Book Review

Corporate risk and governance: An end to mismanagement, tunnel vision and quackery

Alan Waring

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This book is both compelling and frightening in the case material it explores and the learning points it provokes for the thoughtful and reflective reader. The material presented is of immediate relevance to those at the top of our corporate bodies accountable for prudent and responsible corporate management and covers cases from many sectors of corporate and governmental activity from around the world ranging from BP's Deepwater Horizon explosion to the production of fake and counterfeit drugs.

'Corporate Risk and Governance' is what the author describes as a 'thinking aid' rather than an attempt at offering a prescription for corporate risk management success. Its 15 chapters are organised around (i) enterprise risk management and corporate governance, (ii) corporate due diligence, (iii) fraud, corruption and organised crime, (iv) intellectual property and product risks and (v) man-made disasters.

The author, with 35 years experience in risk management, is well placed to offer perspectives on such matters having been intimately involved in a number of the cases he profiles in this interesting and informative book. He uses the case material to chart abuses of trust, failures of due diligence, corporate corruption and fraud within the corridors of power and highlights how organisations can inculcate cultures that nurture risky, irresponsible and neglectful behaviour. What becomes apparent is the relative absence of robust, cogent and effective risk management systems within corporate life in general. Such a deficit leaves brands and corporate reputations at risk of the fall-out, should they become tainted by corporate fraud, environment safety disasters, product safety, financial mismanagement and adverse political comments. At the personal level, it poses risks to the health and well-being of the consumer, customers and employees.

The debate between self-regulation versus compliance is explored as is the need for the construction of corporate risk architectures that are transparent enough to trigger danger signals while sufficiently opaque to protect commercial advantage and maintain an organisation's institutional integrity.

The evasion of corporate responsibility, cultures of self-interest, functional incompetence, political intrigue and criminal activity variously feature as key factors in the rich array of the cases presented. Dr Waring notes how ethical issues pervade and underpin many risk management failures and it is perhaps this potential for the 'corruption of spirit' – and the

seeming absence of a robust and durable moral compass – within the leadership of many organisations, which is the most distressing feature of many of the risk management failures that are profiled.

The implications of this book for corporate leadership are not easy ones to digest as they highlight the serious limitations of what the author describes as an ‘out of sight, out of mind’ mentality to corporate risk management and governance. Addressing and ameliorating the destructive and toxic nature of the material amassed in the book remains an engrossing and taxing challenge for ethical and fair-minded leaders, governments and regulatory authorities. It seems, however, to be one not yet grasped firmly enough as the continuing catalogue of high-profile corporate risk management failures appears to testify and, in the author’s view, ‘... a radical revision of corporate and managerial thinking and attitude will be required’ in order to address such a situation.

So, this book is about the ‘unforgiving nature of major hazards if they remain inadequately controllable’ (p. 181) and the havoc, damage and destruction that ensue. Within the global marketplace, few of us can be insulated from the injudicious, neglectful, fraudulent or criminal actions of those in positions of organisational and political power. The global marketplace connects us all, for good and ill, to such risk as consumers, customers or accomplices. Our fortunes, health and well-being will be affected by corporate decisions of which we have no knowledge the practical implications of which can affect us profoundly. The absence of robust, prioritised and transparent risk management within our commercial organisations and governmental institutions continues to place us all at considerable risk.

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