

ESRC Centre for Analysis of Risk and Regulation

Annual Report 2002



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1. Executive Summary

This second annual report by the ESRC Centre for Analysis of Risk and Regulation (CARR) covers the 15-month period to 31 December 2002.

The Centre strives to continue to develop its multidisciplinary research programme by intellectually organising risk and regulation studies into a coherent academic field, and in extending dialogue with practitioners. Over time, CARR hopes that these activities will become fully-fledged and mutually enlightened partners.

This report comes at a time of major world events, such as the collapse of Enron and other well-known US companies, problems in the UK pensions industry, and floods in central Europe. These crises have meant that governments, regulatory bodies, companies and even individuals, are all increasingly aware of their need to have a greater understanding of risk, and this puts more emphasis on regulation and risk management.

CARR, therefore, clearly has an important role to play here, and has been vigorous in fulfilling it.

In the period covered by this report:

- Our staff at our base within the London School of Economics and Political Science (LSE) and elsewhere, continued to work with policy-makers in the UK and overseas, including the Cabinet Office, the Department of Trade and Industry (DTI), the National Consumer Council, the World Bank and the World Economic Forum.
- In particular, we hosted a seminar with the DTI to discuss regulation of the accountancy profession, gave evidence to the Committee on Standards in Public Life on regulating conduct in the House of Commons and examined the handling of the 2001 bovine spongiform encephalopathy (BSE) crisis.
- CARR also made progress in various aspects of theory development – notably developing the relevance of organisation theory to risk management and the concept of the ‘risk regulation regime’, and extending frameworks for the comparative regulation of government. These and other projects contributed to an output of five books, 26 journal articles and eight book chapters, with 32 working papers accepted for future publication. Our magazine, *Risk&Regulation*, also played an important role in contributing to policy-making and understanding of the issues in the field.
- During the period, three new postdoctoral researchers were recruited and further appointments are planned as part of an attempt to shift the balance of staff from bought-in to full-time. Younger LSE-based scholars are supported by an in-house graduate seminar series and the first international graduate conference in September was attended by more than 50 delegates.
- In keeping with the ESRC’s requirement that CARR operates as a national centre rather than merely focus on its London base, the Co-Directors have taken responsibility for developing an ‘outreach’ programme with the UK regions. Events were held in Leeds and Norwich during the period to the end of December 2002 and another four are planned for 2003.
- Moreover, CARR launched a research directory as a national and international resource for the emerging intellectual field of risk regulation studies and planning is underway for a book series.

We continued to receive significant funding under the Economic and Social Research Council's Regulation and Governance Programme. This was supplemented by funds from the Michael Peacock Charitable Foundation, Deutsche Bank and Aon Corporation. In addition, three research projects were financed by the BP Complex Risk Research Programme and four by the PricewaterhouseCoopers Risk Research Institute. We extend our gratitude to all our sponsors who have supported the work of CARR.

Since opening its doors in October 2000, CARR has rapidly established itself as an international reference point and centre of excellence for risk and regulation studies. The following pages report on how we have built on a strong start and describe some of our plans for enhancing our activities still further.

2. Our Objectives and Academic Priorities

The objectives of CARR are:

- *To pursue a multidisciplinary research programme on the organisational and institutional aspects of regulation and risk management practice.*
- *To conduct comparative research which bridges work in regulation and risk management.*
- *To engage users of research through seminars, supported by an extensive dissemination and publicity strategy.*
- *To develop and implement an outreach strategy which establishes CARR as a national research resource within the UK.*
- *To develop links with overseas research centres.*

The intellectual agenda is concentrated on two research programmes – *Organisations and Risk Management* and *Regulation of Government and Governance*. Risk management and regulation have many common and overlapping themes which link these programmes. On the one hand, the boundary between risk management and regulation is becoming blurred as demonstrated by recent initiatives in many countries to enhance organisational governance practices. Regulatory systems, legally-based and otherwise, increasingly co-define and reward good governance and risk management. On the other hand, the task of state-based regulation is increasingly articulated in terms of the management of risk. The idea of the regulatory state implies a state that is more conscious of the need to manage risk in its various manifestations. Perhaps nowhere is this convergence more conspicuous than in the 2002 publication by the Strategy Unit of the UK Cabinet Office: *Risk: Improving Government's Capability to Handle Risk and Uncertainty*.

This potential convergence of, and overlap between, conceptual and practical schemes in private sector management, public administration and transnational agencies of control, provides the intellectual platform for CARR's enquiries. Both of our research programmes are concerned with the development of theoretical and empirical understandings of observed variations and change in risk management and regulatory practices, both across nation states and also across functional areas, eg, health and safety, financial control, food.

CARR's research remit operates with broad analytical understandings of risk management and of regulation, focusing on the nature and impact of the way that practices are *organised* and *institutionalised*. From this point of view, the problem of individual perceptions and understandings of risk is subordinated within this emphasis on *organising*. Equally, CARR's research programmes emphasise the contingent settings and uses of the various tools and techniques of risk management and regulation, focusing on the *practices* in which these techniques are regarded as legitimate and effective.

2.1 Contributions to theory

The period under review demonstrates CARR's emerging contribution to theory and reflects a defining intuition that the management of risk and the design and operation of regulatory systems have similar ideal-typical features viz. policy/issue definition; risk assessment; risk appetite/regulatory objectives; design and operation of control/regulatory/insurance systems; reporting/communication and review/oversight mechanisms.

2.1.1 Organisations and risk management

CARR is contributing to the theory of organisations and risk. This was epitomised by the workshop and forthcoming edited collection on *organisational encounters with risk*. While risk and risk perception at the level of individuals is a well-established research paradigm, studies of risk management in organisational settings are rare. Programme 1: Organisations and Risk Management explicitly builds on agendas established by Turner ('man-made disasters'), Perrow ('normal accidents') and others, and is establishing links between organisation theories (eg, neo-institutionalism, systems theory) and more technocratic risk literatures. From this point of view, the theoretical focus is the *organising of risk management*, a perspective which is less disaster/crisis-orientated, and more dependent on ideas of routine, standards, error, near miss, compliance, and expertise.

2.1.2 Risk regulation regimes

A second theoretical contribution, which overlaps with organisation theory, is visible in the development of the risk regulation regime (Hood et al) concept. This has been extended and applied in the work of a number of staff: Rothstein (food), Thatcher (telecommunications), Lodge (railways), Huber (insurance), Hutter (health and safety), Millo (financial regulation). The idea of such a risk regulation regime, consisting of policy-making, monitoring and enforcement (behaviour modification) organisations, provides a template for cross-national and cross-sectional analyses of risk management and regulatory practice. One emerging sub-theme is the distinction between risk regulation regimes as a theoretical category and risk-based regulation, ie, whether specific risk regulation regimes are, or are not, explicitly organised and articulated in the name of risk.

2.1.3 Comparative regulation of government

The work of Hood, Scott, Lodge, Thatcher and others is contributing to the development of a framework for the comparative analysis of the regulation of government. In part, this work stress tests the theory of the audit society (Power), seeking to situate this in a larger theory of regulation embracing four ideal typical mechanisms of control: oversight, contrived randomness, mutuality and competition.

2.1.4 Responsiveness, enforced self-regulation and effectiveness of risk management

Work in CARR (Hood, Hutter, Lodge, Power) is increasingly focused on the critical evaluation of risk management and its historical development as a form of 'enforced self-regulation' (Ayres and Braithwaite), in which organisations regulate their own activities within a framework of legal principles and where the state is enforcer of last resort. Conceptual development of the field (eg, enterprise risk management, stakeholder analysis) is driving practice. Is this a fad, or is it regarded as a learning process by organisational actors themselves? CARR projects are contributing to an understanding of the responsiveness of risk management/regulation regimes to pressures for change and to ideas of better risk management. In what sense does society learn from events such as disasters; how can regulatory responses be theorised? These questions are being explored across a number of studies.

2.1.5 Risk and blame

Closely related to a theory of organisational responsiveness to risk, work has already contributed to an understanding of the defensive nature of risk management and auditing (Power) and the position of risk regulation more generally in a 'blame culture' (Hood).

2.1.6 Methods

CARR's core methodological orientation is qualitative; a significant proportion of research is interview-, case-, field- and archivally-based, overlaid by comparativist (cross-domain, cross-nation) methods. However, CARR has developed and seeks to expand a smaller body of quantitatively grounded studies, eg, Cowell's PricewaterhouseCoopers-funded project on risk perception, which employs innovative web-based techniques.

3. How we Have Built Capacity and Added Value

3.1 Added Value

Inputs: significant matching funding supports the ESRC investment. These are from multiple sources (see financial statement, Appendix 3) and facilitate the employment of two chairs, two research fellows, one postdoctoral fellow and the sponsorship of five further research projects during this reporting period. Hutter's time as Co-Director has thus far been entirely funded from a non-ESRC source.

Outputs: academic publications; capacity-building; career development for young scholars; increasing contributions to policy; public profile via branding and magazine.

3.2 Outreach and Visitors

The ESRC requires CARR to function as a national centre and to develop an 'outreach' programme with the UK regions. The Co-Directors of CARR assumed responsibility for outreach in December 2001, and the programme was revamped. The schedule of regional workshops has been developed to encompass a greater range of disciplines in host institutions. Regional events were held in Leeds (Business History and Risk) and Norwich (Accountability, Accounting and Regulation) during this reporting period, and four further workshops (Nottingham, Aberdeen, Manchester and Belfast) will have taken place by the end of 2003. CARR research projects have collaborated with Cardiff University (Tom Horlick-Jones) and University of East Anglia (UEA) (Lindsay Stirton).

The Directors have adopted a more proactive policy to encourage visitors to CARR's London base. Advertisements for the visiting positions have been widely circulated and, as a consequence, a very active programme of visitors is planned for 2003. Many UK researchers have to focus on relatively short periods of time in London given the difficulties of organising sabbatical leave. CARR regularly hosts risk regulation scholars passing through London and maintains contact with a broad network of such scholars and practitioners through its website.

