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The performativity of risk management frameworks and technologies: The translation of uncertainties into pure and impure risks

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ABSTRACT

This article examines the long-term dynamics among a best-practice risk management framework, risk management technologies and the translation of uncertainties into risks by using a longitudinal case study of a large mega-project. We show that the framework and technologies through the visual power of inscriptions and the purifying work of risk consultants as experts establish the boundaries of the forms of uncertainties that are accepted and included as risks. We term the accepted and included risks 'pure risks' and the risks excluded after disagreement 'impure risks'. We also show that the construction of impure risks challenges the predictions of the framework causing a false sense of security for the project objectives, and that the continuous readjustment of technologies, in particular, is necessary to ensure the long-term realisation of these predictions. Finally, this article contributes to the literature on performativity by showing how technologies serve as buffers to shield failing economic frameworks against criticism.

1. Introduction

Over the last three decades, the concept of risk management has become increasingly important for governments and companies alike, transforming the management of organisations and influencing everyday work routines (Hayne & Free, 2014; Kaplan, Mikes, Simons, Tufano, & Hofmann, 2009; Power, 2016b). One of the latest developments has been the worldwide application of risk management frameworks and technologies to the management of mega-projects in the public sector. Such projects have acquired an infamy borne from their tendency to go both over time and over budget (Flyvbjerg, Holm, & Buhl, 2002, 2003). As one attempt to temper this tendency, governments have increasingly turned to insisting that risk management frameworks and associated technologies form part of the project management process. So far, however, we know little of the long-term dynamics of such frameworks and technologies (Jordan, Mitterhofer, & Jørgensen, 2016). How do they help represent and organise 'the work of risk' (Power, 2016a, p. 276)? To what extent do they assist with the broader objective of curbing the years of cost overruns on projects?

This article examines the long-term dynamics of risk management frameworks and technologies related to the translation of uncertainties into risks. Our study is informed by Michel Callon's performativity thesis (Callon, 1998c, 2007; Callon, Lascoumes, & Barthe, 2009) and Bruno Latour's conceptual work on purification and inscriptions (Latour, 1986, 1987, 1993). The performativity thesis argues that theories, frameworks and technologies produce the worlds that they describe (Callon, 1998b). This concept allows us to approach the construction of risks as the process of making risks more like the prescription of frameworks and technologies. It also allows us to approach the construction of risks as a process in which frameworks and technologies themselves interact with other actors and undergo change. This article represents one of the few performativity studies to describe the efforts over time associated with actualising *and* re-actualising an (economic) framework. It contributes to the current debate on risk management frameworks and technologies (Hall & Fernando, 2016; Jordan et al., 2016, 2013; Kalthoff, 2005, 2011; Miller, Kurunmäki, & O'Leary, 2008; Power, 2009; Vinnari & Skærbæk, 2014) by revealing the long-term complex dynamics of these for the work of translating uncertainties into risks.

The article also contributes to extant studies on risk experts (Arena, Arnaboldi, & Azzone, 2010; Mikes, 2011) and the visual nature of accounting inscriptions (Busco & Quattrone, 2015, 2017; Jordan et al., 2016; Pollock & D'Adderio, 2012; Quattrone, 2009). We make this contribution by showing the long-term effects of the experts' attempt to define the boundaries of risk construction using a series of interrelated risk management technologies. These technologies enable the production of inscriptions that visualise the criteria for the construction of risks and perform the cognitive boundaries of the risk management

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participants (Latour, 1986). These inscriptions frame the visual performable space of the practice (Busco & Quattrone, 2015), but a visual performable space that also distorts performance and leads to endless reframing efforts in 'a continuous process of search for perfection' (Busco & Quattrone, 2017, p. 16). Because 'perfection' has already been pre-defined by the framework being relied on, however, this continuous search becomes one in which experts exclude all 'imperfect' representations of risks.

Our study is based on a longitudinal case study of risk management in Denmark. We report findings from the Signalling Programme, a 3.2-billion-euro programme of replacing all railway signalling systems across Denmark. The Signalling Programme is one of the largest and most expensive public projects in recent Danish history. Our overarching interest in this project stemmed from it being the first attempt in Denmark to implement contemporary best-practice risk management on a large public infrastructure project (Transportministeriet, 2008). It relies on the part of the Project Management Institute's Body of Knowledge framework that concerns risk management, which approximately 40 per cent of all organisations across countries, sectors and industries apply to manage projects (PwC, 2012). Integral to the Signalling Programme is an ambitious and comprehensive IT-based risk management control system. This system combines a series of risk management technologies, including a risk matrix/map, a risk register, as well as Monte Carlo simulations. The Signalling Programme offers a fascinating case through which to study the performativity of risk management frameworks and technologies.

The rest of the article is organised as follows. Section 2 reprises the accounting literature on risk management, with a focus on frameworks, technologies and the construction of risks. Section 3 outlines Michel Callon's performativity thesis and introduces Bruno Latour's conceptual work on purification and inscriptions. In Section 4, we describe our research method. Section 5 presents our case material, which we divide into a range of subsections. Section 6 discusses the implications of our findings and Section 7 concludes the article.

