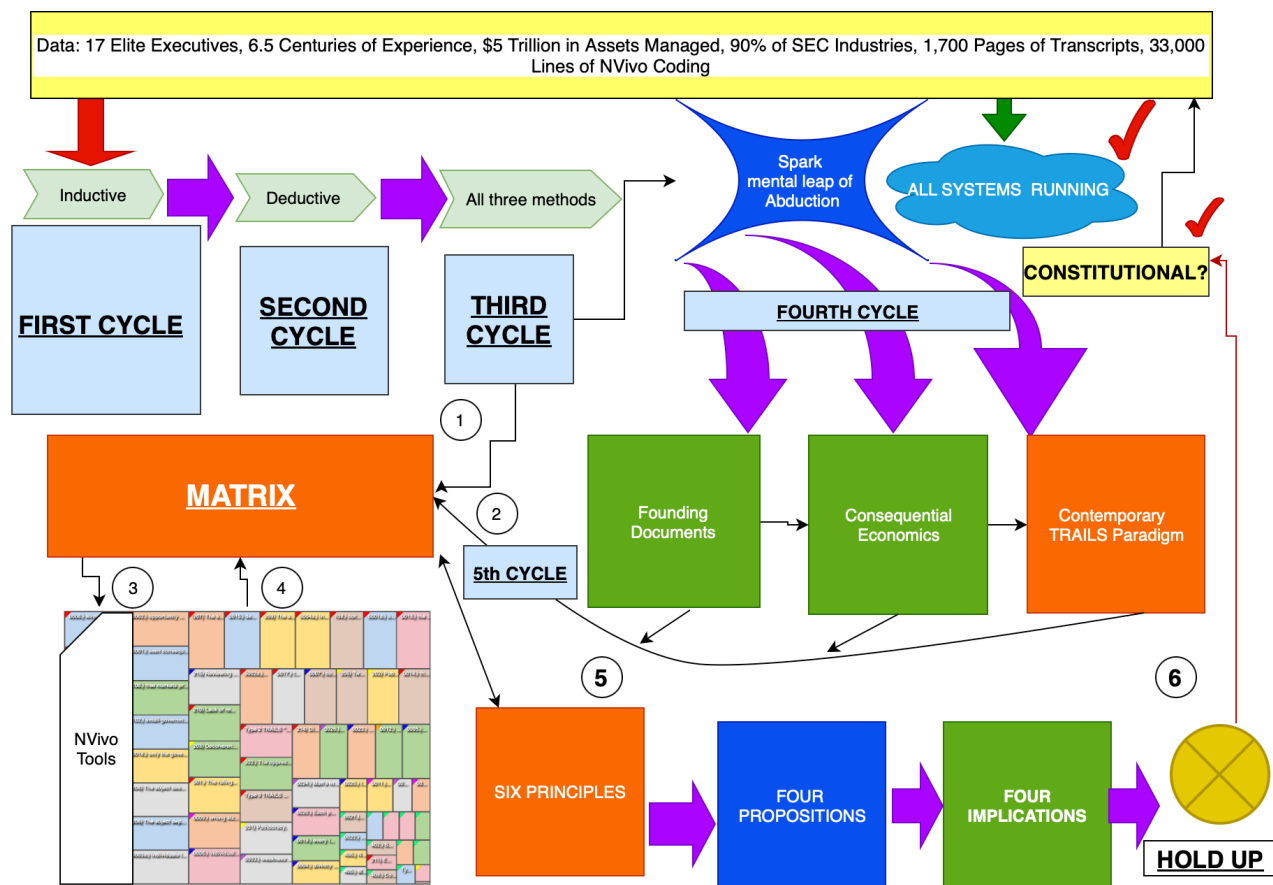
Table 1. Descriptive Statistics of Interviewees

<i>Details of Elite Executives Interviewed</i>	
<i>Category</i>	<i>Total</i>
Number of elite interviews	17
Collective years worked	Approx. 650
Collective Market Cap	\$ 4 Trillion
Average Age	52
Ave different industries	6
Ave number of degrees	2
VP or higher	All
Industries represented (SEC - SIC codes A - K eleven)	Ten
<i>Companies represented:</i>	
AARAMCO, Activision, Blizzard, CBRE, Charles Schwab, Comcast, Disney, Drexel Burnham Lambert, Ernst & Young, First American Financial, Fortis, FUTU, Goldman Sachs, JLL, Keck Medical, Koll, Kenneth Leventhal, Lehman Brothers, NBC MCA INC., Nestle, UCLA Medical Center, MGM, Mills Corp, Price Waterhouse, Sheppard Mullin, Six Flags, Technicolor, Trammelcrow, Universal Music, Universal Filmed Entertainment, Universal Studios, WWE Zurich. Smaller public and private companies is the pharmaceutical, gaming, gambling, on-line retail, FINRA compliance, health care, real estate, bricks and mortar retail, data centers, broker dealer, private equity and angel equity companies.	

This study employed empirics methodology as foundational and incorporated the appealing grounded insights of an interpretivist where appropriate. The deduction portions of the research sought to find support for existing or new theories. Abduction portions of the research

were performed on inductive and deductive outcomes using imaginative interpretation, the reasoning for mental leaps of cognitive logic of discovery, yet still consistent with fealty to the inductive and deductive portions of the research. The elite intensive interview process yielded over 60 hours of data that were recorded and transcribed into 2,000 pages, six coding cycles, and 33,000 lines of coding (see Figure 1).

Figure 1. Process and Coding Flow



II. Practical Problem

Regulations in business are meant to level the playing field to enable fair and free competition and to deter behavior by institutional people and organizations that give them an unfair advantage. Because regulations tend to build on each other over time, there are increasing

concerns that there is a state of over-regulation in the U.S. and in other countries, which can be detrimental rather than beneficial for a healthy business environment. There are tangible ways in which an over-regulated environment can lead to lower business performance, consuming up to 50% of company profits, and a continuous outsize priority for CEO attention and time, ultimately impairing the economy's growth engine by constriction of knowledge, entrepreneurialism, and innovation (Musters et al., 2013). In this study, we contribute to the endeavor of understanding the impact of regulations on business performance and creating knowledge that enables the right regulations for a healthy business environment.

Despite numerous signals of the perils of over-regulation, there is a paucity of research that gathers the perspectives of business executives who have first-hand knowledge of how regulations impact business performance. We were able to get access to elite executives to assess their perspectives on what constitutes the right set of regulations that favor business performance, and we used rigorous qualitative methods to analyze their testimonials. To our knowledge, this is one of the first studies—if not the first—that rigorously analyzes interviews with top executives across industries in the U.S. to get their perspectives on how regulations affect business performance and on the types of regulations that contribute to a healthier business environment.

In this study, any governmentally imposed friction costs on business are considered part of the regulatory phenomena to be examined (Reisman, 1979), and as such, our working definition of regulations includes Tax, Regulation, Assessments, Adjustment Mechanisms, Intervention, Inflation, Legal, and Subsidies (**TRAILS**). To avoid the fallacy of composition, the totality of the TRAILS ecosystem was examined. Right-sized TRAILS are defined as those that

create a healthy environment for business performance. Wrong-sized TRAILS make the business environment less healthy.

The Consequences of Over-regulation. Wrong-sized regulations can result in government regulatory capture by influential large businesses due to disproportional costs on small and medium-sized enterprises (SMEs), which often go out of business or are acquired due to excessive regulatory burden and remove the entrepreneurial zeal out of remaining corporate managers (Stigler, 1971).

Three Noble Prized theories are puzzled along with heavy-weight microeconomists to crystalize the contemporary phenomena on this topic. Stigler (1971) won a Nobel Prize for his theory that regulations can cause oligarchical intertwinements, known as regulatory capture. Because the U.S. and individualism are the greatest economic and civil wealth generators of all other constructs combined, Hayek (1960) warned it would be a slow collectivist takeover, taking decades. It would be barely noticeable until too late. Specifically, Hayek warned that the administrative state would result from a long, slow process of progressive regulations that impairs knowledge acquisition and innovation, transforming liberal societies into totalitarian societies that damage economic growth.