3.3 Risk and Regulation Research Directory

An important development this year has been the creation of a web-based directory of UK and international risk regulation researchers. After six months of planning and technical work, the Directory went live in December 2002 and quickly attracted a great deal of interest and a very high response rate from the first wave of academics contacted. The research directory will be valuable for business and government, as well as for other academics.

3.4 Young Scholars/National Research Student Conference

As part of UK university outreach, CARR is also committed to supporting young researchers and an important development this year was the initiation of an annual doctoral workshop. This is intended to form a focal point for national and international developments in the emerging field of risk regulation studies. In addition, CARR established its own internal teaching programme for doctoral students and extended its commitment to young scholars by employing three new postdoctoral researchers (Corneliusen, Millo and Tully).

4. Policy Engagement and External Relations

CARR staff continued to engage actively with policy-makers and others involved in the field of risk and regulation. Engagements in the period under review included:

4.1 UK policy-makers and practitioners: the Cabinet Office, Department of Trade and Industry, Environment Agency, Health and Safety Executive and the Treasury. Staff have also engaged with the Committee for Standards of Public Life, National Audit Office, Commission for Health Improvement, Strategic Rail Authority, Railtrack, Greater London Authority and National Consumer Council. The Smith Report on civil service competencies (Hood and Lodge) was a key document.

4.2 Policy-makers and practitioners overseas: government organisations and policy-makers in Canada, Italy, Japan and Jordan, and the World Bank. Key examples included Ciborra (senior risk management practitioners, Zurich), Hood and Lodge (senior civil servants, Germany), Hutter (Policy Research Initiative, Quebec; World Economic Forum) and Power (senior civil servants, Alberta).

We have established a series of practice consultative forums, the first in 2002 being a seminar with the DTI to discuss the regulation of the accountancy profession and to provide policy input. A second meeting with the Cabinet Office to discuss the *Risk: Improving Government's Capability to Handle Risk and Uncertainty* consultation paper is planned for January 2003. Due to workload pressures, senior CARR staff are forced to decline many invitations to participate in policy-making forums.

CARR Practitioner Fellows during 2001-02 have included Michael Spackman, who worked in HM Treasury until 1995. He was also Chief Economist at the Department of Transport and is a Special Adviser to the National Economic Research Associates. Richard Anderson, a consultant specialist in risk management, was also a Practitioner Fellow until March 2002.

The CARR magazine, *Risk&Regulation*, plays a key role in sustaining dialogues with the world of practice with a targeted circulation of 2500.

5. Performance Indicators

CARR staff continued to be active in research and 26 articles were published in refereed journals during the reporting period (16 reported last year). Dissemination via press comment has increased, and is likely to increase as more research is published and as we develop a dedicated press and public relations function. The large number of conference papers and forthcoming publications suggests a healthy stream of output in future years. CARR's Discussion Paper Series is already well regarded and efforts are underway to make this an obligatory outlet for CARR staff and visitors as they develop their work.

PERFORMANCE INDICATOR		TOTALS 2000-01 (12 MONTH PERIOD)	2001-02** (15 MONTH PERIOD)
A	Publication and Dissemination		
A.1	Books	4 (4)*	5 (5)*
A.2	Chapter in Books	12 (8)*	8
A.3	Articles in Refereed Journal Papers	16 (12)*	26
A.4	Non-refereed Journal Papers	9	8
A.5	Discussion Papers	9	7
A.6	Other Publications (Working Papers, Monographs, Pamphlets)	7	5
A.7	Future Publications	24	32
A.8	Book Reviews	8	7
A.9	Datasets Compiled	1	1

PERFORMANCE INDICATOR		TOTALS 2000-01 (12 MONTH PERIOD)	2001-02** (15 MONTH PERIOD)
B	External Interrelationships		
B.1.1	Conference Papers	35	60
B.1.2	Newspaper Articles	2	1
B.1.3	Newspaper Articles by Others	2	5
B.1.4	Television and Radio Appearances	4	9
B.1.5	Advice to Select Committees and Other Public Bodies	12	19
B.1.6	Membership of Networks	6	22
B.1.7	Collaborative Research Projects	10	10
B.1.8	External Committees	23	12
B.1.9	Overseas Visitors	5	7
B.1.10	Events Organised by CARR	13	24
	CARR Specific: Impact and Dissemination		
B.2.1	Outside Impact	7	25
B.2.2	Other Dissemination Activities	11	11
B.2.3	Outreach	7	32

* Bracketed figure denotes number of publications largely attributable to research prior to CARR

** Data collection period 01/10/01 – 31/12/02

6. Future Plans

The following are planned for the 2003-04 period and beyond:

- Further development of core staff by appointment of more full-time research staff, and related fund-raising initiatives.
- The extension of Outreach policy, with events planned for Nottingham, Aberdeen, Manchester and Belfast.
- A book series on Risk and Regulation Studies. At the time of this review, discussions are at an advanced stage with publishers and an international editorial board has been convened.
- Greater consolidation and cross-referencing of discrete research projects with a view to further theory development and generic empirical messages, eg, about the effectiveness of the 'enforced self-regulation' model in its many forms in risk management and regulatory practice.
- Further development of links with policy makers.

7. Research Programmes

CARR has two research programmes for clustering research efforts. Within these programmes there are a number of distinct projects, but there are regular programme meetings to discuss results and explore trans-project themes and synergies.

7.1 Programme 1: organisations and risk management

7.1.1 Research team

ESRC: Michael Power (Programme Director), Filippa Corneliussen, George Gaskell, Richard Macve, Peter Miller, Yuval Millo, Henry Rothstein

Michael Peacock Charitable Trust: Bridget Hutter

Aon: Michael Huber

PricewaterhouseCoopers Risk Research Institute: Claudio Ciborra and Michael Barzelay
(See Section 10 below)

BP: Stephen Tully, Jonathan Rosenhead and Andrew Gouldson (See Section 11 below)

Organisations and risk management is concerned with theoretical and empirical analyses of the formal and informal organisation of risk management practices. Research operates at three interconnected levels: knowledge and ideas, interorganisational fields, organisational and sub-organisational responses.

7.1.2 Research Activities

7.1.3 Knowledge and ideas, concerning the origins, nature and scope of risk management discourses and ideas of 'best practice'.

Huber continued his comparative project on property insurance in Italy and the UK. Following a critical review of the recent general development of the insurance sector, in light of the specific challenge of natural hazards such as flooding, he developed a theoretical discussion paper addressing particular aspects of 'insurability'.

Power continued his monograph project, *Visions of Organisational Control: constructing the new risk management*, which critically analyses the emergence in the 1990s of a broader mandate for the management of risk. The project has a number of separate components and, during the year, papers were presented on the rise of the corporate risk officer; the emergence of operational risk as a category in banking regulation; the role of risk management ideas in the reconstruction of corporate social responsibility agendas; the ever closer identification of good governance and risk management. Taken together, these papers represent mutually reinforcing episodes in the construction of a vision of enterprise risk management, a construction that is more varied and internally diverse than is immediately apparent.

Hutter, in a paper presented in Montreal, explored the growth in risk-based regulation as a means of governing economic life and examined this trend in the British context.

Hutter and **Power** are working on the theoretical aspects of organisational encounters with risk, exploring analytical dimensions of 'encountering' which can inform risk regulation and organisational responsiveness theory.

7.1.4 Interorganisational fields, within which risk regulation regimes involve different actors (corporations, non-governmental organisations (NGOs), etc) who emerge and construct the 'manageability' of risk.

Huber has applied the theoretical dimension of insurability to the case of UK flood insurance. The regulatory approach to flood management and flood insurance in the UK highlights the manner in which insurability is a function of political negotiations between the state and industry representatives, and of changing organisational strategies in the face of the impact of climatic changes. Empirical work suggests that these political strategies, the decisive role of inter-organisational regulatory regimes, and the problem of knowledge management by insurance organisations are of central importance, yet tend to be ignored in economic analysis of insurability. In addition, Huber continues to develop the basic outline of a discursive model of organisational and network learning to guide further empirical research of the UK insurance sector.

Miller's project, *Organisational Encounters with Risk: the information ecosystem* (jointly with Ted O'Leary, University of Manchester and Ann Arbor, University of Michigan), examines strategic risk management at the level of major capital investment decisions made by firms, particularly where this spans the boundaries of firms. This project examines the organisational structures and management technologies ('roadmaps') that

have been developed within the microprocessor industry to codify and manage potential large-scale economic risks arising from possible failures of co-ordination within and among firms. It does so from the perspective of the leading microprocessor firm – Intel Corporation.

Hutter continued her monograph project on *Regulating Risks in Economic Life: past experiences and global future prospects*, focusing on (i) the role of civil society organisations in regulating business and (ii) the emergence and development of risk-based regulation. A paper on civil society organisations and regulation is being written with Joan O'Mahony, who joins CARR in 2003.

In a related project, **Rothstein** has been undertaking research on *Openness, Risk and Governance*, which is examining recent trends towards openness and public involvement in risk regulation regimes. The project considers the impact of those trends on regulatory processes and outcomes, paying particular attention to the role and character of expert assessment and advice, and responses to private and public interest group pressures and public attitudes within decision-making. He is currently focussing on a range of topics within the food safety domain. Early results addressed the recent BSE and foot-and-mouth controversies and highlighted the ways in which the gains of regulatory reform can be mitigated in practice.

Rothstein prepared CARR Discussion Paper No.7 (*Neglected Risk Regulation: the institutional attenuation phenomenon*), which analyses the causes of enforcement neglect and failure within risk regulation regimes. The paper suggests that complex risk regulation regimes are particularly vulnerable to a phenomenon of 'institutional attenuation', whereby institutional processes can diminish inspectors' perceptions of risk and the policy importance of associated regulations.

Millo focused on the interplay between regulation and entrepreneurship in financial markets while paying particular attention to technological and mathematical risk assessment methods. Millo's current research project studies the development of risk-based regulation methods at the Financial Services Authority (FSA). The project explores the FSA's unique methodology that combines mathematical evaluation methods with procedural and elaborate experience-based tools. Among other things, the research will address the issue of how the FSA's newly-proposed regulatory risk-assessment approach competes with already well-established commercial proprietary systems.

