Volume 11(2): 251–270
ISSN 1350–5084

(London, Thousand Oaks, CA
and New Delhi)

organization

articles

Risk Management: The Talking Cure

Robin Holt
Manchester Metropolitan Business School, UK

Abstract. *The use of risk management as a response to 'strategic' organizational uncertainties is investigated. The deconstruction of uncertainties to rationalized probabilities is argued to be symptomatic of a specific conceptualization of problems as 'tame', a narrow epistemology that fails to account fully for organizational experience. By introducing 'messes' and 'wicked problems', a new mode of rhetorical, allegorical risk management is argued for. Insights from Machiavelli and psychoanalysis provide frameworks by which this can be achieved.* **Key words.** *Freud; psychoanalysis; risk management;* virtu

According to some theorists of late modernity (Beck, 2000, 1992; Habermas, 1987), post-industrial society is bedevilled with the production and management of risk. Where once there were material scarcity and need met by technological progress, there is now the social and psychological anxiety characterized by a perpetual concern for the containment of self-producing uncertainty. The example of drug production is a case in point. New diseases can be created by the use of new drugs; advances in drug development can reveal the existence of previously unknown diseases; drugs can repress the symptoms of disease, giving the illusion of cure; they can allay symptoms and have side-effects; and catalyse the expectation of cure (Dingwall, 1999). This creation of plural possibilities, starting points and questions means risk is an emblem of the late-productive mode itself, not a consequence of a specific type of production. It is an acknowledgement both of the limits of rational control (Habermas, 1987: 183–7) and of its relevance or sense

DOI: 10.1177/1350508404041615

where agents and organizations are no longer aware of the rules by which winners and losers are decided (Beck, 1999). Because risk is an inherent component of wealth creation, organizations bear the complexities of their own production until they are left, like Goethe's sorcerer's apprentice, awash with the product of their own misapplied understandings.

Beck (2000: 150–4) argues that the loss of security and boundaries might be met by an experimental politics of civic labour building solidarity around ongoing processes of self-organization. Without this, we fall into the risk trap, where risk is the only backdrop to perceiving the world and perception collapses into self-inhibition, thereby compounding uncertainty through inertia (Beck, 1999). Yet in acknowledging a self-reflexive determination of knowledge by which what is known is steeped in ignorance, the recommendation for civil labour is itself suspicious. Embracing the inevitability of ignorance and uncertainty envelops the modes by which we make our opinions clear as much as the content of those opinions (Adam et al., 2000). The assumption is that people are rational self-calculators, and that, to the extent they critically reflect upon the 'failures' of expert technical systems, they disengage and seek to reconstruct alternative systems. Yet the *dramatis persona* of risk remains the agent, not systems, in that the anxiety and dislocation remain embedded at levels of enacted cognition rather than institutional expression. Wynne (1996) illustrates the point by arguing that people do not recognize the risk society from the perspective of a breakdown in their rational calculations alone, but because of threats to their forms of life—to the non-calculative way they see themselves and their world. By relying upon alternative systems, the risk society remains caught in the thrall of its own 'expert' presumptions, denigrating the very lay knowledge and perceptions on the grounds that they cannot be codified and institutionally expressed.

This paper investigates a method of risk management that allows codified, uncodified and uncodifiable aspects of uncertainty to be managed from an organizational perspective. It argues that, because risk has been seen largely in terms of technical, means–end reasoning (and the solutions offered under a condition of reflexive modernity remain oriented to a rational calculus), many aspects of risk remain unacknowledged. To bring them into view requires making approaches from differing perspectives, what Wittgenstein (1952) called aspect seeing. The rational, calculative aspect is termed 'tame': problems are seen as mechanical, consisting of parts that when broken down attract fixed, linear, optimal solutions. Arguing that this is the orthodox perspective, the paper broaches three others: 'messes', which arise from systems interdependency; 'wicked problems', which result from the dynamic complexity of interdependent systems and from human cognition and behaviour; and 'wicked messes', which are a combination of the two. Messes and wicked problems require organizations to abandon the somewhat affected desire to design a solitary strategy determined from within a specific 'culture' (Schein, 1996), and instead see risk management as the integration of countering influences. The emphasis is upon resolution between alternative solutions and the dissolution of confusions, as much as upon the pursuit of optimal solutions.