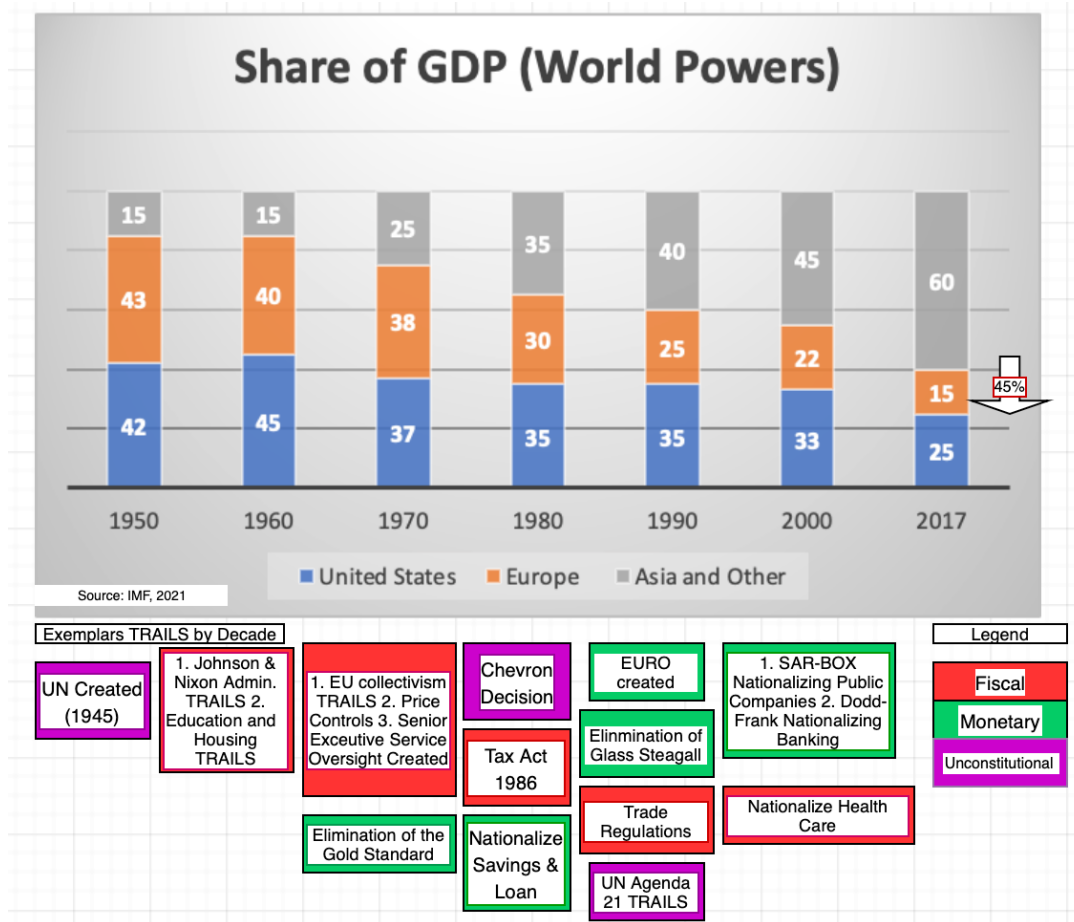
Buchanan (1969) won a Nobel Prize for his theory that most government individuals have no interest in a healthy business environment. Buchanan and Tullock (1962) used methodological individualism to propose the Public Choice Theory, which explains the roots of much of today's TRAILS policy environment. Methodological individualism is the theory that it is human nature for individuals to act in self-interest for financial, psychological, social, and temporal reasons (Buchanan, 1969). Further, using government financing vehicles is a way to

conceal and push off to future generations their despoilments government rent-seeking (Buchanan & Musgrave, 1999).

While many of the adverse consequences of overregulation are unseen (opportunity cost and knowledge impairment), some are seen at the macroeconomic level via impaired and regressive growth rates because it affects the entrepreneurial force of an economy. 85% of all inventions are due to knowledge creation, and only 15% are due to capital and labor (Eesley & Miller, 2017). American entrepreneurialism has created the most innovation over the last 200 years, and the U.S. is best at diffusing innovation (Bailey & Tupy, 2020). Administrativism is an anti-entrepreneurial business environment in which TRAILS are used to attempt to replace knowledge, innovation, and private property, and is reflected in slowing or negative Gross National Product (GDP) growth rates.

Is the U.S. Business Environment Over-regulated? Since 1960, U.S. TRAILS have increased by 900%, and government costs have increased from 12% of annual GDP to 57% (Macro Trends, 2021; Federal Registry, 2020). Per the government's Beige Book statistics (2021), the GDP growth rate has declined from 4.8% in 1960 to 2.47% in 2020. Had GDP been calculated consistently since 1960, the growth rate from 1990 to 2020 would have gone from 2.47% to zero, implying a cumulative adverse unseen differential of \$571 trillion in GDP (Williams, 2021), representing a 58% decline in the standard of living. Figure 2 indicates that the U.S. global share of per capita GDP has decreased by 45% since 1960. There seems to be a correlation between the increase in TRAILS and the flatlining and decrease in U.S. GDP. International GDP growth is down by 25% since 2000 as there is less innovation to diffuse (Macrotrends, 2021; Bailey & Tupy, 2020).

Figure 2. Decline of the United States Share of Global GDP



There is a scarcity of research that captures real-world input from business executives. This scarcity is likely due to macroeconomics' misuse as prescriptive. Further, access to executives' trust is rare. Finally, most researchers are not on a peer level with executives. Thus, robust analysis is not possible. Nevertheless, understanding the impact of TRAILS on incentives and behaviors and how they lead to business outcomes by getting input from business executives is essential. In essence, as victims and beneficiaries of the incentives, behaviors, and outcomes that follow from TRAILS, business executives' perspective is critical. Further, executives can also provide substance to the concept formulation of TRAILS philosophy and beliefs. In

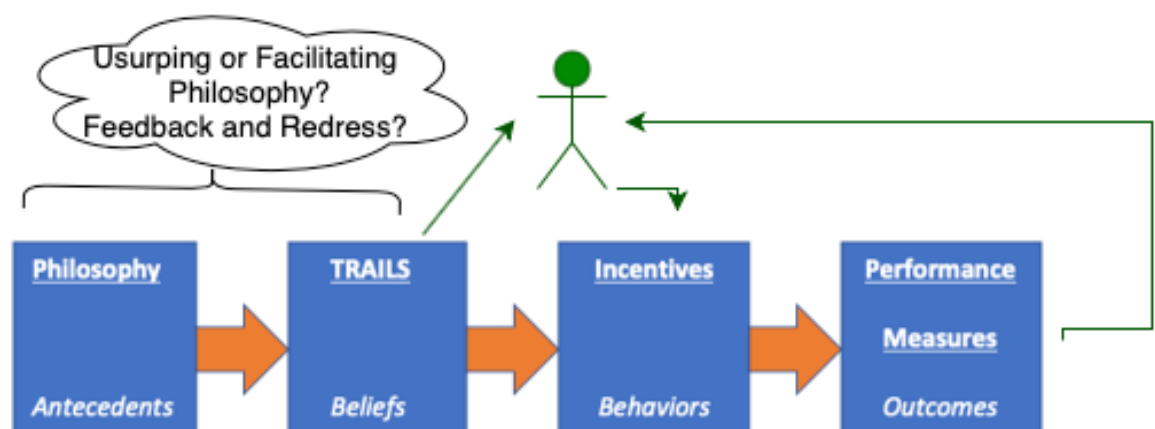
particular, understanding their perspective and the incentives under which they operate can help understand the impact of TRAILS on business performance.

