



Centre for Analysis of Risk and Regulation

lse.ac.uk/CARR



ANNUAL REVIEW 2010-11



THE LONDON SCHOOL
OF ECONOMICS AND
POLITICAL SCIENCE ■

Director: **Michael Power**

Professor of Accounting

Deputy Director: **Martin Lodge**

Reader in Political Science and Public Policy

CARR INTRODUCTION

Welcome to the CARR annual review for 2010-11. This has been a year of transition for CARR: we ceased to be an ESRC Centre on 30 September, and our administration was transferred to the Department of Accounting working on behalf of all the stakeholder departments. I am happy to report that under the guidance of the new Centre Manager, Charlotte Knights, the transition was a smooth one. CARR remains fully operational. Though somewhat reduced in size, the Centre continues to be located in the third floor offices of 20 Kingsway.

As part of a strategy to create more opportunity for informal discussion and exchange, something in short supply in contemporary academic life, we have created three new discussion groups: on resilience and failure, on financial advice, and on risk indicators. Early signs are that these groups are popular with the CARR community at LSE.

We have also made a change to the editorial philosophy of *Risk & Regulation*: our flagship biannual magazine will contain more research digests by CARR staff, associates, and other scholars as well as thought pieces by practitioners.

The broad intellectual agenda of CARR is unchanged, though our focus is constantly evolving. We remain interested in



understanding and explaining varieties of risk management and regulation practice wherever they are found. Accordingly, scholars associated with CARR tend not to be sector specialists and prefer to take fields of regulation and risk management practice as objects of analysis. Colleagues continue to explore issues connected to what scholars call “enforced self-regulation” and “risk-based” approaches to regulation. We are also doing more work on risk management as it happens inside formal organizations, and on how this gets linked up to regulators with system responsibilities. In particular, we have begun to look more closely at the way organizations think about failure and develop strategies for resilience. The relevance of this agenda in a climate of financial crisis and high profile accidents (Deepwater Horizon, Fukushima) hardly needs mentioning. CARR associates continue to be engaged in policy work and advice related to their scholarship.

This year, CARR was pleased to announce the appointment of two Senior Visiting Fellows, James Strachan and Jeremy Lonsdale. James sits on several boards in the private and public sector. Jeremy is Director General, Value for Money, at the National Audit Office. Both are senior and respected practitioners in their respective fields. Their advice and input into CARR’s evolving agenda, especially as we seek to expand our resource base, will be invaluable.

Overall, it has been a year of business as usual. Selected highlights are described in the remainder of this review.

Michael Power, *CARR Director*

CARR EVENTS

CARR has maintained an active programme of events. In addition to the aforementioned discussion groups, we have been running our usual seminar series. The following presentations were given:

16 November 2010	Dr Henry Rothstein, King’s College London: “Crystal Balls or Christmas Baubles? Risk-Based Policymaking and the Institutional Modulation of Risk”
30 November 2010	Dr Vibeke Schou Tjalve, Copenhagen University and LSE Visiting Research Fellow, and Dr Karen Lund Petersen, Copenhagen University: “Risk, the State and the Public: Theorizing the Politics of ‘Shared Responsibility’”
1 February 2011	Professor Marie-Laure Djelic, ESSEC Business School: “When Limited Liability was (still) an Issue: Conflicting Mobilizations in Nineteenth Century England”
15 March 2011	Dr Liz Fisher, Oxford University: “Models and the Evaluation of Risk Regulation Decision-Making”
14 June 2011	Dr Vibeke Lehmann Nielsen, Aarhus University: “Business Compliance – Motivation and Capacity: Lessons from an Australian Research Project”

CARR Expenditure

	£
Staff costs (Peacock Fellowship and British Academy Fellow)	85305
Events	1152
Publications	4523
PhD support	625
Research assistants	2217
Other operating costs	7432
Total direct expenditure	101,254

CARR VISITORS

CARR remains a popular “research hotel” for PhD students and senior scholars from other institutions at home and abroad. This year, we welcomed two doctoral students as part of our ongoing partnership with the Stockholm Centre for Organizational Research (Score):

