

The artefacts of risk management

Michael Power highlights the effortful nature of risk management practice

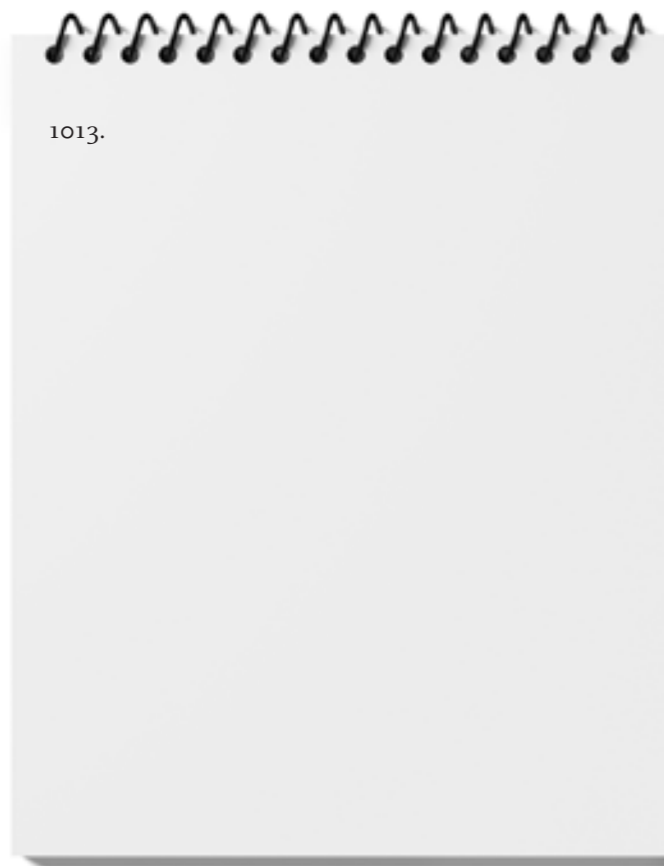
In managing risk, organizational actors are constantly engaged in the work of representing it. From a philosophical point of view, this co-mingling of risk and representation is unsurprising. Risks are contingencies or future possibilities which have not yet crystallized into events. As non-real possibilities, they literally do not exist and cannot be seen until they are represented and processed in apparatuses for their management. On this view the unreality of risk in the future can only be made real and actionable in the present by being somehow captured and represented.

So when we look closely at risk management in the field, we see that practices are littered with artefacts which contain representations of risk. Documents and records like risk maps are known to be important artefactual mechanisms through which organizational agents contribute to, visualize and sustain organizational practices over time. We also find that the work of managing risk is entangled with institutional frameworks for accountability, and we need to understand better how these frameworks emerge and shape work processes, and how organizational artefacts are arranged in infrastructures for representing and organizing this riskwork.

Routines and risk

Studies of organizational routines and of the central role played by artefacts provide the analytical and empirical

materials for how we might think about, and approach, the analysis of risk management practice. An 'arte-factual turn' in risk studies could be based on the following questions: what is the infrastructure of artefacts through which risk is routinely identified, communicated and acted upon?; how do these artefacts have agency in shaping both the risks which routinely get attention and the form of that



attention?; and how do these artefacts connect to systems of individual and organizational accounting? Put simply, these questions imply that a great deal of riskwork is done by non-human actors – the artefacts of risk management.

Take the example of the systemic risk of the financial system. While the dan-

ger existed and was conceptualized as a risk many years prior to the financial crisis, the dominant artefactual representations of that risk were in terms of the financial strength of individual banks. A huge amount of thinking was focused on the production of solvency representations and related capital issues at the level of the individual firm with the implied assumption that if the sum of financial organizations were individually sound, then the system was sound. But the interconnectivity risk associated with the wholesale inter-bank market was much less prominent and was poorly represented, leading one senior practitioner to describe the financial crisis as an 'intellectual failure'. So, following the height of the financial crisis a great deal of effort has been undertaken to correct this failure and to represent bank inter-connectedness and its associated risks, involving new kinds of models, artefacts and analyses.