III. Foundational Theory on the Business Impact of TRAILS

Theoretical Framework

A theoretical structure of ‘Antecedents to Beliefs to Behaviors to Outcomes’ (ABBO model) was adapted from Edmonson (1999) and is the framing for this research (see Figure 3). The framework starts by considering the philosophical antecedent of government contained in the Constitution, or individualism. Then, beliefs driven by the philosophical antecedent by regulators lead to the development of TRAILS. TRAILS-induced incentives lead to behavior at the firm level and at the individual (i.e., entrepreneurial) level. The firm or individual interprets, evaluates, and internalizes TRAILS, motivating intentional behavior that affects business performance. The change from that calculus manifests itself in performance outcomes and performance measures.

Figure 3. Theoretical, Qualitative Structure for the TRAILS Ecosystem



At the A (Antecedents-Philosophy), B (Beliefs-TRAILS), and C (Behaviors-Incentives) levels, there are two philosophically extreme positions that are rooted in either individualism or collectivism and then there are philosophical stances in between. Often not explicit in existing research is the function incentives have on behaviors and, thus, outcomes, although it is omnipresent in some form, so we find this framework appropriate to conceptualize the impact of TRAILS on business outcomes.

The ABBO model is not static. There is dynamism in business that occurs over time-based on new TRAILS and as political parties win and lose elections. Antecedents or the philosophy of government can change with a new administration and or personnel. For individualism, improved performance outcomes are for the business entity and individuals. For collectivism, enhanced performance is represented by more equal outcomes for individuals, and improvement of outcomes for individuals or specific businesses is secondary (Hayek, 1943, 1960; Marx & Engels, 1848; (Marx,1907; Roth, 2010; Schumpeter, 1939). Firms continually evaluate TRAILS, changing and refining their beliefs and behaviors based on observed outcomes. Exogenous and endogenous factors are put into the calculus of prior antecedents, if applicable, and beliefs (intrinsic and extrinsic) are adjusted before determining adjustments to behaviors (incentives) to improve business outcomes.

The goal of right-sizing: Systemic Entrepreneurialism

Right-sized TRAILS create a healthy environment for business performance in part by promoting entrepreneurialism, a construct we term *systemic entrepreneurialism*. Right-sized TRAILS are developed based on the immediate and the more prolonged effects of any act, and by tracing the consequences for not only one group but all groups (Sowell, 2012). Therefore, in terms of the process of developing the right-sized TRAILS, it follows logically that potential

TRAILS should be judged against that benchmark of doing nothing as a credible alternative, and all alternative TRAILS should be examined against each other. All determinations should be conducted with real-world data from those with skin in the game. Right-sizing TRAILS is ultimately an ordinal process with trade-offs to be considered.

Innovations are fundamental and required for a business to stay in business (Schumpeter, 1939). The goal of right-sizing is to allow the entrepreneurial inventor and managerial innovator to optimize their knowledge for trade-offs, options, choices, and preferences (Schumpeter, 1939). A healthy business environment is neutral, allowing the entrepreneur to make selections free of constricting regulation within certain rules of fair and free competition (Ebeling, 1993). Within those rules, the freer the business system, the better the environment for critical and entrepreneurial thinking or explicit knowledge.

Innovation emerges from the optionality of making asymmetrical, usually decentralized, investments that allow individuals within firms to ideate through trial and error, risk and reward of creativity, and search for new innovative spaces (Taleb, 2012). Even on a large scale, seemingly teleological projects are an aggregation of innovative discoveries and choices.

Different entrepreneurial skills are necessary to bring innovation to market, including marketing, financing, selling, production, and compliance. A captain of entrepreneurial skill is required to profitably oversee the entirety of the entrepreneurial process (Schumpeter, 1939 & 1942). Thus, the indeterminate process engages virtuous knowledge, discovery and retention cycles, and entrepreneurial activity (Schumpeter, 1939 & 1942). Any regulation that unnecessarily and artificially impacts the free and neutral competitive environment or access to

market feedback will tend to weaken the entrepreneur's reasoning, knowledge, and logic, leading to what we refer to as an unhealthy business environment.

Thus, the systemic foundation of a healthy environment is the entrepreneur and free, regulatory-neutral, fair market competition that allows for the innovative growth curve of the business cycle of continuous innovation and creative destruction (Schumpeter, 1939). On the contrary, wrong-sized TRAILS flatten, straighten, or retard figuratively the innovation growth curve, and at an extreme, it causes economies to become stagnant, constricted, and collapsed (Schumpeter, 1939; Hayek, 1943 & 1960)

The Knowledge Problem for Entrepreneurs and Executives

Executives have superior industry and decentralized asymmetrical knowledge and adjust to new knowledge in real-time, which begets more knowledge. This market adjustment mechanism is known as mistake management of individualism, also known as consequential knowledge. Further, the executive is impacted by incentives and disincentives to competition and entrepreneurial innovation to maximize utility. Unfortunately, the government lacks this motivation and accountability, so it is essential and primary to understand the perspective of executives on the impact of TRAILS on business performance.

Private industry information is imperfect because the essential knowledge resides with the future market. The concept comes from Hayek's (1945) knowledge problem of the market's unknowable unknowns. First, to assume such knowledge is acquirable in advance violates scientific rules of temporal and bivalence and is nonsensical (Hayek, 1945). Second, while knowledge is incomplete, the private industry has superior industry knowledge. Third, and most importantly, asymmetrical knowledge is achieved by decentralized learning and distributed market experimentation (asymmetrical antifragile bets). Those progressions lead to more

information to enhance existing knowledge for the business individual (Taleb, 2012).

Governments lack distributed industry and market knowledge and use statistical aggregates, which are descriptive, not prescriptive (Hayek, 1960). Therefore, regulators and politicians have obstacles that decrease their ability, along with a lack of accountability, to develop right-sized TRAILS independently.

IV. Findings

Structure of Presentation of Empirical Findings

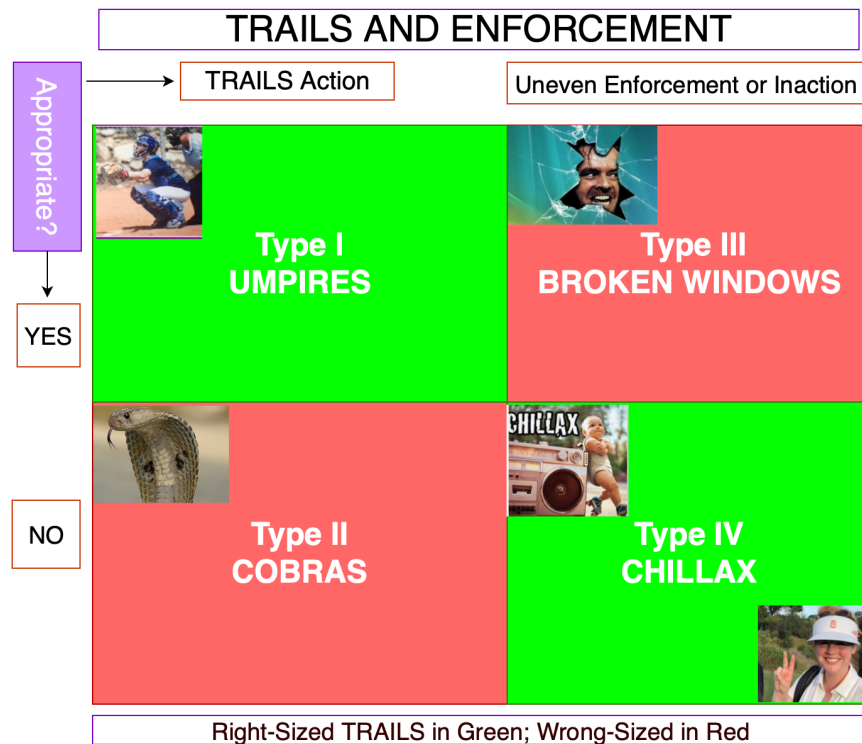
As is typical in grounded theory, data are interpreted into a theory that makes the information cognitively capturable to be understood and remembered, despite it being a complex matter. The preliminary findings are more meaningful by developing a theory to capture meaning. The theory also enables the interpretation of diverse and complex facts to validate the observations and abstractions and understand and interpret the reality of the phenomena.