Laila Abdallah, a PhD candidate in Social Anthropology and researcher at Score and Stockholm University

Cajsa Niemann, a PhD candidate in Political Science at Score and Stockholm University

Other visitors included:

Afshin Mehrpouya, a PhD student at ESSEC, Paris, working on transnational regulation and sovereign wealth funds

Neil Gunningham, RegNet, Australian National University

CARR ACTIVITIES

In February, **Mike Power** spoke at the European Commission conference attended by 450 participants where the future of auditing and the audit market was discussed. Mike has joined the advisory board of the Financial Services Knowledge Transfer Network and is a member of the strategy challenge group of the Civil Aviation Authority. During the year, he was made an Honorary Fellow of the Institute of Risk Management. He presented papers at ESSEC, Paris, and HEC, Montreal.

Bridget Hutter participated in the Expert Forum on Integrative Risk Management at the Swiss Re Centre for Global Dialogue, Rüschlikon/Zurich, in November 2010. In January of this year, Bridget, a member of the 2010-11 Genest Global Faculty, gave the lecture "Risk regulation – an interdisciplinary research approach" at Osgoode Hall Law Faculty, York University, Toronto. In February and March, Bridget was a Visiting Professor at The Netherlands China Law Centre, Amsterdam Law School, University of Amsterdam. In April and May 2011, Bridget and CARR Research Associate **Sally Lloyd-Bostock** (LSE) held the Residency at the Rockefeller Foundation Bellagio Center to work on the project "Risk regulation and crisis". Bridget also gave keynote presentations during the year at the Institute of Law, Chinese Academy of Social Sciences, at Melbourne University, at the Centre for Regulatory Studies, Monash University, and at RegNet, Australian National University.

In June, **Matthias Benzer** presented his paper "Quality of life conceptions in UK health regulation: a neoliberal approach to governing?" at the Nordic Environmental Social Science conference in Stockholm. **Julien Etienne** and **Gerhard Schnyder** (King's College London) gave their paper "Historical institutionalism and the theory of goal-oriented action: towards a behavioural foundation for institutionalism" at the SASE Annual Conference in Madrid. In July, Julien also gave the talk "Understanding the behaviour of regulated individuals and organisations" as part of the Certificate in International Regulatory Affairs at London's Centre for Parliamentary Studies.

CARR Deputy Director **Martin Lodge** and CARR Research Associate **Nick Sitter** organized the workshop "Future of the Regulatory State", which was held in September at Oslo's BI Norwegian Business School. Papers considered the development of the idea of the regulatory state and its performance in diverse settings and country contexts. Speakers included CARR Research Associates **Anneliese Dodds** (Aston University), who presented co-authored work on regulation in the contested jurisdiction of Kosovo, and **Kai Wegrich** (Hertie School of Governance, Berlin), who discussed public transport regulation.

CARR Research Associate **Carl Macrae** has been awarded the British Psychological Society's Qualitative Methods in Psychology Early Career Scholar Award for his paper "Making risks visible: identifying and interpreting threats to airline flight safety" (*Journal of Occupational and Organizational Psychology* 82(2): 273-93). Focusing on aviation safety, the paper examines how experts identify early signs of potential risks. The paper was part of Carl's output in CARR from 2006-2008.

In September, CARR staff attended a workshop organized by the European Risk Research Network and hosted by London's Institute of Risk Management. Around 25 people met to debate the latest findings across different risk management contexts. **Wim Van der Stede** (LSE) discussed the challenges of effective risk and governance reporting. **Tommaso Palermo** (LSE), **Philip Linsley** (University of York), and **Philip Shrivs** (Northumbria University) reviewed the state of play in three areas of research: risk and performance, risk and culture, and risk reporting.

CARR Research Associate and former Postdoctoral Fellow **John Downer** will take up a Lectureship in Risk and Regulation at the University of Bristol. Sadly, we say goodbye to Peacock Fellow and *Risk & Regulation* editor **Matthias Benzer**, who will take up a Lectureship in Sociology at the University of Sheffield in 2012.