2. Frameworks, technologies and risk construction

In light of the proliferation of risk management, the literature has looked into risk management frameworks, the technologies they promote and the everyday risk work practices. In broad terms, best-practice risk management frameworks, such as COSO ERM or Project Management Institute's Body of Knowledge (PMBOK), build on the promise that organisations adopting them to manage uncertainties will achieve a reasonable assurance regarding the achievement of their objectives (Power, 2007; Raz & Hillson, 2005).[2] In that respect, the literature has challenged this promise by showing that best-practice risk management frameworks might limit the ability to manage the full range of uncertainties. Miller et al. (2008) argue that such frameworks neglect the wider hybrid practices, processes and expertise through which much of the management of uncertainty takes place. Power (2009) supports this view when he argues that the security provided by such frameworks, at best, is limited to certain states of the world and, at worst, is illusory – 'the risk management of nothing' (p. 849).

To elaborate more on these findings, Power (2004, 2007) challenges the conception that risk management should be about operational risk reduction. He argues that the primary purpose of risk management could be to protect the reputation of the organisation against ex post accusations, what he terms secondary risk management. Power, Scheytt, Soin, and Sahlin (2009, p. 302) argue that 'the adoption of standardized risk management designs has become a benchmark of being a legitimate organisation'. Jordan, Jørgensen, and Mitterhofer (2013) contribute to that debate by examining the perceived usefulness of the traffic-light-coloured risk matrix for the everyday management of risks. They find that the risk matrix comes to act as a "mediating instrument" (Miller & O'Leary, 2007) which has less to do 'with the increased attention toward early warning signals' (Jordan et al., 2013, p. 156), that is, with operational risk management, and more to do with the adjudication of interests and the building of mutual assurance and confidence.

In examining how the different purposes of risk management affect risk-related work, the literature points to the role of risk management technologies. Jordan et al. (2016) argue that the risk matrix shapes risk work because of its semantic connotations and visual appeal, 'by means of which complex and potentially not well understood processes come to appear simple, imaginable and "manageable"' (p. 1). Hall and Fernando (2016) show that the layout and structure of visual templates for risk assessment can change the focus of risk management to solely complying with codified procedures. Kalthoff (2005, 2011) shows that companies are constituted anew through devices of risk calculation. These findings add to the broader debate on the visual power of technologies for framing the visual performable space of practice (Busco & Quattrone, 2015; Justesen & Mouritsen, 2009; Quattrone, 2009). It has further been shown that such visualisations generates creative tensions that prompts for a continuous search for perfection (Busco & Quattrone, 2017). Pollock and D'Adderio (2012) even show how two-by-two matrices are used selectively to produce a 'beautiful picture'.

Scholars have also examined the work of risk experts in shaping the trajectories of risk management practices. Arena et al. (2010) show that experts promote certain risk rationalities, but also that these rationalities clash with pre-existing management rationales. Mikes (2009) finds that management predilections toward risk assessment are contingent on what she terms calculative cultures. Some organisations dedicate themselves to measurement and modelling and thereby exhibit a culture of quantitative scepticism, while others rely on experience, intuition and judgment and thus exhibit a culture of quantitative scepticism. Mikes (2011) further elaborates on the causes of these cultural trajectories and points to the rhetorical work of experts for segregating the work practices of risk management from other competing and/or complementary fields of expertise. She highlights, among other, the reflexive work of 'facilitating the creation and internalization of a specific type of [legitimate] risk talk' (2016, p. 272).

In summary, the current literature has shown that organisations have come to rely on best-practice risk management frameworks, which, through technologies and the work of experts, come to affect the work practices of constructing and managing risks. It remains largely unknown, however, how organisations translate specific uncertainties into risks and how frameworks and technologies affect – and might be affected *by* – such construction processes over time. It also remains largely unknown how mutual purposes of risk management develop and interrelate over time, particularly how such multiple purposes relate to the visual power of technologies and the work of risk experts. Scholars have therefore also called for further research into 'risk matrices and related risk representation technologies' (Jordan et al., 2016, p. 20) and the relationship between technologies and the everyday 'risk-work' (Power, 2016a).

3. Callon's performativity thesis and the concepts of purification and inscriptions

To make sense of the dynamics of risk management, we rely on Michel Callon's performativity thesis (Callon, 1998c, 2007; Callon et al., 2009) and Bruno Latour's conceptual work on purification and inscriptions (Latour, 1986, 1987, 1993). Callon's performativity thesis posits as a starting point that economics (or a statement in general) 'performs, shapes and formats the economy, rather than observing how it functions' (Callon, 1998b, p. 2). In contrast to earlier perspectives on

[2] This paper takes a similar approach to risk and uncertainty as prior accounting studies (Arena et al., 2010; Boholm & Corvellec, 2016; Miller et al., 2008) by defining uncertainties as the things we know we do not know and risks as those uncertainties that have been made the object of calculative practices (Callon et al., 2009).

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