Empirical Findings

The data was taken in from the executives observed through patterns, correlations, and weighting on the impact of TRAILS on business performance. Two types of right-sized TRAILS emerged: 1) when it is appropriate for TRAILS to be enacted and enforced, and 2) when it is not appropriate for the government to intervene, and they don't. Two ways in which TRAILS harm the business environment are 1) TRAILS that harm knowledge creation or overregulation and 2) intervention via financial stimulus or not enforcing right-sized TRAILS. Emerging from the data is that wrong-sized TRAILS are created when right-sized TRAILS are not enforced because only the government can legally provide enforcement of TRAILS. From these insights, a 2x2 decision

dilemma matrix emerged. Detailed exemplars for the matrix are classified into each of the four categories, which can be seen in more detail in Figure 4.

Figure 4. The Impact of TRAILS Action, Inaction, and Uneven Action on Performance



The four categories are:

- 1) Umpire, Type 1 TRAILS: Facilitates commerce with the government as an arbiter.
- 2) Cobra, Type 2 TRAILS: Inappropriate regulation. TRAILS of good intentions disrupt or influence markets adversely with unintended consequences that may (seen) or may not be identified (unseen).
- 3) Broken Windows, Type 3 TRAILS: Government stimulus and intervention, or government not performing TRAILS enforcement role. The consequences are adverse and unseen opportunity costs to the business environment.
- 4) Chillax, Type 4 TRAILS: The regulator is a fan in the stands, not a player or arbiter.

Type 1 Umpire Effects

Type 1 TRAILS are beneficial to the business environment. Type 1 recognizes the government's role in business performance. The executives could speak about any TRAILS they wanted. However, only during 11.5% of the aggregated interview time did they talk about right-sized TRAILS, suggesting that the TRAILS that business executives see as valuable to their firms are a small percentage of the existing regulations. Sowell (2012) contends 90% of TRAILS are wrong-sized. If 90% of businesses fail, the rate for TRAILS is in line with initial commercial endeavors (Lee, 2013). The difference is when the government fails, the TRAILS continue. Nevertheless, most executives suggested that some regulations are necessary.

Regarding Type 1 TRAILS, where the government acts as an umpire, a commercial property executive noted a Type 1 regulation that requires proceeds from a sales transaction held in escrow by the government until all conditions of the sale are met. This intermediary role facilitates and assures the propriety of transactions. A Spirits executive pointed to regulations about the drinking age, and a medical doctor noted the licensing of medical doctors: “The minimum drinking age is an example of good regulations” and “the licensing of doctors keeps the public safe.”

Most of the right-sized TRAILS mentioned in the interviews revolved around one of six principles derived from high-level coding and analysis of the interviews. These principles are described next:

Principle 1: The Knowledge Creation Principle. Develop TRAILS that allow dilemma decisions to be made that maximize knowledge creation, leading to value creation. This was mentioned on average 3.46 times across 17 interviews.

Type 2 Cobra Effects

Many wrong-sized TRAILS mentioned in the interviews were characterized as having unintentional effects, leading to wrong-sized regulations. This category of TRAILS was named based on a story of Indian regulations. The Indian government's concern over venomous cobras resulted in rewards for each dead cobra. Breeders in India began to breed cobras, kill them, and collect the reward. In response, the government used more TRAILS to end the fee for dead cobras. The breeders, with worthless venomous cobras, set them free. The TRAILS solutions made the cobra problem far worse. Some effects of TRAILS are not predictable, and thus, real outcomes are often unintended at some level. This phenomenon exists because it is uncertain how individuals and the market, in aggregate, will react to the new TRAILS, calculate the incentives, and create new knowledge to achieve desired outcomes. This leads to the second principle:

Principle 2: The Unintended Consequences Principle. A wrong-sized TRAILS emerges from unforeseen, unintended consequences. This principle was alluded to 13 times on average per interview.

One example is related to the last attempt to control executive compensation in 2002, with Sarbanes-Oxley (SOX), which resulted in collateral damage to SMEs. The regulation increased compensation disclosure and the legal exposure of executives. Large companies took out insurance contracts to protect executives, and large companies could afford the additional and complicated disclosure to reduce exposure for the executives. SMEs could not afford the combination of insurance and reporting costs. SOX also gave foreign companies an advantage as they are not required to adhere to SOX.

Principle 3: The Ignorance Principle. Policymakers often do not have the business experience or consequential knowledge to design TRAILS that favor business performance.

This principle was the foundational underpinning of all interviews. An executive expressed concern over the deterioration of fiscal and monetary policies, particularly the driver of inflation, over his career. He pointed out that businesses are grappling with the adverse effects of these policies, which are often the result of politicians and bureaucrats' lack of understanding of the real short- and long-term consequences of their fiscal regulations.

These regulations, he argued, often hinder innovation and economic growth, with no penalties for the officials responsible for them and sometimes even rewards (Edwards, 2014). Moreover, the executive believes that politicians and government officials have virtually no understanding of monetary policy, making them easily manipulated by those who benefit from unsound economic policies (Gilens & Page, 2014). This ignorance results in incoherent discussions where knowledgeable businesspeople face uninformed regulators and officials. He noted that entrepreneurs and businesspeople have no recourse against government overreach or errors.

The executive was critical of officials who make fiscal policy errors due to ignorance or to gain votes or satisfy powerful interests, but he views the real harm as stemming from monetary regulations that facilitate fiscal mismanagement. He believes few individuals in the Federal Reserve (monetary policy) and Congress (fiscal policy) understand these issues, emphasizing the widespread ignorance and lack of long-term perspective on both fiscal and, more importantly, monetary policies.

Principle 4: The Market Forces Principle. Some TRAILS interfere with the market.

This was mentioned on average 3.8 times per interview in 16 of 17 interviews. An executive noted that over time, compliance costs have increased significantly, particularly in the finance sector. Regulatory measures like Sarbanes-Oxley, Dodd-Frank, and the Consumer Protection Bureau have added multiple layers of expenses. These costs are further compounded by state regulations. Compliance has become so expensive and complex that it acts as a barrier to entry for new businesses, stifling innovation. This environment benefits large banks, which use these regulations to eliminate smaller competitors and protect their market position.

Type 3 Broken Window Effects

This TRAILS category is based on regulatory actions or inactions that bring uneven, usually negative, consequences across players and entrepreneurs. The broken window effect is the side effect of regulatory efforts to create an economic stimulus. Bastiat (2007) developed the theory of unintended consequences of two types: seen and unseen. First, to stimulate the economy, a stone is thrown and shatters a shopkeeper's window. Second, the aggregate of the city's individuals is the broken window, which is an economic benefit. The owner must buy a window from a company and pay an individual to install it. The window company and installer now have money to spend. That, in theory, stimulates the economy. However, the side effects are society ultimately pays the cost of the broken window, and the owner has less money for employees and innovation, making the business more profitable. Higher profits would enable more reinvestment to invigorate the aforementioned virtuous cycle of entrepreneurial creation of knowledge, wealth for the owner, the health of the business environment, and wealth in society both economically and civilly. That unseen loss in value is called opportunity cost.

While poorly understood, another form of the broken window effect comes from TRAILS that are applied unevenly across players. Wrong-sized TRAILS affect some players less or more than others, creating an unfair competitive environment. In addition, there is inaction in that there is a lack of precaution on TRAILS design to avoid uneven burden across players. For example, executives in this study were victims or beneficiaries of COVID-19-related TRAILS. The event had uneven impacts on the companies of the executives interviewed. According to the interviews, the effects ranged from devastating (shutdown) to unaffected to beneficial (economic stimulus).