CARR PUBLICATIONS

Discussion Papers

The CARR Discussion Paper series continues to grow. This year, we published:

DP 69 The Risk University: Risk Identification at Higher Education Institutions in England
Michael Huber, July 2011

DP 68 Quality of Life and Risk Conceptions in UK Healthcare Regulation: Towards a Critical Analysis
Matthias Benzer, March 2011

DP 67 The Failure of a Failure Regime. From Insolvency to De-authorisation for NHS Foundation Trusts
Liisa Kurunmäki, Peter Miller, March 2011

DP 66 Self-Reporting Untoward Events to External Controllers: Accounting for Reporting Failure by a Top Tier Chemical Plant
Julien Etienne, September 2010

For a complete listing, see:

lse.ac.uk/researchAndExpertise/units/CARR/publications/discussionPapers.aspx

Monographs and Articles

In addition, CARR staff and associates published a number of important monographs and articles. These included:

Understanding Regulation: Theory, Strategy, and Practice (Second Edition)

Robert Baldwin, Michael Cave and **Martin Lodge**, Oxford University Press 2011

Scientists and the Regulation of Risk: Standardising Control
David Demortain, Edward Elgar Publishing 2011

Managing Food Safety and Hygiene: Governance and Regulation as Risk Management
Bridget M Hutter, Edward Elgar Publishing 2011

Democracy and Dissent: The Challenge of International Rule Making
Frank Vibert, Edward Elgar Publishing 2011

"Visualizations of Risk and Governance: Some Observations on Change"
Bridget M Hutter in *Risk and Policy in East Asia* by **Raymond K H Chan, Mutsuko Takahashi** and **Lillian Lih-rong Wang** (eds), Ashgate 2010

"Surveying Empirical Legal Research: Occupational Safety and Health"
Bridget M Hutter in *The Oxford Handbook of Empirical Legal Research* by **Peter Cane** and **Herbert Kritzer** (eds), Oxford University Press 2010

"Smart and Dumb Questions to Ask about Risk Management"
Michael Power, *Risk Watch*, May 2011, pp 2-5

"Preparing for Financial Surprise"
Michael Power, *Journal of Crisis and Contingencies Management* 19(1), March 2011, pp 28-31

CARR OUTLOOK

Although we were recently unsuccessful with grant bids on the theme of failure and resilience to the Leverhulme Trust and the AXA Research Fund, we continue to seek external sources of funding to expand our research capacity in this general area. Plans are underway to bid for a mix of public and private funding for a project on 'risk culture in financial services'. In addition, we intend to appoint two new full-time CARR Fellows as soon as possible to begin work in 2012 and we will host a major conference later in the year. Finally, we are currently awaiting the outcome of an ESRC evaluation of CARR over its ten year life to 2010.

CARR PEOPLE

CARR Directorate

Professor Michael Power

Director, CARR; Professor of Accounting, Accounting Department

Role of internal and external auditing; Risk reporting and communication; Financial accounting and auditing regulation.

Dr Martin Lodge

Deputy Director, CARR; Reader in Political Science and Public Policy, Government Department

Comparative regulation and public administration; Government and politics of the EU and of Germany; Railway regulation in Britain and Germany; Regulatory reform in Jamaica.

CARR Research Staff

Dr Matthias Benzer

Peacock Fellow

Regulatory treatment of risks, quality of life, and longevity in the health sector.

Dr Julien Etienne

British Academy Postdoctoral Fellow

Regulatory compliance, administrative errors, and major accident hazard regulation.

CARR Senior Research Associates

Professor Bridget Hutter

Professor of Risk Regulation, Sociology Department

Sociology of regulation and risk management; Regulation of economic life; Corporate responses to state and non-state forms of regulation.

Professor Peter Miller

Professor of Management Accounting, Accounting Department

Accounting and advanced manufacturing systems; Investment appraisal and capital budgeting; Accounting and the public sector; Social and institutional aspects of accounting.