7.1.4 Organisational and sub-organisational responses, to 'hard' and 'soft' regulations, including the responsiveness of actors (eg, risk officers, management) involved in the interpretation and implementation of specific risk management practices.

Hutter's second research project, *Corporate Risk Management: managing risks and responding to regulation*, is at an early stage. A component case study focuses on how businesses understand and manage risk in the areas of food hygiene and food safety. Meetings with representatives of the industry, regulators and consumers are arranged and a questionnaire is being developed for piloting in 2003.

Corneliussen has previously been working on the regulation of biotechnology, focusing particularly on the impact of regulations on biotech firms, and her work at CARR concerns a subset of the regulations governing biotechnology: the regulations controlling dual-use technologies. Biotech firms are developing technologies – such as vaccines, gene therapy, biosensors, and genetically modified bacteria – that can have both civilian and military applications. The UK and the US fund biodefence on a significant scale and the extent of funding has increased considerably following September 11th, the ensuing anthrax attacks, and the threat of war with Iraq. Much of the biodefence research and development (R&D) is subcontracted to external organisations, particularly biotech firms. Corneliussen is investigating how the risks associated with outsourcing biodefence R&D to commercial enterprises are conceptualised and managed.

In conjunction with Dr Liisa Kurunmäki (LSE) and Professor Justin Keen (University of Leeds), **Miller** has been examining the risk management and regulatory dimensions of the partnership arrangements introduced in Section 31 of the UK Health Act 1999. The researchers have been conducting fieldwork at five sites that have been experimenting with the new arrangements. The study addresses the expected benefits of these new regulatory arrangements, the reactions of various stakeholders to them, the factors that facilitate or

hinder their introduction, as well as the practices developed to minimise risk in joint-working and to ensure that appropriate financial governance and performance measurement systems are in place.

7.2 Programme 2: regulation of government and governance

7.2.1 Research team

ESRC: Christopher Hood (Programme Director), Martin Lodge (Deputy Programme Director), Julia Black (on maternity leave 02/03), Timothy Besley, Robert Kaye, Colin Scott and Mark Thatcher.

The past three decades are said to have brought about the emergence of the 'regulatory state' and the 'new public management state'.

The general theme within this CARR group is to focus on changes in the instruments of government and governance widely associated with these mega-trends. To analyse and assess the regulation of government and governance within the age of the 'regulatory state', the group concentrates on comparative research, paying particular attention to benchmark starting points and 'reform trajectories'. The research applies various types of institutional analysis and aims to develop conceptually the way governments, regulators, and public office-holders are controlled through a range of mechanisms, including oversight, popular participation by voting and other means, and competition in various forms.

Three core objectives guide the work of this CARR research team:

- To identify some of the main mechanisms that serve to control executive government, regulators, and public office-holders, their potential and limitations.
- To identify cross-national trends, commonalities and differences and explore contested explanations of variation.
- To identify features of contemporary governance through the lens of regulation, in particular in the light of the notions of 'responsive regulation', 'audit explosion' and 'regulatory innovation'.

7.2.2 Research Activities

7.2.3 Cross-national comparative analysis of regulation of public sector bodies

Most of the literature on the 'regulatory state' has considered the 'external face' of state regulation of private (privatised) business activities. At the same time, however, there has been, at least in the UK, a growth of regulation inside government. Building on earlier UK-centred work, one key theme in this group is the cross-national comparison of regulation inside government and politics across different states and state traditions in diverse policy domains.

The 'Regulation of Government' project (led by Hood and Scott and involving Lodge) operates in collaboration with an international network of scholars. It looks at six developed countries, investigating patterns of regulation in the areas of high-state bureaucracy, higher education and prison institutions. The research assesses whether and to what extent there has been a cross-national or cross-sectoral growth of regulation inside government, whether it has remained distinctive to the UK and whether developments have been shaped by different state traditions.

Following two earlier workshops, an international conference on the 'Regulation of Government' was held in December 2002. Within the project, Hood and Scott are working on control of government in Westminster systems in the areas of higher bureaucracies, prisons and the higher education system. Scott has worked on control of Australian government more generally. Lodge is investigating control in the German prison sector.

A further key area of work has been informed by the notion of 'public service bargain', as developed by Hood. This has involved the comparative study of rewards to top public officeholders in seven Asian and Pacific-Rim states. Furthermore, Hood has extended his work on incentives in 'risk and blame games' and the impact of negativity biases in political life.

Related to these themes has been the work by Hood and Lodge on civil service competency in the British Department of Trade and Industry and the German Federal Economics Ministry. The report, published by the Industry Forum and the Smith Institute in April 2002, focused on the organisation of policy-making in the two departments, in three selected areas of industrial policy. Current work focuses on changing notions of competency in different national public service systems and has been presented to international academic and practitioner audiences.

Kaye has worked on 'Regulation Inside Politics', investigating the ways in which the regulation of conduct is pursued in different aspects of the UK political system (core executive, political parties, MPs, local government), assessing in an initially national cross-domain perspective, the degrees of formalisation and quasi-juridification of traditionally self-regulated activities. Kaye has given evidence to the Wickes Committee on Standards in Public Life.

7.2.4 Comparison of regulation of government by different institutional mechanisms and different levels of government

This research area explores the effects of different institutional mechanisms, such as the effects of voting versus appointment, the effects of public versus private regulation of public bodies and the effects of 'domestic' versus 'foreign' regulation of government bodies.

The research project conducted by Scott and Kaye explores the private regulation of the public sector in various institutional forms; looking at different mandates and sanctions which have been designed and are being applied in regulatory regimes. Based on a joint framework for analysis, Scott focuses on international governance, while Kaye is concentrating on the UK level.

The research by Besley on alternative forms of political accountability evaluates US state government data in order to investigate the impact of different mechanisms of accountability on insurance regulators. Further work on government responsiveness has looked at the function of the media in influencing government behaviour. This work has also been applied in the developing country case of India. Besley surveyed the large literature looking at the impact of political institutions on economic outcomes using cross-state data from the US. Ongoing work explores issues of responsiveness of UK local government performance to political contestability. He is also working on the political economy of food safety regulation using the BSE crisis in the UK as a motivating example.

Scott has continued to work on issues of regulatory independence and accountability, in particular in the context of Australian government. Lodge and Stirton (UEA) have further explored issues of regulatory transparency in network regulation.

7.2.5 Comparison of regulatory behaviour and regulatory innovativeness in different environmental conditions

Regulators and other governmental actors are said to be prompted to adopt functionally superior regulatory techniques by continued exposure to environmental pressures, notably in the form of international regulatory competition and technological change. Research focuses on the extent to which other factors, for example, institutional processes, are shaping the generation and advocacy of 'best practice' in regulation.

Activities have centred on the following areas:

Thatcher has examined institutional innovation in regulation by looking at the spread of independent regulatory agencies in Europe, comparing those across Britain, France, Germany and Italy. This work was developed further as part of an international CARR workshop in December 2002 (with David Coen, University College London (UCL)). This comparative work also links to work by **Lodge**, which has focused on Europeanisation and the comparative analysis of the regulatory state in terms of control and transparency as well as competition law policy, and by **Scott** on European governance and on network regulation (in particular with regard to new technologies).

Kaye has started a major project on self-regulation in the UK across different sets of environmental conditions, investigating the diverse paths in which the perceived transformation of consensual self-regulation has occurred. The project seeks to investigate the ways in which the transformed regimes are shaping the conduct of their members.

Lodge and **Stirton** (UEA) are developing further their work on regulation in the developing world, working on themes of capacity-building, regulatory embeddedness and commitment (supported by the British Academy/Association of Commonwealth Universities and the LSE's Suntory and Toyota International Centres for Economics and Related Disciplines research centre (STICERD)).

Scott, Black, Thatcher, Hood, Kaye and **Lodge** are working on developing a joint framework for the study of 'regulatory innovation' processes. They are looking at different sectors, drawing on government and market regulation, in comparative perspective. This work also links to Scott's interest in the 'post-regulatory state'.

8. Research Students

The CARR Research Student Forum, generously supported by Deutsche Bank, aims to contribute to the training of the next generation of researchers in the multi-disciplinary field of risk and regulation. The CARR Forum, co-ordinated by Michael Huber and George Gaskell, has three elements:

- a seminar series for CARR's research students;
- bursaries to support their research;
- an annual International Research Student Conference.

8.1 Research Students Seminar Series

CARR's PhD students come from the departments of Accounting and Finance, Law, Government, Management, Sociology and Social Psychology and, joined by the Centre's Research Fellows, the seminar series has some 20 participants. The programme for 2002-3 combines presentations of the participants' research in progress and the exploration of an integrative substantive theme – trust and its related concepts of risk and power. Trust has a long history in the social sciences and the initial discussions have concentrated on the work of Luhmann, whose writings on risk and trust, danger and confidence, provide a framework for research across different disciplinary perspectives.

The seminar series aims to cultivate an interdisciplinary appreciation of approaches to risk and regulation. No one social science has the monopoly on theory and concepts, and if the field is to progress, the traditional disciplinary boundaries and demarcations need to be challenged by researchers adopting a more eclectic approach. The idea is that students will be able to develop a critical appreciation of the potential contribution of the broader range of social scientific insights into aspects of risk and regulation.

8.2 Research Student Support – Deutsche Bank Fund

CARR's research students can apply for bursaries to support their research and to attend national and international conferences. In the year under review, empirical research has been supported on accounting issues in financial institutions, Italian water regulation, innovation policies and risk perception. Recent conference presentations include a paper by Nicholas Allum on 'Trust, risk and GM foods' at the International Conference of the Society for Risk Analysis in the USA.

8.3 Research Student Conference

In September 2002, CARR held the first research student conference on the theme of risk and regulation. The conference was part of the Centre's outreach programme. Scholarly interest in this emerging interdisciplinary area was evidenced by a level of international involvement exceeding the expectations of the organisers. Some 50 participants from across the UK, Austria, Denmark, Estonia, France, Germany, Italy and the US attended the conference, to hear 24 presentations from students representing 14 different institutions.