Principle 5: The Micro-Decisions Inaction Principle. Not enforcing right-sized TRAILS will lead to adverse outcomes because entrepreneurs will lose the incentives to make the right micro-decisions to maximize rent.

This was mentioned an average of 2.9 times in 15 of 17 interviews. Regarding inaction, the executives interviewed often mentioned a lack of regulations to restrict illegal or anti-competitive behavior. An executive in the entertainment industry noted that, in 1999, they had the government negotiate on their behalf with China. At the time, the entertainment industry was the number two exporter in the U.S. The executive noted that the government did little in the U.S. to protect intellectual property, and the industry had no enforcement mechanisms. As a result, the entertainment industry is out of the top 15 in terms of exports.

Further, the executive noted a domestic example of how the government did not create a healthy environment by inaction in not enforcing the law against piracy; as a result, the industry in terms of domestic revenue was halved over the following 10 years.

Principle 6: The Winner-Loser Principle. Wrong-sized TRAILS can emerge as they unevenly benefit or harm different players. This was mentioned across all 17 interviews.

One particular concern on the uneven effects of wrong-sized TRAILS raised during the interviews is the negative impacts on innovation and entrepreneurship. According to an executive, Dodd-Frank harmed small firms, increasing the oligarchical capture of large banking firms and reducing entrepreneurial innovation. The executive went on to say that not only does regulation make the core financial business untenable, but it eliminated the former advantage small firms had, entrepreneurial innovation. An executive with private equity experience in the financial sector noted the elimination and self-censoring that TRAILS causes on innovation harms the most entrepreneurial innovators in the financial industry.

Type 4 Chillax Effects

The absence of regulations, when appropriate, allows inherent incentives for knowledge creation to flourish and thus economic elevations, which is called Type 4 TRAILS. A global video game CEO had observed how the government negotiated weak trade deals for intellectual property (IP) on behalf of the entertainment industry (i.e., films, television, music) with China. Further, the U.S. government did not or could not enforce even weak protections. Therefore, realizing that the government would not contribute to IP protection for the video game company, the CEO decided to separately negotiate with companies in China and with the Chinese government. Eventually and as a result, it became the biggest market for the company. Effectively, the government stood on the sidelines while the firm negotiated with Chinese firms and their government to protect company IP and succeed commercially.

V. Implications for Theory and Practice: Propositions

The purpose of the qualitative grounded theory-based study of elite executives was to gain knowledge of the real-world impact of TRAILS on business performance by understanding the incentives and consequential perspectives of business executives, to propose theory on the right-sizing of TRAILS, and to provide a conceptual framework for a healthy business environment. The study was conducted with the premise that reason, reality, and logic to the contradictions and real-world data from those with the most skin in the games will reduce some of the extreme epistemic polarity of the TRAILS phenomena to concerned stakeholders (Sowell, 1993). This section summarizes findings and combines those findings with the ABBO and right-sizing matrix models to establish four propositions for advancing theory and related practical implications (see Table 2).

Table 2. Principles, Theoretical Propositions, and Practical Implications

Principle	Theoretical Proposition	Practical Implications
1. Knowledge Creation	1. The incentives and business performance outcomes generated by TRAILS must be considered for TRAILS right-sizing.	1. Develop polycentric communities for industries for right-sizing TRAILS and Government.
2. Unintended Consequences	2. TRAILS right-sizing can only happen by considering unintended consequences.	
3. Ignorance	3. Unintended consequences from TRAILS can inhibit innovation.	4. The business environment must right-size monetary TRAILS before Fiscal TRAILS can be right-sized completely
4. Market Forces		3. Government should privatize its interest in all noncore charter businesses.
5. Micro-Inaction	4. Government inaction can lead to wrong-sizing	
6. Winner–Loser		2. Eliminate government from picking winners and losers

Theoretical Propositions

Propositions were built by integrating the study's results and principles with the three proprietary integrated theoretical frameworks from the research to understand similarities, differences, and incompleteness for theory building.

Proposition 1. The incentives and business performance outcomes generated by TRAILS must be considered for TRAILS right-sizing.

The first theoretical proposition aligns with and integrates Principles 1 (Knowledge Creation Principle) and 3 (Ignorance Principle) with the ABBO model. According to this fortified model, the business ecosystems are constantly iterating, immediately and temporally, as sensible TRAILS are constructed congruent with the regulatory philosophy. Subsequently, business executives interpret the TRAILS in the market process and rationalize scarce resources to incentivize optimal utility and outcomes as determined by performance measures. However, that process does not include a proactive role for business executives in government. Instead, there is a continuous evaluative process by business individuals of beliefs of existing TRAILS as the calculus reinterpreted observations of occurrences downstream in the ABBO model, from TRAILS to incentives to performance. This process manifests itself by firms mostly reacting to the regulatory environment.

The following observations embedded in the empirical findings highlight why there is a gap in the knowledge base necessary to right-size TRAILS:

- The government rarely involves the executive business practitioner, an influential position in the policy, and only does so when the firm will benefit from TRAILS.
- Regulators pay no penalty for being wrong. Thus, there are no incentives to avoid wrong-sized TRAILS, which results in a lack of consequential knowledge.

- Because of the knowledge problem, regulators cannot easily value or price TRAILS as there is no private property or market price on inputs when the government is involved. Thus, they cannot discern whether TRAILS are right-sized or not.

Consequently, there is a gap in knowledge to right-size TRAILS. This gap is addressed in the next theoretical propositions and practical implications on how to right-size TRAILS.

Proposition 2. TRAILS right-sizing requires consideration of unintended consequences.

The testimonies of the participants align with Bastiat's broken windows fallacy, which suggests that in the effort to regulate a business environment to stimulate the economy, the negative consequences for the business environment can offset the benefits. For example, one could argue that Keynesian fiscal and Friedman monetary policy (Rothbard, 2002) follow the axiom that societal wealth is eliminated by the 'seen' full measure cost of the TRAILS stimulus (e.g., Bastiat's society's cost of repair – first order), which negates any second-order stimulus velocity by the benefactor (e. g., Bastiat's repair person). This proposition aligns with the insight of 'unseen' impairment of the knowledge acquisition, unseen third-order impact (e.g., Bastiat's unseen disruption of entrepreneurial innovation cycle), which created a lost opportunity (cost), specifically as encapsulated in Principles 1 (Unintended Consequences), 4 (Market Forces), and 6 (Winner-Loser).

