Managing public sector risk with private sector risk management tools? A critical evaluation of the governance and management of risk in the public sector

Risk management is seen as central to the business of good government (P.M.’s Strategy Unit, 2002; Power, 2004). There is clear evidence of the public sector drawing upon perceived practices from the private sector to inform their risk management standards and guidance (AIRMIC/ALARM/IRM, 2002; 2010). However, the implications of the public sector’s reliance on processes drawn from the private sector remain unclear (Drennan & McConnell, 2007). Whilst there is commonality across both sectors in terms of certain types of risks e.g. direct threats, disruption and safety issues and the demand for risk management (Power, 2004), managing risk in the public sector is uniquely shaped by influences emanating from political and societal spheres. This has led some to caution against the adoption of private-sector, organisationally-based risk management frameworks to public services (Fone and Young, 2000; Hood and Miller, 2009).

The nature of public service provision results in certain challenges which have important implications for transposing private sector risk models, not least the nature of contingent variables faced by public sector organisations (Woods, 2009, 2011) and the inability of the public sector to opt out of risks in a way which is available to private sector organisations. At a policy level there is recognition that the management of risk within the public sector takes place within a particular and challenging context of a heightened public awareness of risk issues and greater expectations of government, at the same time at which public trust in institutions is decreasing (P.M.’s Strategy Unit, 2002).

The banking crisis has demonstrated the catastrophic impact that failures in private sector risk management and governance can have (Walker Review, 2009; Vickers Report, 2011), the importance of matching risks to appropriate governance structures and management tools (Goddard et al, 2009) and the need for awareness of organisational risk appetite (Power, 2009). Consequently, the focus of this research is both timely and of significance.

Key questions that this PhD project shall address include

1. To what extent have private sector risk management tools and techniques been adopted in the public sector?
2. Are these operational risk management approaches appropriate for managing to public sector risk?
3. Does the adoption of private sector approaches contribute to good risk governance in the public sector?

It is anticipated that the project will include quantitative analysis of survey data and qualitative analysis through case studies and interviews of those involved in the governance and management of risk in public sector organisations at both national and local government levels. The successful PhD candidate will need to show an ability to
use multiple research methods and deal with the complexity of the public sector environment in the UK.

**Key references**


**Supervisory team**

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