



## Cambridge Centre for Risk Studies 7th Risk Summit Risk Culture: Challenging Individual Agency

20 - 21 June 2016 at the University of Cambridge Judge Business School

This year's summit theme is Risk Culture: Challenging Individual Agency, and will explore the meaning of risk culture and its contribution to governance and responsibility in organisations. In the wake of several public incidents of corporate misconduct, there has been a growing focus on risk culture management as a complementary approach to improving individual agency and accountability within both private companies and public bodies. It has now been proposed that the maintenance of good corporate behaviour and responsible attitudes in firms will ensure that its individual employees engage in higher ethical standards and appropriate levels of risk taking in the future. Over two days, the Risk Summit will aim to shed light on the new debate over the need for risk culture management: what it is, how effective it can be and on what scale, and whether there is a need for its regulation. Full programme details available at [www.risk.jbs.cam.ac.uk/news/events/risksummits/risksummit2016.html](http://www.risk.jbs.cam.ac.uk/news/events/risksummits/risksummit2016.html)

15:00-  
16:00

### The Cambridge Risk Debate

*Debate motion: This house believes that personal agency takes precedence over an organisation's risk culture.*

Moderator: Rowan Douglas CBE, CEO of the Capital, Science & Policy Practice at Willis Towers Watson

#### For the Debate Motion:

- Lord John Eatwell, President of Queen's College, Cambridge
- Dr Jennifer Howard-Grenville, Associate Editor of the *Academy of Management Journal* and Diageo Reader in Management Studies at the University of Cambridge Judge Business School

#### Against the Debate Motion:

- Professor Kern Alexander, Chair for Banking & Financial Market Regulation at the University of Zurich, and Fellow of the Cambridge Centre for Risk Studies
- HSBC Board Member (Rachel Lomax, Senior Independent Director, HSBC Holdings plc (TBC))

**Debate Structure:** The debate will commence with an opening argument (10 minutes or less each) by the debate participants. The "For" motion will lead the debate and the "Against" motion will conclude the opening. The moderator will then open the motion to the audience (15 min). The last 5 minutes of the debate will allow final concluding arguments by each debate participant (1-2 min each).



# Cambridge Risk Centre Risk Summit Debate Topic Outline

**Debate Motion:** This house believes that personal agency takes precedence over an organisation's risk culture.

**Individual Agency:** An individual's empowerment, behaviour, independence, willingness to challenge, intrinsic belief system/risk compass, integrity, ethical decision making,

## 1. Does individual agency really exist in a large corporate culture?

- a. It can be presumed that many large corporations have a very pervasive and rigid culture to remove individual agency. Firms view that individuals can pose a material threat to the health of the firm. E.g. rogue traders
- b. Is an iron-clad corporate culture the remedy to the frailties and limitations of the individual?
- c. If there are mishaps, then corporate culture is responsible and not the individual.

## 2. How important are organisational ethics?

Strong organisational ethics can halt the potential for bad behaviour.

- a. Helps to reduce "Prima donna culture" of making exceptions for "important" people. Examples: traders with big books but breaks risk appetite rules.
- b. Development of sub-culture/guerrilla cultures can be very positive for organisations. Could a broader understanding of organisational ethics prevent sub-cultures being toxic. E.g. Libor scandal
- c. Some decisions are not illegal; however, nuances of potential ethical situations require mindfulness and intelligent decision making: e.g. Mis-selling of financial products, shady practices.
- d. Recognise behaviour in society and business which is considered to be normal and accepted which in turn will be deemed as criminal or unacceptable in the future. Concept of "Time travel"; strong organisational ethics will protect against emerging issues.

## 3. Qualities of a strong organisational culture

- a. Regulator outlined qualities: e.g. Tone at the top, etc.
- b. How does the organisational culture emerge?
- c. Does organisational culture emanate from the individual and percolate throughout the organisation?