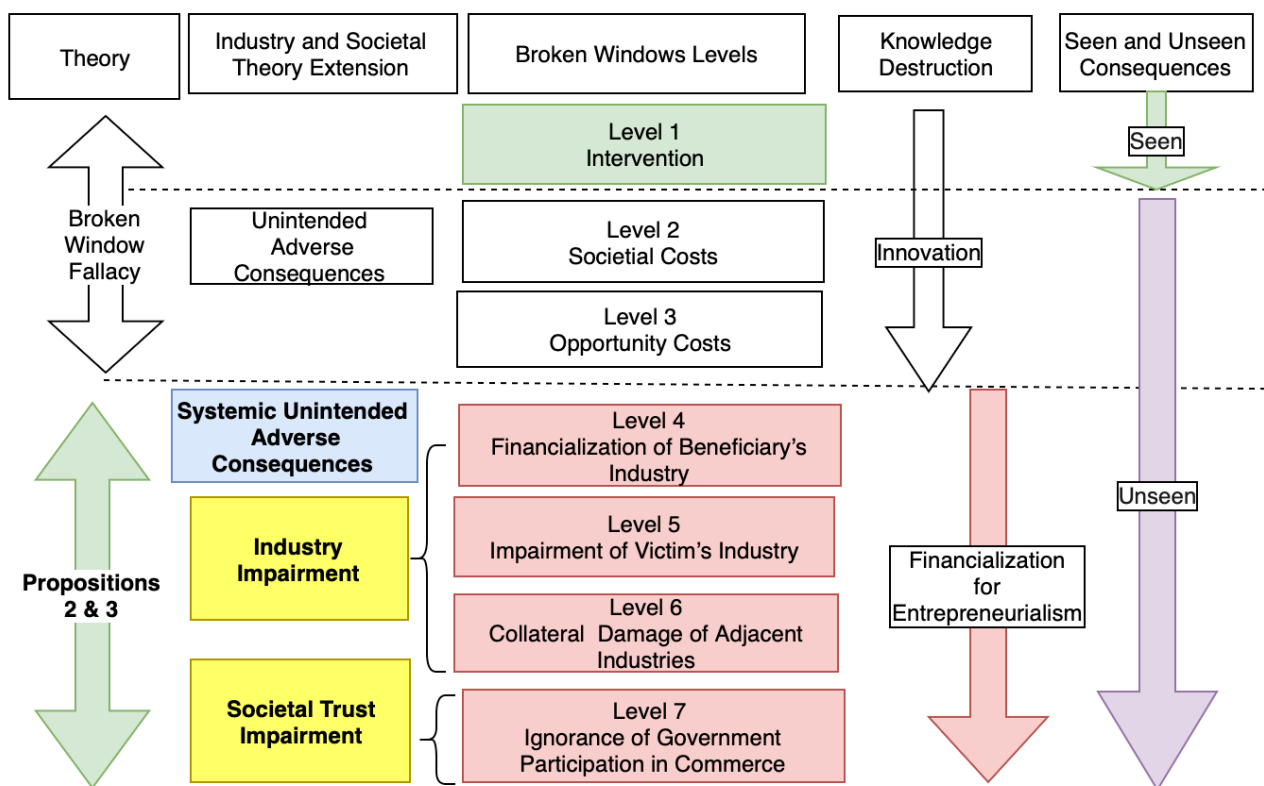
Proposition 3. Unintended consequences from TRAILS can inhibit innovation.

The results are consistent with the notion that anytime there are wrong-sized TRAILS, knowledge is retarded or worse, the invisible hands of entrepreneurial innovation and the market are disrupted, and, therefore, so is the competitive landscape. The study uncovered layers of

consequences that can inhibit innovation below and beyond the “broken windows fallacy.” See Figure 5 for the diagram of Proposition 2 and 3, the extension of Bastiat’s broken window fallacy to industry and the business environment.

The fourth level of unseen adverse consequence is of the violated party’s industry. The unequal treatment of one industry participant makes the entire industry less competitive. The fifth unseen level is the adverse consequences of the industry of the businesses that benefit from wrong-sized TRAILS. The sixth-level harm is to adjacent industries of the beneficiary and victim’s industries. The seventh-level harm is if the government takes an active ongoing role, acting as the repair shop, as trust in the business environment will be lost. The repair shop will be operated sub-optimally and even purposefully poorly for self-enrichment (based on Proposition 1 and the Ignorance principle).

Figure 5. Propositions 2 & 3 - Extension of Bastiat’s Fallacy to the Business Environment



The unequal treatment of one industry participant can make the entire industry less competitive. Wrong-sized TRAILS that artificially help or harm a company or industry can flatten, straighten, or retard the innovation growth curve and create suboptimal behaviors by both the victim and the beneficiary. This harm is seen at the industry level. The disruption makes industries less competitive and develops less entrepreneurial knowledge (i.e., less wealth). Proposition 3 aligns with Proposition 1 as it seeks to align TRAILS to enhance knowledge creation towards innovation to elevate economic performance. Further, depending on the situation, it can stem from inhibiting market forces (Principle 4), picking winners and losers (Principle 6), or government inaction that fails to protect innovators (Principle 5).

Proposition 4. Government inaction can lead to the wrong-sizing of TRAILS.

Government inaction to perform their inherent duties, while not as evident as direct fiscal investment and proactive legislation, can be as destructive to business as enacted TRAILS. The essence of the regulatory ecosystem is that any government inaction (creation or enforcement) on right-sized TRAILS will impact human activity as individuals respond and adapt to the corrupted environment. Therefore, business activity, innovation, and market dynamics will be disrupted. Such action is anti-competitive and results in an impairment of the trust in the government, which makes for an unhealthy business environment. This proposition aligns with Principle 5 (Micro-Decision Inaction) and is at interplay with the prior propositions since there can be inaction because business executives are not involved in the government's understanding of unintended consequences and the impact on innovation.

Implications for Practice

Wrong-sized TRAILS can harm the business environment, so how can they be right-sized

in practical terms? Here are four recommendations that flow from the principles and theoretical propositions that emerged from the testimonials of the business executives and the analysis.

Implication 1. Develop polycentric communities for industries to right-size TRAILS and government.

Mechanisms to right-size government should be introduced to eliminate wrong-sized TRAILS. One promising avenue to right-size TRAILS is to develop transparent, decentralized, self-regulating bodies across industries that co-sign TRAILS between business executives and individuals in government. This would give an equal voice to non-oligarchs to develop a right-sized regulatory framework for all business-related TRAILS, including a judiciary to adjudicate disputes among entities and consumers.

Developing self-regulatory bodies involving business executives and regulators can serve as a structural mechanism to achieve TRAILS right-sizing, which will bring the size of government to an appropriate level for a healthy business environment. Propositions 1, 2, and 3 suggest TRAILS environment can only be right-sized by accessing the consequential knowledge of business executives. Regulators often do not have consequential knowledge, and their actions are not transparent. These polycentric communities can alleviate some of those deficiencies. Further, with greater understanding, regulators will make TRAILS jointly with executives that are appropriately risk-adjusted to facilitate knowledge acquisition, innovations, and entrepreneurialism rather than constricting them and interrupting the virtuous creative destruction cycle.

The 2009 Nobel Prize in Economics awarded to Ostrom pushed this polycentric governance to renewed attention. This more antifragile system is characterized by various overlapping and competing units that govern based on their specific needs and capabilities

(Ostrom, 1990 & 2010). It is worth noting that polycentrism is the exact opposite of polanyism (i.e., economic collectivism or social democracy) (Ostrom, 2010).

The result of a polycentric system is that it allows for more adaptation, competition, and flexibility. The idea of polycentric governance rests on seven pillars: decentralization, different decision centers sharing overlapping jurisdictions, mistake management of mutual adjustment, an emergent order, low entry and exit costs, the existence of an overarching system of common law and courts, and effective coordination at all levels based on consequential knowledge. A key to the success of polycentric systems is to avoid the panacea problem of centralized authority with one-size-fits-all top-down TRAILS (Ostrom, 1990 & 2010). There are numerous examples of polycentric governance outperforming other forms of governance.

Implication 2. Eliminate government from picking winners and losers.

The result of the study aligns with the literature that when the government, through TRAILS, picks winners and losers, all seven levels of the seen and unseen consequences of the extended broken window fallacy are present (see Figure 5 above). This causes oligarchies to harm the business environment by disrupting entrepreneurial innovation and free markets. The competitive landscape becomes predatory, and trust, the underpinning of a healthy business environment, is lost.

Lobbyists pressuring officials to pick winners and losers needs to be addressed. For example, top technology firms were aided early on by the government by any or all of the following: funding, contributions in kind, favorable court rulings, tax breaks, TRAILS specific to a company or group, and no-bid contracts, which eliminate competition. 13 of 17 participants in the study experienced anti-competitive and predatory actions by one of the government's broken windows TRAILS. In these situations, the participants stated they had no redress as the court was

not prosecuting apparent anti-competitive or predatory behavior. The polycentric entities proposed could review TRAILS enacted before approval to guard against lobbying efforts that favor some companies or industries over others.

The government should stop having an ongoing participant relationship with private companies by evaluating and adjudicating the polycentric courts to ensure compliance. Otherwise, it is like in sports if the league office (government) owned a team (private industry). The conflicts are apparent, self-interest is obvious, and trust in the system is lost. Self-governing bodies can provide controls for these more subtle ways of picking winners and losers.