Bridget Hutter opened the conference by mapping out the intellectual agenda that CARR aims to develop, outlining the historical and separate origins of research on risk and regulation and the more recent integration of the topics. This was followed by Henry Rothstein who delineated contemporary work on risk regulation regimes, drawing together work from across the two fields of risk and regulation.

The substance of the conference comprised the research students' presentations of work in progress. Topics covered in the six sessions included audit regulation and financial markets; airline flight safety, Y2K (Year 2000) and the regulation of risk at the Los Alamos National Laboratory; regulation of Information Technology (IT), telecoms, electricity supply and pharmaceuticals, and risks and related issues around new technologies including genetically modified foods.

The research highlighted the complexity of the social scientific study of risk and regulation. Of particular note was the wide range of disciplinary backgrounds, including sociology, political science, law, psychology and socio-legal studies. A variety of research designs were demonstrated; including case studies, experiments and ethnographic approaches, using both qualitative and quantitative data sources, such as media coverage, public opinion surveys and in-depth interviews. With these resources, the research students brought both conceptual and methodological sophistication to the study of their particular risk/regulation issue. Moreover, the group showed an enthusiasm for engaging in discussion with others working within differing disciplinary frameworks.

The presentations from this new generation of risk and regulation researchers show that the area offers many exciting opportunities for work at the intersection between social sciences and issues of contemporary relevance in the public domain. The quality of the work presented at the conference suggests that the field will not only expand, but will do so in safe hands.

The next conference is scheduled for 18-19 September 2003 and interested students are invited to visit the CARR website for further details. The conference will feature student presentations and 'master classes' led by CARR staff and associates on research in particular fields of risk and regulation.

9. Outreach

Outreach has become the direct responsibility of the Directors and has been subject to a major overhaul in the past year. Two objectives have been added to the Outreach Programme, namely to establish an annual doctoral workshop for students in the risk and regulation area (see Section 8) and the creation of a web-based directory of interests in risk and regulation research, which is intended to become a national and international resource (see Section 3). Meanwhile, CARR has continued to host a programme of events held in London and in regional centres. It also runs a programme of visitorships to provide risk/regulation

researchers with an opportunity to spend a period of time at CARR in London. CARR expresses its thanks to Professor Tony Prosser, who acted as CARR Scottish Liaison until his move from Glasgow to Bristol in 2002.

9.1 Seminars and Conferences

CARR held two highly successful Outreach events in the regions this year.

In February, CARR, in association with the Centre for Business History, University of Leeds, held a successful workshop on the topic of **Business History and Risk**. It examined the various ways in which business historians have explored issues of risk in their work. Tony Freyer (University of Alabama) surveyed national patterns of antitrust and risk regulation, focusing on divergent national consciousnesses of accountability and competition. Oliver Westall (University of Lancaster) focused on the insurance industry as a bearer of risk and highlighted the historical lack of systematic risk assessment in most traditional insurance businesses and the rather narrow fronts on which statistical risk evaluation had advanced. Jo Melling (University of Exeter) examined the risks borne by employees in industrial employment, focusing on the history of industrial silicosis. He challenged the view that trade unions, by campaigning for compensation, have hindered prevention and regulation. Finally, Philip Augar (author of *The Death of Gentlemanly Capitalism*), discussed the City of London and the management and changing cultures of risk before and after the 'Big Bang'. The workshop, attended by historians, economists, accountants and risk analysts from 11 institutions, highlighted the fact that, although 'risk' is a recurrent issue in business history and in many of the theories that it draws on, little work focuses directly on understanding the nature of risk itself.

In April, CARR and the University of East Anglia's Centre for Competition and Regulation (CCR) held a conference on **Accountability, Accounting and Regulation** at the University of East Anglia. Around 50 delegates from universities, industry and regulatory bodies met to discuss accountability and regulation in the professions. Sir John Bourn, Comptroller and Auditor General and Head of the National Audit Office gave the keynote address on a new scheme of regulation for accountants. Anne Davis (Oxford University) continued with a discussion on regulation of the medical profession outlining various models of accountability.

Delegates discussed regulation and accountability within the privatised utilities with a presentation by Martin Lodge and Lindsay Stirton (UEA) on transparency in network regulation. Stuart Ogden (University of Manchester Institute of Science and Technology (UMIST)) focused, in particular, on accountability in the privatised water industry, while Peter Russell and Ian Dewing (CCR) moved on to look at who the auditors are accountable to, and the issue of providing different information to different audiences, such as regulators and shareholders. The event ended with a discussion by Catherine Waddams and Lynne Conrad (CCR) on accountability in regulation in which they explored changing concepts of public interest.

A range of national and international academics have also attended CARR's London-based workshops (See Appendix 2)

9.2 Visitors Programme

CARR has hosted a number of international and national visitors. These have included Neil Gunningham (Professor of Law and Director of the Australian Centre of Environmental Law, Australian National University), Fred Thompson (Grace and Elmer Goudy Professor of Public Management and Policy Analysis, Wilamette University Salem), Yakov Ben-Haim (Professor Yitzhak Moda'i Chair in Technology and Economics, Technion – Israel Institute of Technology), Marius Aalders (Professor of Environmental Law and Policy, University of Amsterdam), Rolf Lidskog (Professor of Sociology, University of Örebro), and Fabrizio Panozzo (Associate Professor of Public Management and Accounting, Università Ca' Foscari di Venezia).

Many UK academics have also visited CARR to hold seminars and discuss their work with CARR staff. These have included speakers from the Universities of Cambridge, Cardiff, Edinburgh, Leeds, Manchester and Oxford. Preliminary contacts have been made with the Director of the successful bid in the ESRC Research Networks Competition in the area of Risk in its Social Context and also with other risk and ESRC Centres and Programmes in the UK. CARR plans to establish a cohesive network with these partners for future research.

10. PricewaterhouseCoopers Risk Research Institute

The professional services firm PricewaterhouseCoopers has provided funding for a discrete research unit within CARR, the Risk Research Institute (RRI). The funding supports a chair, held by Professor Claudio Ciborra; a senior fellowship, Dr Michael Barzelay, and a balance of funding for commissioned research projects.

Ciborra's work on the 'duality of risk' examines organisational instances of Information and Communication Technology (ICT) infrastructure projects, and the risks created as side effects of integrative programmes which themselves address risks of ICT fragmentation. These risks of integration cannot simply be conceptualised as problems of implementation, but relate to an essential tension, a 'duality of risk' which is played out in a variety of ways in different settings. The project, in co-operation with a team at the University of Oslo, is developing several cases studies (such as e-government in Jordan; a commercial bank) for the purpose of developing a comparative analytical framework. Ciborra gave his Inaugural Lecture as Chair of RRI, at LSE, on E-Government and Development in October 2002 and has held meetings with the Italian Ministry of Information Technology.

Barzelay completed a monograph (co-authored with Colin Campbell, Bristol University) on the management of strategic risks in the US Air Force. In particular, focusing on efforts to visualise different possible futures for the air force, and to translate these gaming investments into concrete strategic proposals. The work emphasises the role of structured processes, 'the futures game', that create artificial but efficacious experiences for senior planners as they seek to manage strategic risk. Barzelay also organised an international CARR Research Workshop and Organisation for Economic Co-operation and Development (OECD) small conference on New Public Management (November 2002).

Two further projects have been funded by PricewaterhouseCoopers. These are:

10.1 Strategic Decision-Making in Companies

Peter Abell and Geoffrey Owen (Interdisciplinary Institute of Management, LSE)

The purpose of this project is to explore the relevance of theories of strategy to the real world of decision-making in companies. The researchers examine in some detail the performance of leading companies, between 1980 and 2000, in two UK industries; food retailing and vehicle components. Both industries went through a process of fundamental change during this period: in food retailing, a shift to industry maturity, slower growth and more intense competition; in vehicle components, a shift from national to global sourcing on the part of vehicle assemblers. In both industries an important topic for examination is the ability (or inability) of companies to change direction when their market environment changes.

Early results suggest that it is difficult to apply any specific theory of strategy to the data on the industries selected for the study. The research focus going forward is on the role of foresight, risk-taking and luck in determining sustained superior performance.

10.2 Risk Perceptions: an internet approach

Frank Cowell (STICERD, LSE)

This project, in the tradition of experimental economics, uses a web-based interactive questionnaire to measure risk perceptions, using mainly student populations. Results are expected in 2003.

11. BP Complex Risk Research Programme

BP has provided funding for two years to support research under the broad theme of complex risk. Two projects have been funded and a postdoctoral fellow was appointed for 2002-3.

11.1 Organisational Decision Support for the Management of Complex Risk (CRISP) Jonathan Rosenhead (Operational Research, LSE) and Tom Horlick-Jones (Cardiff University)

This project examines how problem-structuring methods (in conjunction with ethnographic methods) can be used to manage complex, ie, multi-source, risk in Railtrack (now part of Network Rail) and the Greater London Authority. Key findings support the role of problem-structuring methods in conflict situations, utilising mixed methods and improvisation to reveal unspoken working practices, and forms of practical reasoning about risk in organisations, in particular the micro-politics of blaming. A close examination of the often messy processes of everyday practical reasoning and sense-making that constitute risk-related practices reveals that risk issues are often 'about' matters quite distinct from the ostensible subject.

These insights raise important questions about the efficacy of orthodox approaches to decision support for organisational risk management. Many of these are reductionist in their (sometimes implicit) conception of the nature of risk. In conceptual terms, they place important limits on the scope of grand theorisations to capture the concrete detail of organisational risk-related practices. They point rather to the need for specific understanding to be rooted in investigations which are sensitive to a variety of interactional dimensions.

The CRISP project ended at the end of October, 2002. A concluding inter-disciplinary workshop is still to take place, and further analysis of the project data will continue.