To determine the nature of wicked messes—to accept differences in emotional and rational commitment—requires scenarios of exchange that eschew the expectation of consensus and so operate at levels of conflict beyond those envisaged by the ideal speech situations of Beck's civil labour (Beck, 2000). Using the metaphor of 'the talking cure' proffered by Freud's psychoanalysis, the paper suggests ways in which wicked messes and the absence of resolution can be incorporated into risk-management techniques. The talking cure is predicated not on the resolution of contradictory impulses or influences but on an awareness of the contingent nature of problems and the dissolution of anxiety associated with preserving a persistent state of predictably 'rude' health. In adopting an analogous influence from Freud, the paper concludes that risk management conducts itself as much as a form of organizational therapy as it does strategy.

Risk Management

Risk management is cited as delivering better customer focus (Turnbull, 1999), smoother earnings profiles (Cary, 2000; Cadbury, 1992) and a common framework for process, product and project integration (Godfrey, 1996). Peter Bernstein (2000) describes risk management as the analysis of the likelihood of unpleasant surprises and the management of the consequences of unpleasant surprises using laws of probability (statistical measurement; regression to the mean; diversification) and utility theory (value judgements; opportunity cost assessments; games theory). Probability confines the persuasiveness of uncertainty to recognizable patterns from which pragmatic policy tools of organizational control can be devised (insurance; contracts; inspections; firewalls; etc.). The classic distinction between risk and uncertainty was made by Frank Knight (see Runde, 1998), although Schumpeter ([1954] 1997: 303) attributes the distinction much earlier to the 18th-century scientist Bernoulli. This distinction places the loci of risk as probability (expressed as an absolute such as the toss of a coin) coupled to empirical frequency of association (for example, defects per thousand). Uncertainty pertains where probability has no grip and where observation fails to yield sufficiently similar states of affairs for frequency classification and the assignment of weightings. Only estimates can be made—things have propensities but no probabilistic direction, and can be followed only creatively, or imaginatively, where rules collapse into hunches and chance into aesthetic attraction.

Typically, then, risk management is focused upon achieving strategic control in order to improve certainty in operation and confidence, reduce the cost of capital for investment and increase shareholder value. As Knight's distinction makes clear, risk management is not a zero-sum activity: it does not convert all uncertainty into risk or eliminate all risks. The objective is to contain risks within parameters of strategy, thereby allowing the organization to exploit the potential of uncertainty without undue exposure. To configure such opportunities and exposure, most risk management begins in the drafting of a risk register—a matrix of risk types or families, probabilities and impacts focused at distinct levels: division; organization; sector; domestic economy; global economy. Its compilation can be approached either from a board level or from an operational level, or a combination of both, often depending upon prevailing theories of value. The matrix is used to determine gross risks (the probability of an event occurring coupled to the extent of its impact), from which important or targeted risks can be identified. Those of greatest potential in terms of exposure and opportunity can be quantified using statistical models. Once identified, these can be managed through either mitigation strategies (for example, hedging, insurance, restructuring to avoid volatility, the use of forward contract and options) or avoidance strategies (for example, improved design of product/service) specific to each risk (extent, type, organizational level). Further distinctions might then be made between symmetric and asymmetric risk. The former has an upside in the short run; for example, financial risk (the risk attached to the price of contracts attached to the exchange of real goods) can be both positive (received interest payments) and negative (default on payments/bankruptcy). War risk, natural disasters and environmental risks are, however, all asymmetric in that they have no upside in the short run; they are entirely negative and involve cost. Both involve devising clear risk-ownership schedules and calculating the opportunity cost of undertaking risk management itself (see Turnbull, 1999).

Looked at as being mid-way between utter determinism and complete uncertainty, the current practice of risk management is an organizational re-description of the philosophical problem of free will. Without any free will, our identity is driven by fate and choices are pointless. With nothing but free will, life is driven by the whim of absolute choice; no choice can be ranked or privileged above any other because everything is open to question. There is no direction, only endless self-reference itself collapsing into existential pointlessness. Floating between these two metaphysical polarities, neither certain nor in a void of etiolated freedom, there arises the possibility of grounded doubt (about one's choices as well as fate) and hence the possibility of confirmation, judgement and direction. As with free will, so with risk. The concept refers not to absolutes but to the melange of experience, where managers accept contingencies without being overwhelmed to a point of complete passivity or confusion. Managers learn to recognize the differences between things, to acknowledge their and our limits. Only in this pragmatic way can managers be said to make judgements, to be seen as being involved in something called the future.