Implication 3. Government should privatize its interest in all noncore charter businesses.

Government taking an active ongoing role, including an operational role in private industry harms the business environment (Hoppe, 2011). This implication arose from propositions 1, 2, and 3. It permeated throughout the empirical findings, including reports from executives about government nationalizing health care and banking. TRAILS in these industries were a substantial concern for many participants.

Implication 4. The business environment must right-size monetary TRAILS before fiscal TRAILS can be right-sized.

Certain executives noted the importance of sound money, which serves as a natural control (quasi-market based) to right-sizing fiscal TRAILS. 71% of executives experienced the impact of unsound money. The issue appears to be systemic and in need of being addressed. The enormity of the deficit and associated TRAILS is beyond the scope of the study. However, there are encouraging right-sizing vectors to pursue, such as restructuring the Federal Reserve, creating a basket of precious metals to support the currency, regulating synthetic financial

products, eliminating or restructuring fractional banking, decentralizing banking, requiring a balanced budget, and direct democracy for budget overruns.

VI. Conclusions

This study uncovered knowledge creation leads to entrepreneurial innovation, which drives economic growth and societal well-being. Conversely, the study discovered that the majority of TRAILS and gradualism of TRAILS leads to perpetuity in practice, as interviewees noted, the mechanism by which the U.S. could be reaching an administrative state, which can have long-term consequences to its economy and the well-being of its sovereigns. A potential solution termed systemic entrepreneurialism, which is a collective of principles, propositions, and practical implications (see Table 2), emerged to create a healthy business environment with equal opportunity for SMEs, entrepreneurs, and individuals. It is a system where consequential knowledge creation is optimized, allowing the market to pick winners and losers, and where the government limits its position to its charter role of umpire in the game of business.

Ideally, as the study contemplates, there is a win-win-win for individuals in business, government, and society. Moreover, this study's implications and conclusion are egalitarian. Business executives seem to align the notion that each individual is an entrepreneur, and thus, individual liberty emerged as one of the study's core findings. We acknowledge in the limitations that this is the perspective of one key consequential stakeholder but an important one that has not had a strong voice in the research, debate, and policy-making around the role of regulations in business performance.

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APPENDIX A: METHODS

Research Design and Methods

The research design and approach consist of an empirical qualitative study with elite intensive interviews of executives, using an open-ended questionnaire as the research instrument designed to extract data, analyzed using primarily grounded theory to understand better executives' perspectives on right-sized and wrong-sized regulations for business performance. We analyzed the data inductively, deductively, and abductively relative to existing theory. We used the theoretical lenses described above as starting points to assess the phenomena and reconcile connections and disconnections with existing scholarly work (Creswell & Creswell, 2017).

During the analysis, we emphasized the reality and logic of the problem for business executives and how regulations can favor entrepreneurialism. Throughout the theory building, we used logic and classified discovery into two levels, one factual and the other interpretive, based on the evidence. This led to findings, principles, propositions, and implications. In the interpretive stage, we develop subjectively true principles, usually based on micro-empirical testing, observations, and integration of the statements provided by the executives. Once the principles emerged from the observations, they were compared to the known subject matter, existing theories, and comparative disciplines to consider the significance of inclusion.

This study employed empirics methodology as foundational and incorporated the appealing grounded insights of an interpretivist where appropriate. The deduction portions of the research examined existing or created theories for validation and falsification. Abduction portions of the research are performed on inductive and deductive outcomes using imaginative

interpretation, the reasoning for mental leaps of cognitive logic of discovery, yet still consistent with fealty to the inductive and deductive portions of the research.

Data Collection Methods and Instrument

The business executives interviewed can be classified as elite for interviews due to power, position, prestige, and specialized knowledge (Aguinis & Solarino, 2019). Executives possess concrete knowledge that no other class does on the impact of TRAILS on business performance. Elite executive interviews are a data extraction method that can provide deep insights (Aguinis & Solarino, 2019). The findings were used to triangulate, enhance, and validate or contradict findings in the literature reviews, source material, and abstractions. More critically, the data provided rich data to analyze using the most flexible process to ground the evidence for theory building. The data collection instrument was the bias reduction method of an open-ended questionnaire (see Appendix B).

Study Population and Sample

Elite interviews were theoretically sampled on a purposeful and judgmental basis based on position, power, and specialized knowledge (Aguinis & Solarino, 2019). The sample was not randomized and was driven by purpose and expertise to understand the target population's thoughts (Aguinis & Solarino, 2019). It was a homogeneous sampling focused on qualifying people specific to the purpose of the study (Charmaz, 2014). The senior executives interviewed worked for public companies and have significant experience with TRAILS and their impact on incentives, behaviors, and business performance. See Table 1 for descriptive statistics of interviewees.

After 17 empirical interviews, no additional sparks of mental abduction insights were gleaned from other interviews, and saturation was reached for the empirical study. The sample selected exceeded the guidelines for purpose (Charmaz, 2014).

Validation of Data

The matching and convergence of themes among independent participants using an open-ended questionnaire is a robust validation measure (Creswell & Creswell, 2017). Despite participants being from vastly different industries, interviews produced directionally and thematically the same observations. No participants had significantly contradictory experiences. No materially unique experiences among the executives rose to separate exception disclosure or conflicting theory.

Measures and Data Analysis

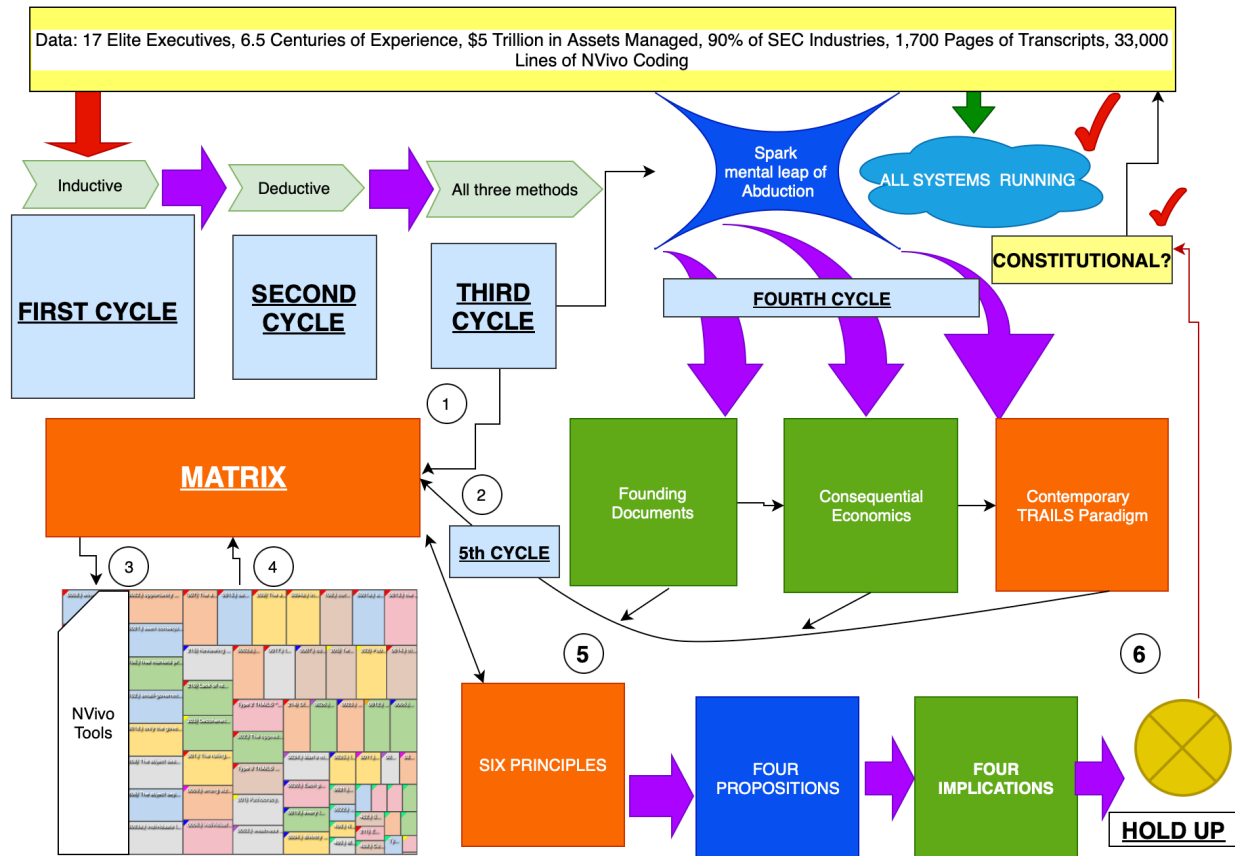
The elite intensive interviews yielded over 60 hours of recorded data, transcribed into 2,000 pages, six coding cycles, and 33,000 lines of coding. That process included extensive data grounding, visualizations with iterative maneuverings, narrative analysis, case studies among executives, and observations and quantitative sources. Other qualitative data were utilized for triangulation, sensemaking, mental cogitation for theory building, and data reduction for teleological and asymmetrical metaphysical discoveries, in line with principles for rigorous qualitative analysis of interview data (Charmaz, 2014)