11.2 Risk, Regulation and the 'Right to Know': exploring the consequences of access to information on the management of complex environmental risks Andrew Gouldson (CARR/Department of Geography and Environment, LSE)

This project addresses the consequences of access to information for the management of complex environmental risks. The project examines stakeholder issues with reference to the complex environmental risks associated with the chemicals sector in the UK. It compares regulator-industry-stakeholder relations around major chemical complexes in England and Wales – where site-specific information on emissions is available online – with those surrounding similar complexes in Scotland, where access to such information is much more limited. The research finds that increased access to information has had a variety of impacts. Although community groups at the local level commonly find it hard to access or to understand the information that is now available, national level pressure groups have used this information to develop more sophisticated and more influential campaigns. As their performance becomes more open to scrutiny, regulators and firms find it necessary to behave in ways that enhance rather than erode public confidence. In turn, this is leading to the emergence of new forms of engagement and to new spheres of influence.

11.3 Commercial Partnerships with Non-Governmental Organisations for Risk Management Stephen Tully (CARR, LSE)

Tully commenced his BP postdoctoral research into the prospects of civil regulation and co-operative partnerships between NGOs and corporations. The Energy and Biodiversity Initiative, a partnership between four corporations and five environmental organisations, has been selected as a case study. The initiative has as its objective formulating performance standards, identifying best corporate conservation practices in biodiversity sensitive areas, indicating appropriate investment site selection criteria and advocating the business case for biodiversity protection. Tully's project, which reflects CARR's broader interest in the impact of civil society organisations as regulators of corporations, will document the effectiveness and implications of the initiative.

Appendices

Appendix I

Staff Resources 2001-02

	FUNDING SOURCE	% COMMITMENT TO CARR	FTE (SEE NOTE 2)
Directors/Programme Directors			
Professor Bridget Hutter, Director	Peacock	100%	1
Professor Michael Power, Director	ESRC	75%	1
Professor Robert Baldwin, Programme Director (40% October – December: Resigned December 2001)	ESRC	40%	–
Professor Christopher Hood, Programme Director	ESRC	See note 1	0.2
Full-time Research Staff			
Ms Filippa Corneliusson, ESRC Postdoctoral Fellow (from October 2002)	ESRC	100%	1
Dr Michael Huber, Aon Senior Research Fellow	AON	100%	1
Dr Robert Kaye, ESRC Research Officer	ESRC	100%	1
Dr Martin Lodge, Senior Research Officer (Resigned September 2002 to take up Lectureship, Government Department) (see below)	ESRC	100%	1
Mr Yuval Millo, ESRC Postdoctoral Fellow (from October 2002)	ESRC	100%	1
Dr Henry Rothstein, ESRC Research Fellow	ESRC	100%	1
Mr Stephen Tully, BP Postdoctoral Fellow (from October 2002)	BP	100%	1
Bought-out Research Staff			
Professor Timothy Besley (Economics)	ESRC	See note 1	0.15
Dr Julia Black, Researcher (Law) (Maternity leave 2002)	ESRC	See note 1	0.2
Ms Vanessa Finch (Law) (15% October – December: Resigned December 2001)	ESRC	See note 1	–
Dr Martin Lodge (Government) (20% October – December 2002, Deputy Programme (2) Director)	ESRC	See note 1	–
Professor Richard Macve (Accounting and Finance)	ESRC	See note 1	0.2
Professor Peter Miller (Accounting and Finance)	ESRC	See note 1	0.2
Mr Colin Scott (Law)	ESRC	See note 1	0.2
Dr Mark Thatcher (Government)	ESRC	See note 1	0.2

	FUNDING SOURCE	% COMMITMENT TO CARR	FTE (SEE NOTE 2)
Commissioned Project Staff			
Dr Michael Barzelay, PricewaterhouseCoopers Fellow (from December 2001)	PricewaterhouseCoopers		
Professor Claudio Ciborra, Chair (from December 2001)	PricewaterhouseCoopers		
Professor Frank Cowell	PricewaterhouseCoopers		
Professor George Gaskell, Methodology Institute	ESRC		
Dr Andy Gouldson, Researcher (May 2001 – December 2002)	BP		
Dr Terence Gourvish, Business History Unit	ESRC		
Sir Geoffrey Owen & Professor Peter Abell	PricewaterhouseCoopers		
Professor Jonathan Rosenhead, Researcher (October 2000 – September 2002)	BP		
Dr Mark Stein, PricewaterhouseCoopers Fellow (March 2002 – September 2002)	PricewaterhouseCoopers		

Research Associates: internal

Dr Damian Chalmers, Law Department
 Professor Carol Harlow, Law Department
 Professor Ed Page, Government Department
 Professor Larry Phillips, Visiting Professor, Department of Operational Research
 Professor Judith Rees, LSE Deputy Director

Research Associates: external

Mr Tom Horlick-Jones, University of Cardiff (until September 2002)
 Professor Nick Pidgeon, University of East Anglia
 Professor Tony Prosser, University of Bristol
 Mr Lindsay Stirton, University of East Anglia
 Professor Brian Wynne, University of Lancaster

Support Staff

Ms Sabrina Antão, Events and Publications Administrator (August 2002 – December 2002)	LSE	100%
Mr David Black, Administrative Secretary (Resigned December 2002)	ESRC	100%
Ms Louise Newton-Clare, Centre Manager	ESRC	100%

Note 1: Bought-out staff are the equivalent of 1.35 full-time contractual staff

Note 2: FTE calculations reflect inputs

Appendix 2

Key Performance Indicators

A. Publication and Dissemination

A.1 Books

Total: 5

EDITED/ AUTHORED	AUTHOR(S) NAME	TITLE	DATE	PUBLISHER	WHERE
Authored	Ciborra, C	The Labyrinths of Information	2002	Oxford University Press	London
Authored	Gourvish, T	British Rail 1974-97: From Integration to Privatisation	2002	Oxford University Press	Oxford
Authored	Lodge, M	On Different Tracks: Designing Railway Regulation in Britain and Germany	2002	Praeger	Westport/Con
Authored	Power, M	La societa dei controlli, translation of The Audit Society (1997) by Fabrizio Panozzo	2002	Edizioni do Comunita	Torino, Italy
Edited	Coen, D and Thatcher, M	Utilities Reform in Europe	2001	Nova Scientific	New York

A.2 Chapters in Books

Total: 8

CHAPTER AUTHOR	CHAPTER TITLE	BOOK TITLE	BOOK AUTHOR	DATE	PUBLISHER	WHERE
Barzelay, M	Origins of the New Public Management	The New Public Management: Current Trends and Future Prospects	McLaughlin, K, Osborne, S P and Ferlie E (ed)	2002	Routledge	London
Black, J	Regulatory Conversations	New Directions in Regulatory Theory	Picciotto, S and Campbell, D	2002	Blackwell Publishers	Oxford
Ciborra, C and Andreu, R	Knowledge Across Boundaries	The Strategic Management of Intellectual Capital	Choo, C.W. and Bontis, N	2002	Oxford University Press	New York
Hood, C	Managing Risk and Managing Blame: a political science approach	Risk, Democratic Citizenship and Public Policy	Weale, A (ed)	2002	Oxford University Press/British Academy	Oxford
Huber, M and Liberatore, A	Learning to Manage Global Environmental Risks: a regional approach to the management of global environmental risks	Learning to Manage Global Environmental Risks	Social Learning Group	2001	MIT Press	Cambridge, MA
Miller, P	Sociology and Accounting	Handwörterbuch Unternehmensrechnung und Controlling	Kupper, H-U and Wagenhofer, A	2002	Schaffer-Poeschel Verlag	Stuttgart
Rothstein, H and Irwin, A	Re-Constructing the Local and the Global: Europeanisation, regulation and changing knowledge-relations	The Regulation of Science and Technology	Lawton-Smith, H (ed)	2002	Palgrave	Basingstoke
Thatcher, M	The Relationship between National and European Regulation in Telecommunications	Telecommunications and the New Information Society in Europe	Jordana, J	2002	Edward Elgar	Aldershot

A.3 Articles in Refereed Journal Papers

Total: 26

AUTHOR(S)	ARTICLE TITLE	JOURNAL	VOL	DATE	PAGES
Barzelay, M	The New Public Management: Invitation to a Cosmopolitan Dialogue	Hitotsubashi Business Review	49 (4)	Spring 2002	27-34
Besley, T and Case, A	Political Institutions and Policy Outcomes	Journal of Economic Literature		July 2002	
Besley, T and Burgess, R	The Political Economy of Government Responsiveness	Quarterly Journal of Economics	117 (4)	November 2002	1415-1452
Black, J	Critical Reflections on Regulation	Australian Journal of Legal Philosophy	27	2002	1-37
Black, J	Regulatory Conversations	Journal of Law and Society	29 (1)	March 2002	136-163
Ciborra, C, Hanseth, O and Braa, K	The Control Devolution	Database	32 (4)	Autumn 2001	34-46
Haq, G, Bailey, P and Gouldson, A	Mind the Gap! Comparing Ex-ante and Ex-post Assessments of the Costs of Complying with Environmental Regulation	European Environment	12	October 2002	245-256
Hood, C	The Risk Game and the Blame Game	Government and Opposition	37 (1)	January 2002	15-37
Hood, C	Control, Bargains and Cheating: The Politics of Public-Service Reform	Journal of Public Administration Research and Theory	12 (3)	July 2002	309-332
Lodge, M and Hood, C	Pavlovian Policy Response to Media Feeding Frenzies? Dangerous Dogs Regulation in Comparative Perspective	Journal of Contingencies and Crisis Management	10 (1)	March 2002	1-13
Hutter, B	Is Enforced Self-Regulation a Form of Risk Taking?: The Case of Railway Health and Safety	International Journal of the Sociology of Law	29	2001	379-400
Lodge, M and Stirton, L	Regulatory Reform in small developing states: Globalisation, regulatory autonomy and Jamaican telecommunications	New Political Economy	7(3)	November 2002	415-33
Lodge, M	Varieties of Europeanisation and the national regulatory state	Public Policy & Administration	17(2)	September 2002	43-67
Stirton, L and Lodge, M	Transparency Mechanisms: Building Publicness into Public Services	Journal of Law and Society	28(4)	December 2001	471-89
Lodge, M and Stirton, L	Transparantie-mechanismen. Openbaarheid inbouwen in de openbare dienstverlening	Ethiek & Maatschappij	4(3)	October 2001	103-19
Lodge, M	The wrong type of regulation? The regulatory state, policy failure and the regulation of railways in Britain and Germany	Journal of Public Policy		Winter 2002	
Lodge, M	Barking mad? Risk Regulation and the control of dangerous dogs in Germany	German Politics	10(3)	December 2001	65-82
Miller, P and O'Leary, T	Rethinking the Factory: Caterpillar Inc	Cultural Values	6	2002	91-117
Power, M	Standardization and the regulation of management control practices	Soziale Systeme	8	2002	190-203
Horlick-Jones, T and Rosenhead, J	Investigating risk, organisations and decision support through action research	Risk Management: an international journal	4	2002	45-63
Murray, A and Scott, C	Controlling the New Media: Hybrid Responses to New Forms of Power	Modern Law Review	65	July 2002	491-516
Scott, C	Private Regulation of the Public Sector: A Neglected Facet of Contemporary Governance	Journal of Law and Society	29	April 2002	56-76
Scott, C	The Governance of the European Union: The Potential for Multi-Level Control	European Law Journals	8	March 2002	59-79
Thatcher, M	Delegation to Independent Regulatory Agencies: Pressures, Functions and Contextual Mediation	West European Politics	25 (1)	January 2002	125-47
Thatcher, M and Stone Sweet, A	Theory and Practice of Delegation to Non-Majoritarian Institutions	West European Politics	25 (1)	January 2002	1-22
Thatcher, M	Regulation after Delegation: independent regulatory agencies in Europe	Journal of European Public Policy	9 (5)	December 2002	1-14