CARR Research Associates

Professor Michael Barzelay – Professor of Public Management, LSE

Professor Ulrich Beck – Professor of Sociology, University of Munich; British Journal of Sociology Professor, LSE

Dr Daniel Beunza – Lecturer in Management, Management Department, LSE

Professor Gwyn Bevan – Professor of Management Science, LSE

Professor Julia Black – Professor of Law, LSE

Dr Adam Burgess – Senior Lecturer in Sociology, School of Social Policy, Sociology and Social Research, University of Kent

Dr Yasmine Chahed – Lecturer in Accounting, Accounting Department, LSE

Professor Damian Chalmers – Professor of European Union Law, LSE

Dr David Demortain – Research Fellow, IFRIS, University of Paris-Est

Dr Anneliese Dodds – Lecturer in Public Policy, Sociology and Public Policy Group, Aston University

Dr John Downer – Zukerman Fellow, Center for International Security and Cooperation, Stanford University

Professor George Gaskell – Professor of Social Psychology, LSE

Dr Terence Gourvish – Director, Business History Unit, LSE

Professor Carol Harlow – Professor Emeritus of Public Law, LSE

Dr Jeanette Hofmann – Wissenschaftszentrum Berlin für Sozialforschung (WZB)

Professor Michael Huber – Professor for Higher Education Research, Institute for Science and Technology Studies (IWT), Bielefeld University

Dr Will Jennings – Institute for Political and Economic Governance, University of Manchester

Professor Roger King – Professor at the Centre for Higher Education Research and Information, Open University

Dr Mathias Koenig-Archibugi – Senior Lecturer in Global Politics, Government Department, LSE

Dr Liisa Kurunmäki – Reader in Accounting, Accounting Department, LSE

Dr Javier Lezaun – University Lecturer in Science and Technology Governance, James Martin Institute, Saïd Business School, University of Oxford.

Professor Sally Lloyd-Bostock – Visiting Professor, Sociology Department, LSE

Professor Donald MacKenzie – Professor of Sociology, University of Edinburgh

Dr Carl Macrae – Senior Research Fellow in Improvement Science, Department of Health Sciences, University of Leicester

Dr Kira Matus – Lecturer in Public Policy and Management, Government Department, LSE

Dr Andrea Mennicken – Lecturer in Accounting, Accounting Department, LSE

Dr Yuval Millo – Lecturer in Accounting, Accounting Department, LSE

Professor Edward C Page – Sidney and Beatrice Webb Professor of Public Policy, LSE

Professor Nick Pidgeon – Professor of Environmental Psychology, Cardiff University

Professor Tony Prosser – Professor of Public Law, University of Bristol

Dr Henry Rothstein – Senior Lecturer in Risk Management, Department of Geography and King's Centre for Risk Management, King's College London

Dr Rita Samiolo – Lecturer in Accounting, Accounting Department, LSE

Dr Susan Scott – Lecturer in Information Systems, Management Department, LSE

Professor Nick Sitter – Professor of Public Policy, Central European University

Dr Kim Soim – Reader in Accounting, Department of Accounting and Finance, University of Greenwich

Jon Stern – Honorary Senior Visiting Fellow, City University

Dr Lindsay Stirton – Lecturer in Medical Law and Ethics, School of Law, University of Manchester

Professor Brendon Swedlow – Associate Professor of Political Science, Northern Illinois University

Professor Peter Taylor-Gooby – Professor of Social Policy, University of Kent, Canterbury

Professor Mark Thatcher – Professor of Comparative and International Politics, LSE

Frank Vibert – Founder Director, European Policy Forum

Professor Kai Wegrich – Professor of Public Administration and Public Policy, Hertie School of Governance, Berlin

Dr Kevin Young – Fellow in Global Politics, Government Department, LSE

CARR Visiting Fellows

James Strachan – Visiting Senior Fellow Ex-Chair of Audit Commission; Board member of a number of public and private sector organizations

Jeremy Lonsdale – Visiting Senior Fellow National Audit Office

CARR Administration

Charlotte Knights – Centre Manager and Discussion Papers

Justin Adams – Seminars

Lynsey Dickson – Web and Publications

Elizabeth Venning – Reception