The Coding Process

All data was line-by-line coded to nodes in each cycle (see Figure 6 in Appendix C). The first cycle coding—the inductive cycle—utilized the ABBO model, literature review for the context of data, and grouped the emergent data themes into six related unnamed groupings. The second cycle coding—the focused coding—was used to clarify, define, and expand necessary

themes within sets of the first cycle. The second cycle can be inductive, deductive, or abductive, and we employed all of them.

Figure 1. Process and Coding Flow



The second cycle led again to six groupings, with specific codes from the first cycle codes eliminated, reallocated, or expanded among the six similar groups. The third coding cycle contemplated assertions and hypotheses and condensed and synthesized vast amounts of data, individual observations, and analysis to six preliminary summary principles: Knowledge Creation, Unintended Consequences, Ignorance, Market Forces, Micro-Inaction, and Winner–Loser. Abstract abductive spark led to four additional coding cycles. The third cycle revealed most TRAILS that are wrong-sized TRAILS violated the Founding Documents (FD), consequential economics or apodictic economic principles (AEP), and the Contemporary

TRAILS Paradigm (CTP) (Mulligan & Granados, 2022). The data in the fourth cycle was subsequently coded to FD, AEP, and CTP-related nodes.

The fifth coding cycle led to a visual framework called the *TRAILS Decision Matrix* (Figure 4) to categorize right-sized vs. wrong-sized TRAILS. From the Matrix emerged enhancements to the third cycle of six principles, which were critically evaluated, leading to four propositions to right-size TRAILS for a healthy business environment, from which four practical implications became evident at circle 5.

As integrity and grounding double-checks, the four implications and propositions were checked against the data and FD at circle 6. We called this verification step the *Hold-Up* step.

APPENDIX B: RESEARCH INSTRUMENT

Study Title: Elite Intensive Interviews to understand regulations (aka, **TRAILS** any governmentally imposed business friction costs, **Tax, Regulation/Reporting, Assessments, Insurance, Litigation/Legal, Subsidies**) on business performance measures.

Intro: Thank you for taking the time to meet with me today. I am performing elite interviews with senior people concerning the various impacts of regulation on performance and incentives, with considerations of periods of disruption.

Moving forward, I will ask you a few questions that will take approximately one hour to one hour and a half of your time. If there are any questions that you do not feel comfortable answering, please feel free to let me know, and we can skip the question. Your responses will be anonymous and confidential and will be used to understand the impact of the above-identified matter better. I will be recording our conversation to ensure accuracy and for analysis. I would like you to be as detailed and expansive as possible. Approximately fifteen other senior people have been chosen based on their seniority, candor, sincerity, and openness for this study. If, subsequently, something is unclear to me, I may call you for clarification, although that is expected to be unlikely.

Some housekeeping:

1. Have you seen and signed the consent form?
2. Do you have any questions about the form? Do you have any questions you would like to ask me before we get started?
3. Do I have a copy of said signed form?

Let's get started:

1. Please tell me about your experiences with industry or commercial regulations.

Consider the largest or two regulations that impacted your business – what were they?

What did that do to your business?

How were senior people affected?

How were junior and administrative people affected?

What proactive measures did your company, or you observe?

Did the regulations have a far-reaching impact or unexpected or unintended consequences on your business, people, or industry? If so, what were they?

How did the regulation change your view of government and country?

Did you take proactive measures to deal with regulators differently in the future?

Did you attempt any legal action as a result of the regulation? If so, what was the outcome?

How did the above make you feel?

Did the above impact your personal life? If so, how and how did you deal with that?

Did the above impact the personal lives of people in your firm or other stakeholders? If so, how and how did they deal with those impacts?

2. Please tell me about your experiences with regulations that advantage a competitor and not your firm – a law that disadvantages your firm vs. others in your industry.

Consider the largest or two regulations that impacted your business – what were they?

What did that do to your business?

How were senior people affected?

How were junior and administrative people affected?

What proactive measures did your company, or you observe?

Did the regulations have a far-reaching impact or unexpected or unintended consequences on your business, people, or industry? If so, what were they?

How did the regulation change your view of government and country?

Did you take proactive measures to deal with regulators differently in the future?

Did you attempt any legal action as a result of the regulation? If so, what was the outcome?

How did the above make you feel?

Did the above impact your personal life? If so, how and how did you deal with that?

Did the above impact the personal lives of people in your firm or other stakeholders? If so, how and how did they deal with those impacts?

3. Please tell me about your experiences with regulators or government or the courts NOT enforcing laws and regulations and putting your firm at a competitive disadvantage?

Consider the largest or two such situations that impacted your business – what were they?

What did that do to your business?

How were senior people affected?

How were junior and administrative people affected?

What proactive measures did your company, or you observe?

Did such inactivity have a far-reaching impact or unexpected or unintended consequences on your business, people, or industry? If so, what were they?

How did the regulation change your view of government and country?

Did you take proactive measures to deal with regulators differently in the future?

Did you attempt any legal action because of such inactivity? If so, what was the outcome?

How did the above make you feel?

Did the above impact your personal life? If so, how and how did you deal with that?

Did the above impact the personal lives of people in your firm or other stakeholders? If so, how and how did they deal with those impacts?

4. Please tell me about your experience regarding incentives in the above situations.

Consider the largest or two such situations that impacted your business – what were they, and what did they do to incentives?

What did that do to your business?

How were senior people affected?

How were junior and administrative people affected?

What proactive measures did your company or you observe?

Did incentive changes have a far-reaching impact or unexpected or unintended consequences on your business, people, or industry? If so, what were they?

How did the changes in incentives change your view of government and country?

Did you take proactive measures to deal with incentives differently in the future?

Did you attempt any legal action because of the regulation to protect incentives? If so, what was the outcome?

How did the above concerning incentives make you feel?

Did the above change in incentives impact your personal life? If so, how and how did you deal with that?

Did the above change in incentives impact the personal lives of people in your firm or other stakeholders? If so, how and how did they deal with those impacts?

5. Please consider the above responses and tell me the effect of disruption and innovation.

Did they cause such? Where were they created in response to such? If so, did they abate matters short-term? Long term?

What was the impact of such short term on stakeholders, business, and industry?

What was the impact of such long-term on stakeholders, business, and industry?

6. Overall, what is your view of regulation and or lack of enforcement thereof?

Feel free to be prophetic, factual, sentimental, theoretical, pontificate, predictive, or prescriptive.

7. When you think about the above, is there anything in hindsight you would have done differently?

If so, what?

8. Is there anything we have not discussed that you feel would be important to mention?

APPENDIX C: CODING CODES FOR EACH CYCLE