A.4 Non-refereed Journal Papers**Total: 8**

AUTHOR	TITLE	PUBLICATION	SUBJECT MATTER	DATE
Ciborra, C	The Duality of Risk	Risk&Regulation: CARR Review	Risk	Autumn 2002
Rothstein, H (with Power, M, Besley, T and Hood, C)	The Enron Effect	Risk&Regulation: CARR Review	Risk and corporate trust	Autumn 2002
Huber, M	Organisational Learning and Risk Management	Risk&Regulation: CARR Review	Insurance and natural hazards	October 2001
Huber, M	Managing the Unknown Future – Different rationales for insuring against terrorism	World Trade Bulletin 10	Terrorism Insurance	January 2002
Hutter, B	Why We Need to Understand Corporate Life	Parliamentary Brief	Railway regulation	2002
Power, P	Japan: Land of the Rising Audit?	Risk&Regulation: CARR Review	Audit society hypothesis	Spring 2002
Hood, C, Rothstein, H and Baldwin, R	The Government of Risk	Risk&Regulation: CARR Review	Book Review	November 2001
Scott, C	Regulation and Governance Reforms for Ireland and the European Union	Irish Just	EU Governance White Paper	December 2002

A.5 Discussion Papers**Total: 7**

AUTHOR	TITLE	DATE	NO.	SERIES
Barzelay, M	Managing Strategic Risks in Organizations: the role of structured processes that create artificial experience	September 2002		
Besley, T and Burgess, R	Can Labor Regulation Hinder Economic Performance?	March 2002	3260	CEPR
Besley, T and Prat, A	Handcuffs for the Grabbing Hand	January 2002	3132	CEPR
Black, J	Critical Reflections on Regulation	January 2002	4	CARR Discussion Paper
Huber, M	Conceptualising Insurance: risk management under conditions of solvency	October 2002	9	CARR Discussion Paper
Stirton, L and Lodge, M	Embedding Regulatory Autonomy: the reform of Jamaican telecommunications regulation	February 2002	5	CARR Discussion Paper
Rothstein, H	Neglected Risk Regulation: the institutional attenuation phenomenon	October 2002	7	CARR Discussion Paper

A.6 Other Publications (Working Papers, Monographs, Pamphlets)**Total: 5**

AUTHOR	TITLE	SERIES	DATE
Hood, C, Lodge, M and Clifford, C	Civil Service Policy Making Competencies in the German BMWi and British DTI: a comparative analysis based on six case studies	Report by Industry Forum and Smith Institute	March 2002
Hutter, B	Risk Based Regulation: a critical examination of a new trend in governance	Policy Research Initiative, Ottawa, Conference website	September 2002
Lodge, M and Stirton, L	Telecommunications Reform in Jamaica: towards embedded regulatory autonomy?	Centre for Regulation and Competition, University of Manchester, working paper 15	January 2002
Lodge, M	From varieties of the welfare state to convergence of the regulatory state? The Europeanisation of regulatory transparency	Queen's Papers on Europeanisation	November 2001
Miller, P and O'Leary, T	The Coordination of Investment in Systems of Complementary Assets: a clinical study of inter-firm and intra-firm mechanisms		November 2002

A.7 Datasets**Total: 1**

NAME	TITLE	DATE
Power, M and Hutter, B	Risk and Regulation Research Directory	December 2002

B. External Interrelationships**B.1.1 Conference and Seminar Papers Presented****Total: 60**

AUTHOR	CONFERENCE PAPER TITLE	CONFERENCE TITLE	PLACE	DATE
Besley, T and Prat, A	Handcuffs for the Grabbing Hand	Mass Media Economics	LSE	June 2002
Besley, T	Making Government Responsive	Treasury Public Sector Conference	HM Treasury	June 2002
Besley, T	(1) Principled Agents Motivation & Incentives in Government (2) Political Agency & Public Finance (3) The Economics of Public Service	Lindahl Lectures 2002	Sweden	November 2002
Besley, T	The political economy of longevity	British Association Annual Festival 2002	Leicester	September 2002
Black, J	Issues in Financial Services Regulation	Seminar	Financial Services Authority	December 2001
Black, J	Regulatory Authority	3rd Forum of Regulation	Universite de Sciences Po, Paris	
Ciborra, C	E-Government and Development	Primavera Seminar	Amsterdam	December 2002
Ciborra, C	The duality of risk	Leaders Seminar on Risk	Zurich	November 2002
Ciborra, C	From control to drift	Research Board Seminar	Kingston	November 2002
Gouldson, A	The Impact of EU Policy on the Development and Diffusion of New Renewable Energy Technologies	The Future for Renewables in Ireland	Tipperary Institute	October 2002
Gouldson, A	Environmental Risk Regulation and the Community Right to Know	Centre for Social and Environmental Accounting Research Summer School	University of Dundee	September 2002
Gouldson, A	Evolutions in Environmental Regulation: European perspectives	Innovations in US Environmental Regulation	Albany, NY	November 2002
Gourvish, T	Did Government Make the Public Sector Railway Solution Unworkable?	Institute of Railway Studies & National Railway Museum	York	November 2002
Cassis, Y and Gourvish, T	Entrepreneurs and Managers in Europe	Entrepreneurs and Managers International Business History Colloquium	Bocconi University, Milan	September 2002
Hood, C and Lodge, M	Competency and Ineptitude: what's new about civil service competencies and who cares?	American Society for Public Administration Conference	Phoenix, Arizona	March 2002
Hood, C and Askim, J	Immodest Theories, Top Public Rewards and Good Governance – Where Simple Doctrines Meet Slippery Facts	Annual Meeting of the American Political Science Association	Boston	Aug/Sept 2002
Lodge, M and Hood, C	Developing national administration in the age of Europeanisation: towards a European understanding of national civil service competence?	Public Administration Committee annual conference	York	September 2002
Hood, C and Lodge, M	Competency, Bureaucracy and the Orthodoxies of Public Management Reform: a comparative analysis	'Bringing the top civil servants back in' seminar	Paris	June 2002
Huber, M	Risikomanagement und Versicherungen	Seminar	Bielefeld	January 2002
Huber, M	Risk Management as internalization	SRA – Europe Conference, Integrated Risk Management	Berlin	July 2002
Huber, M	The breakdown of a tacit understanding	Second IIASA DPRI Meeting Integrated Disaster Risk Management	Luxembourg	July 2002
Huber, M	Political Strategies and the evaluation of burden sharing	UACES Study Group on EU Burden Sharing: Internal and External Aspects of Burden Sharing	London	April 2002
Hutter, B	Risk based regulation: a critical examination of a new trend in governance	Conference on Instrument Choice in Global Democracies	Montreal	September 2002

AUTHOR	CONFERENCE PAPER TITLE	CONFERENCE TITLE	PLACE	DATE
Kaye, R	Regulating Legislators	PSA Annual Conference	University of Aberdeen	March 2002
Lodge, M	Failure in the regulatory state: contrasting perspectives on German and British railway regulation	National Railway Museum seminar	York	May 2002
Lodge, M	Europeanisation and German competition policy: From centrality to Gewurschtel	British Academy 'Europeanized Germany' conference	London	May 2002
Lodge, M and Stirton, L	Comparing transparency in network regulation	Centre for Competition and Regulation/CARR seminar	Norwich	April 2002
Lodge, M	From welfare state variety to regulatory state convergence? Comparing processes, instruments and transparency across four European states	Socio-Legal Studies Association conference	Aberystwyth	April 2002
Lodge, M	Accountability and Transparency in Regulation: critiques, doctrines and instruments	ESF International Regulation Workshop	Barcelona	November 2002
Lodge, M	Change in the National Regulatory State: Towards a one 'best in world' model?	UACES international research conference	Queen's University, Belfast	September 2002
Chalmers, D and Lodge, M	Strategies, Methods and Reactions: questioning the Open Method of Coordination	Workshop on the open method of co-ordination	London	October
Lodge, M	From varieties of the welfare state to convergence of the regulatory state? The Europeanisation of regulatory transparency	Queen's University Belfast Europeanisation seminar	Queen's University, Belfast	October 2001
Lodge, M	The Regulation of German prisons	CARR	London	
Lodge, M	Varieties of Europeanisation and domestic public policy: German and UK competition law policy and the 'first supranational policy'	ECSA Canada	Toronto	May 2002
Lodge, M and Stirton, L	Building regulatory autonomy in the Caribbean: comparative lessons on the political economy of regulatory reform	New Political Economy of Development conference	Sheffield	July 2002
Lodge, M and Stirton, L	Levy and Spiller's 'Institutional Endowment' Hypothesis after 15 Years: Misguided Theory, Prophets of Doom or an Explanation of Institutional Change	CRC Regulation, Competition and Development International Workshop	Manchester	September 2002
Lodge, M	Hitting the buffers: institutional change in the regulation of the privatized railways in Britain and Germany	EGPA	Potsdam	September 2002
Miller, P	Foucault Among the Accountants	Organizing Beyond Foucault	Ecoles Des Mines, Paris	December 2002
Millo, Y	How risky is risky? The Sociology of Financial Regulation	European Association for Evolutionary and Political Economics annual conference	University of Siena	November 2001
Millo, Y	Representation and Manipulation: the birth of index-based derivatives	New York Conference on Social Studies of Finance	Columbia University	May 2002
Millo, Y	Techno-ethical Issues in Regulation of Financial Derivatives	European Association for Social Studies of Technology (EASST) annual conference	University of York	July 2002
Power, M	The invention of operational risk	University of Alberta	Edmonton	September 2002
---		SCORE	Stockholm Centre for Organizational Research	November 2002