Whether systemic risk is 'real' or not is a question of interest only from a certain philosophical point of view. What is of more interest is how the dan-

ger of systemic collapse has a history in which it has transitioned from one system of representation to another, with a corresponding change in the riskwork and associated systems of artefacts. We could say that the risk object (cf Hilgartner) of systemic risk always existed in some sense, but it has now been embedded in a new socio-technical network for representing and intervening

in it. As analysts, we should not rush to judge whether this is an improvement or not, although as citizens and taxpayers we rather hope so.

Artefacts and risk infrastructure

This artefactual perspective on risk management is not intended to debunk risk management practice but to understand better its processes. After all, as Atul Gawande argues in his well known celebration of the checklist as the embodiment of accumulated knowledge and expertise, real lives are saved by pilots and surgeons using well designed checklists. In these cases the artefact of the checklist is close in space and time to those making decisions about flight safety and surgical risk respectively. Following the checklist mitigates the risk of human error, imperfect memory, and unnecessary variation in the performance of a critical task and its consequences for life.

And yet, even in this worthy example, a checklist is a more complex artefact than it first appears. Firstly, the form of the checklist often has a distinct history, usually emerging from post-accident investigations and analyses. Secondly, the checklist as an artefact may not have an organizational life solely for the benefit of in situ pilots and surgeons. It may persist as an organization record allowing others to judge compliance or to conduct an investigation. In short, the checklist may exist in a system of linked artefacts which make the actions of the pilot and surgeon visible and accountable to others – hospital and airport managers, investigators, regulators, and so on.

So, on the one hand, there seem to be artefacts like Gawande's checklists which embody a clear purpose and which are co-extensive with managing risk. On the other hand, there seems to be a class of artefacts which are systematically organized to build up accounts of performance or to permit forensic ex post investigation of performance. These artefacts have a different

organizational trajectory from the first kind; they can move very far from the routines with which they are associated and become aggregated as performance representations which are stored and subject to further analysis.

The empirically interesting artefacts, such as risk registers, sit at the boundary between the first order management of risk and these wider systems for performance accountability. They generate critical questions such as: under what conditions do organizational actors become distracted by this forensic role of risk management artefacts?; what might be the consequences of such a shift in their attention?; could these consequences, understood broadly as the risk of accountability 'crowding out' performance, themselves be represented within the risk management system?

In general, the system of artefacts approach being proposed recognizes that organizational actors who engage in the routine management of risks are also producing artefacts whose trajectory constitutes the 'regulated life' of an organization and in which traces of their work are inscribed. In turn, such traces make the work of risk management auditable by others; riskwork at the granular level may therefore often implicate auditwork.

Riskwork and auditwork

The strength and effects of a so-called 'logic of auditability' in risk management, and its embeddedness in a connected system of artefacts, are matters for empirical enquiry. For many years, risk management scholars have been concerned about whether the tail of audit and accountability, and possible blame, wag the dog of risk management. Many studies suggest that organizational agents focus as much on managing the risks to themselves and their reputations by constructing defensible audit trails which may actually increase overall risk.

Yet, while there is a general awareness of this issue both by scholars and also

by those who work in regulation and risk management, borrowing the 'arte-factual turn' from routines theory encourages analysis to move beyond general assertions about 'blame avoidance', 'reputation management', or 'legitimation' strategies in characterizing the side effects of accountability for risk management. The system of artefacts perspective strengthens the analytical and empirical focus on how specific artefacts shape both attention and action in the risk management field. In short, I propose that an artefactual turn within risk studies supports a possible empirical programme focused on the dynamic relation between what I call 'auditwork' and 'riskwork'.

Finally, an essential tension between action and representation exists at the heart of all organizational routines. It gives them their dynamic properties and this is especially true for the routines that constitute risk management practices. Situated human actors navigate the so-called 'risks of risk management' posed by a world of artefacts and as analysts we have an opportunity to observe their skill and effort, sometimes resisting and sometimes succumbing to a logic of auditability which can be pervasive and powerful. The different contributions to *Riskwork: essays on the organizational life of risk management* (Oxford University Press, 2016) provide a body of evidence about the effortful nature of risk management practice in many different settings. Routines theory provides the conceptual apparatus and empirical sensibilities to take this agenda further.

This is an abbreviated version of the essay 'Postscript – on riskwork and auditwork' in Michael Power (ed.), *Riskwork: essays on the organizational life of risk management*, Oxford: Oxford University Press, 2016.

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