AUTHOR	CONFERENCE PAPER TITLE	CONFERENCE TITLE	PLACE	DATE
---		ESRC Global Approaches to Finance Workshop	Warwick University	December 2002
---		P.D. Leake Seminars	Oxford Business School	March 2002
Power, M	Risk, Management and Risk Management	Risk: Economy, Science and Society	Valdagno, Italy	2002
Power, M	The rise of the corporate risk officer	University of Alberta	Edmonton	September 2002
Power, M		University of Uppsala	Uppsala	November 2002
---		P.D. Leake Seminars	Oxford Business School	March 2002
Rosenhead, J	Aspects of decision support practice	12th Mini-EURO Conference	Brussels	April 2002
Rothstein, H	Precautionary Bans or Sacrificial Lambs?: Opening-up the UK Food Safety Regime	Innovations in managing risks under situations of uncertainty	Columbia University, New York, USA	November 2002
Rothstein, H	Accounting for Variety in Risk Regulation Regimes	Centre for Environmental Risk Departmental Seminar Series	University of East Anglia	December 2002
Rothstein, H	Neglected Risk Regulation: the institutional attenuation of risk	NIOSH Conference 'Best Practices in Occupational Safety and Health, Education, Training and Communication'	Baltimore, USA	October 2002
---		Society for Risk Analysis – Europe annual conference	Berlin	July 2002
Rothstein, H	Explaining variety and failure within risk regulation regimes – some institutional dimensions	Decision-Making in Public Health: Dealing with Risk and Safety Issues of Health, Paris	French Ministry	March 2002
Rothstein, H (based on Rothstein and Hood paper)	Risk Regulation Under Pressure: Problem-Solving or Blame Shifting?	Sociology Group Departmental Seminar series	Sussex University	December 2001
---		Centre for Environmental Strategy Departmental seminar series	Surrey University	December 2001
Scott, C	Paradoxes of Independence and Accountability in Commonwealth Regulatory Governance	National Administrative Law Forum	Fremantle, WA	July 2002
Scott, C	Responsive Regulation and the Governmentality Debate	Law and Society Association Annual Meeting	Vancouver	June 2002
Scott, C	Parameters of Regulatory Innovation	Socio-Legal Studies Association Annual Conference	Aberystwyth	April 2002
Scott, C	The Post-Regulatory State	Regulatory Theory	Barcelona	November 2002
Thatcher, M	Europeanisation, Internationalisation and Domestic Institutional Reform	European Consortium for Political Research	Turin	April 2002
Thatcher, M	National Regulation in an Internationalised World: European telecommunications	Seminar	Robert Schuman Centre, EUI	October 2001
Thatcher, M	The causes and consequences of regulation by networks: telecommunications in Europe	Seventh EU Competition and Law Policy Workshop, Constructing the EU Network of Competition Authorities	EUI Florence	April 2002
Thatcher, M and Coen, D	Independent Regulatory Agencies: the European experience	New Governance of Markets: Regulation by Non-Marjoritarian Institutions	CARR	December 2002
Thatcher, M	Europeanization and Domestic Institutional Reform	Europeanisation and Discourse	Oxford	November 2002
Thatcher, M	Regulatory Reform in Europe	Association Francaise de Science Politique	Lille	September 2002

**B.1.5 Advice to Select Committees and other Public Bodies:
paid consultancy and unpaid advice****Total: 19**

NAME	CONSULTANCY ADVICE TO	CONCERNING	DATE
Michael Barzelay	Interamerican Development Bank, Regional Dialogue on Management and Transparency	Analysis of the process of management reform in government	November 2002
Julia Black	National Consumer Council	Pensions: the risks to consumers	March 2002
Claudio Ciborra	Jordan Ministry for ICT	E-government	October 2002
Claudio Ciborra	Italian Ministry for ICT	E-government and Developing Countries	March 2002
Christopher Hood	Department of Trade and Industry	Study on civil service competency (with Martin Lodge)	March 2002
Christopher Hood	HM Treasury	Developments in European governance and regulation	2002
Michael Huber	European Commission, DG XII	Evaluation of social science research projects	February 2002
Michael Huber	TSUNAMI – NERC	Research project on uninsured losses	October 2002
Robert Kaye	Committee on Standards in Public Life	Parliamentary Self-regulation	February 2002
Robert Kaye	House of Commons Committee on Standards and Privileges	Amendments to the Code of Conduct for Members of Parliament	January 2002
Robert Kaye	General Medical Council	Separation of investigation and adjudication functions in relation to Fitness to Practice complaints	June 2002
Martin Lodge	HM Treasury	Developments in European governance and regulation	2002
Martin Lodge	Department of Trade and Industry	Study on civil service competency (with Christopher Hood)	March 2002
Michael Power	Senior Civil Servants, Alberta Province, Canada	Developments in Risk Management	September 2002
Michael Power	Commission for Health Improvement	Structure of inspection/audit activities	August 2002
Michael Power (with Huber, M, Kaye, R and Rothstein, H)	Department of Trade and Industry	Regulation of Accountancy Profession	November 2002
Jonathan Rosenhead	Greater London Authority	Route of Notting Hill Carnival	to January 2002
Henry Rothstein	Global Water Partnership	Developing a framework for analysing water resource regimes.	August 2002
Henry Rothstein	National Audit Office	Reviewed NAO report: 'The 2001 Outbreak of Foot and Mouth Disease'	2002

B.1.9 External Visitors**Total: 7**

NAME	TITLE AND AFFILIATION	VISITED
Professor Marius Aalders	Professor of Environmental Law and Policy, University of Amsterdam	May 2002
Professor Yakov Ben-Haim	Yitzhak Moda'i Chair in Technology and Economics, Technion – Israel Institute of Technology	March 2002
Professor Neil Gunningham	Professor of Law and Director of the Australian Centre of Environmental Law at the Australian National University	January 2002 and May 2002
Professor Rolf Lidskog	Professor of Sociology, University of Örebro	May 2002
Professor Fabrizio Panozzo	Associate Professor of Public Management and Accounting, Università 'ca' Foscari di Venezia	October 2002
Michael Spackman	Special Advisor to National Economic Research Associates (NERA)	June 2002
Professor Fred Thompson	Grace & Elmer Goudy Professor of Public Management and Policy Analysis, Atkinson School of Management, Willamette University, Oregon	

B.4 Events Organised by CARR: Conferences, Workshops and Seminars**Conferences and workshops****Total: 9**

TITLE	VENUE	DATE
Public Management Policy Change Research Workshop	CARR, LSE	November 2002
New Governance of Markets: Regulation by Non-Majoritarian Institutions Workshop	CARR, LSE	December 2002
Watchful Eyes, Oversight Explosions and Fire Alarms? Cross-National Perspectives on Control over Government Workshop	CARR, LSE	December 2002
Risk and Regulation: Research Student Conference	CARR, LSE	September 2002
Organisational Encounters with Risk Workshop	CARR, LSE	May 2002
Accountability, Accounting and Regulation Workshop	Centre for Competition and Regulation, UEA, Norwich	April 2002
Regulatory Impact Analysis in Comparative Perspective Workshop	CARR, LSE	March 2002
Business History and Risk Workshop	University of Leeds	February 2002
New Crafts for an Old Machine: civil service competence in economic policy-making workshop	German Historical Institute, London	October 2001

Seminars**Total: 15**

TITLE	SPEAKER	DATE
Too Much Ice Cream or Tigers in the Bushes? Adversarial legalism as the American 'way of law'	Professor David Nelken University of Macerata, Italy; Cardiff University, University of Wales	December 2002
Herding Towards a New Convention: on herds, shepherds, and lost sheep in the liberalisation of the telecommunications and electricity industries	Dr David Levi-Faur Centre on Regulation and Competition, University of Manchester and University of Oxford	November 2002
Technologies With(out) Programmes: exploring the roles of accounting within webs of public management regulation	Professor Fabrizio Panozzo Dipartimento di Economia e Direzione Aziendale, Università Ca' Foscari di Venezia	October 2002
The 2001 Foot and Mouth Crisis: an object lesson in regulatory failure	Professor David Campbell and Professor Bob Lee Cardiff Law School, Cardiff University	October 2002
Ideologies of Risk and Regulation	Dr Charles Dannreuther Institute for Politics and International Studies, University of Leeds	June 2002
Corporations, Risk Management and the Environment	Professor Neil Gunningham Australian Centre for Environmental Law, Australian National University	May 2002
Regulation and Co-Regulation of Environmental Management in Industry	Professor Marius Aalders Centre for Environmental Law, University of Amsterdam	May 2002
Risk Analysis and Behavioural Law and Economics	Professor Anthony Ogus Manchester School of Law, University of Manchester	April 2002
Common Knowledge, Coherent Uncertainties and Consensus	Professor Yakov Ben-Haim Faculty of Mechanical Engineering, Technion – Israel Institute of Technology	March 2002
Extreme Risks and the New Capital Allocation Charge for Operational Risk	Dr Elena Medova Judge Institute of Management Studies, University of Cambridge	February 2002
Fuzzy Legality and National Styles of Regulation: government intervention in the Israel downstream oil market	Dr Margit Cohn Faculty of Law, Hebrew University of Jerusalem	February 2002
Evidence Based Versus Value Based Policy: some case studies in UK safety and environmental regulation	Mr Michael Spackman CARR and National Economic Research Associates (NERA)	January 2002
Traders and the Management of Risk in Financial Markets	Professor Paul Willman Saïd Business School, University of Oxford	December 2001
Governance, Risk and Modernising Government	Professor Joyce Tait Research Centre for Social Science, University of Edinburgh	November 2001
Regulation: a useful concept	Dr Julia Black, Department of Law, LSE	October 2001

Appendix 3

The Directors' Statement of Expenditure for the 15 Months Ending 31 December 2002

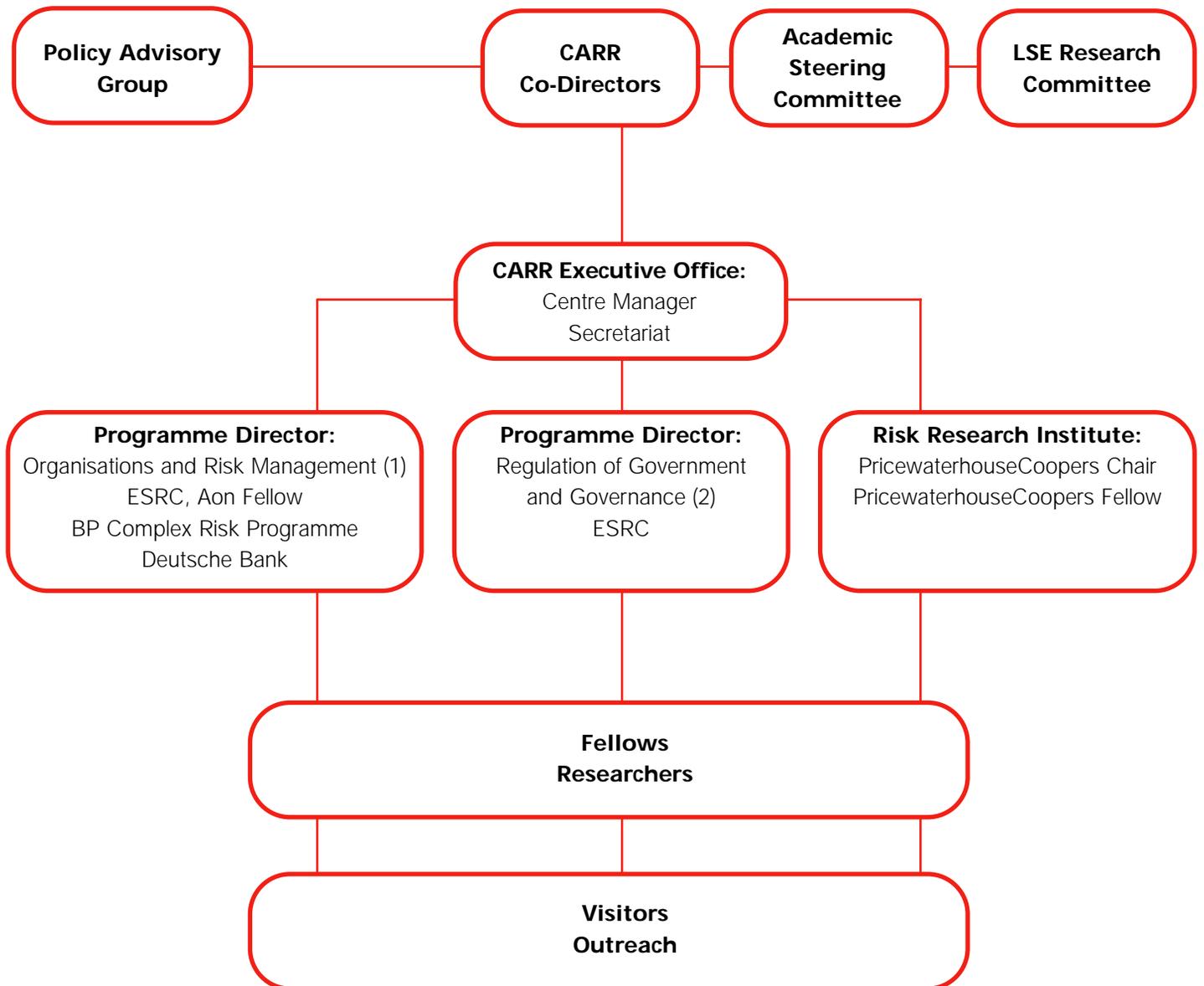
FUNDING SOURCE	2002 £	2001 £	EXPENDITURE	2002 £	2001 £
Economic and Social Research Council (ESRC)	525,433	309,242	Staff Costs	856,408	643,619
Deutsche Bank	6,718	165,886	Other Research Costs	25,341	76,541
Michael Peacock Charitable Foundation and Aon	217,847	189,584	Risk Forum	–	34,681
PricewaterhouseCoopers	106,758	78,598	Conferences and Travel	43,171	27,985
BP	66,245	47,808	Equipment	8,348	24,610
Smith Institute	6,775	11,967			
Other	3,492	4,351			
Grand Total	933,268	807,436	Grand Total	933,268	807,436

Notes to the CARR Statement of Expenditure for 15 months ending 31 December 2002:

1. The financial statement of expenditure has been prepared on the accruals basis and includes estimates where central overheads have been incurred but not yet recovered from CARR budgets.
2. The ESRC reporting period for research centres is for the year ending 31 December. The ESRC financial and budgetary year end is 31 March.
3. In the opinion of the Directors, the statement of expenditure is not materially missated. The statement is not independently audited at the CARR research centre level.

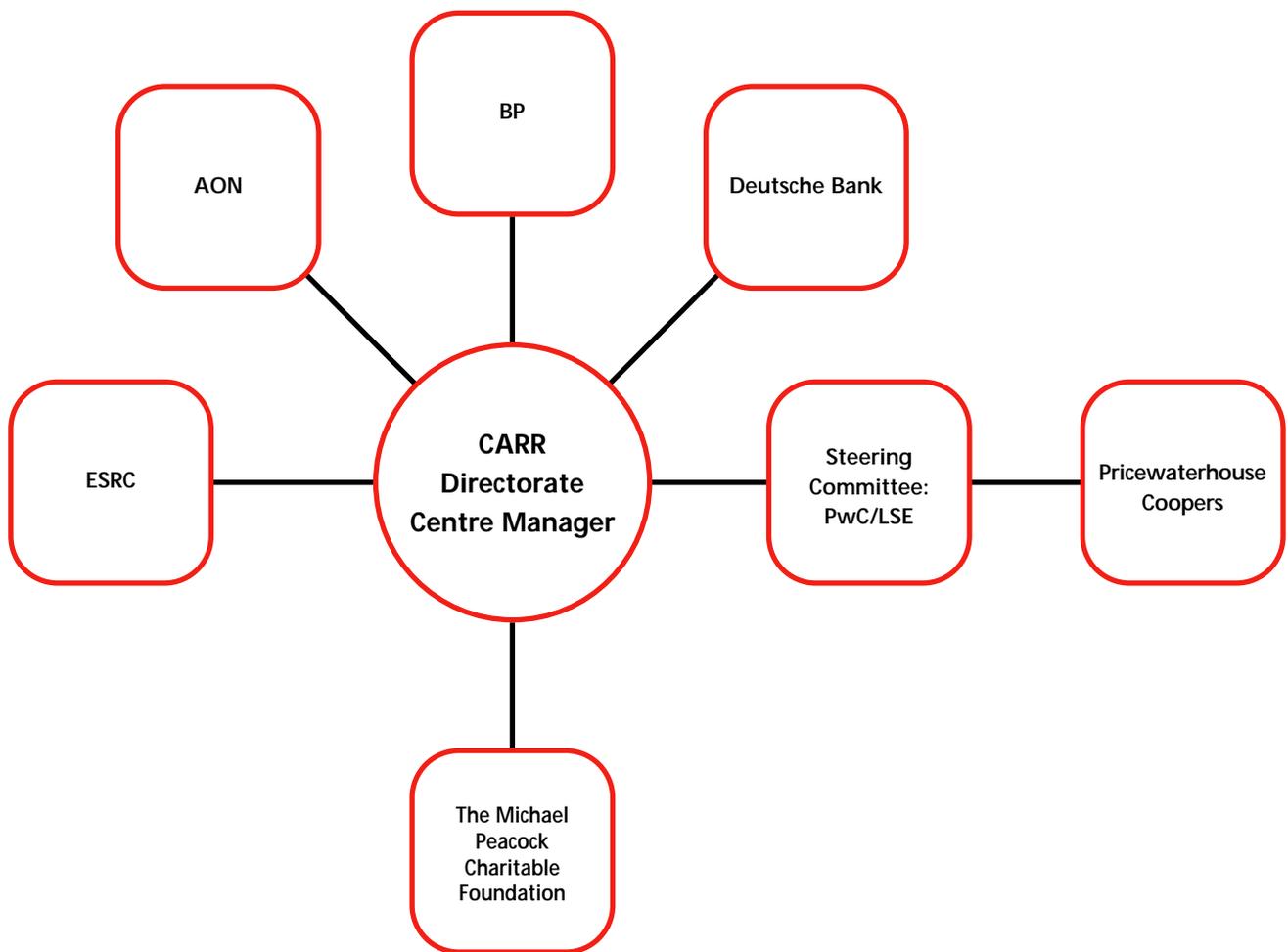
Appendix 4

Governance: Internal Management



Appendix 5

Governance: External Accountability



Sponsors:



PRICEWATERHOUSECOOPERS 

THE MICHAEL PEACOCK
CHARITABLE FOUNDATION

Deutsche Bank 



AON



Centre for Analysis of Risk and Regulation
The London School of Economics
and Political Science
Houghton Street
London WC2A 2AE

Tel: +44 (0)20 7955 6577
Fax: +44 (0)20 7955 6578
Website: www.lse.ac.uk/Depts/carr
Email: risk@lse.ac.uk