The future, however, lasts a long time, so much so as to make its containment and prediction an often futile exercise. Organizations are aware of how the idea of such control is changing, how in 'keeping up' a company is not so much being 'on the ball' as never on a ball for too long. This is exemplified no better than by the oft-cited trait of globalization—the endless expansion of human commercial activity; the lessening tangibility; the speculative space by which events become instantaneous. In this worldwide dance there is no unfolding, everything is instant; hence there is no history, just speed. All that is left is retrogression, an analysis of origins in order to prove that time did, once, exist (Baudrillard, 1993). Risk might be seen as one such identity, a conversion of uncertainty to a set of beginnings that, although fabricated, can be invoked, almost like heritage, in order to 'secure' ideas concerning organizational activity and direction. Absorbing Baudrillard's playful arguments without resorting to his playful antics, risk management has to avoid what he terms the farce of repeating history. It must avoid believing in the determined futures it fabricates, while still allowing organizations the requisite structure and space to configure strategies. The economy does not exist in its classical guise; it is virtual and speculative—an instantaneous flow of capital. Any logic to production is secondary to its having to be described by and within the mêlée of 'instant eventa'. Risk management can no longer occasion progressive, linear, iterative *processes* without becoming what Baudrillard (1993) calls 'a museum piece'. The 'instantaneous' forces risk management to deal with non-linear time frames, to appreciate the interrelated contingencies of global operations, to become aware of intangible feelings impacting upon organizational identities, and even to dissolve the illusion of control. In looking beyond the idea of controlling one's environment to determine a specific future, risk management is no longer tithed to the specific technical practices described above. To determine aims and the means of their realization, the organization must elicit from itself a sense of humility, or appropriateness, in the face of contingency. The focus is as much upon preparedness for change as upon the strategic pursuit of goals. As such it is more tactic than strategy—the acceptance of the given (only in this case the given is change, and the acceptance is proactive, not quiescent) within which actions and attitudinal stances are developed so as to prompt better performance.

With typical perspicuity, Machiavelli realized something similar in his political advice to would-be princes. Risk management, described as a series of techniques and frames to influence destiny without recourse to a specific future, is the organizational expression of what Machiavelli called *virtu*: sagacity and resolve tempered by appropriate humility in the face of *fortuna* and *necessita*. To be resolute and cunning affords the prince control over a collection of possible destinies, but only so far.

The prince must learn to appreciate and respect the whim of fortune and the dictates of necessity, knowing when to stimulate conditions toward his own favour, when to contain them, and when to 'ride them out' (Crick, 1976: 20). In distinguishing between fortune and necessity, Machiavelli is acknowledging the complexity of possible future influences. Necessity describes forces that are unbreachable but manageable by acceptance and containment—acts of God, tendencies of the species, and so on. In recognizing inevitability, the prince can retain his position, enhancing it only to the extent that others fail to recognize necessity. Far more influential, and often confused with necessity, is fortune. Fortune is elusive but approachable. Fortune is never to be relied upon: 'The greatest good fortune is always least to be trusted'; the good is often kept underfoot and the ridiculous elevated, but it provides the prince with opportunity. Machiavelli describes *Fortuna*, the goddess of fortune, thus:

> Over a palace open on every side she reigns, and she deprives no one of entering, but the getting out is not sure.
>
> All the world there gathers around her, eager to see strange things, and full of ambition and full of hopes.
>
> She stands on the highest point, where the sight of her is not denied to any man; but a little time turns her about and moves her.
>
> And this aged witch has two faces, one of them fierce and the other mild; and as she turns, now she does not see you, now she beseeches, now she menaces you.
>
> Whoever tries to enter, she receives benignly, but at him who later tries to go out she rages, and often his road for departing is taken from him. Within her palace, as many wheels are turning as there are varied ways of climbing to those things which every living man strives to attain.
>
> Signs, blasphemies, and outrageous words are everywhere heard uttered by those whom Fortune conceals within her bounds.
>
> By as much as they are richer and more powerful, by so much more they show discourtesy; by so much more are they less grateful for her favours. (Machiavelli, 1989: 746)

Despite its literary hyperbole, the insight of this tercet is itself alluring: accepting the unpredictability of fortune deconstructs the idea of uncertainty into an amalgam of human choice and capacity. *Fortuna*'s whim, although fanciful and stereotypical, describes the 'grey' areas that permeate any predictive activity. To understand this lesson as a drama, to understand how to weave one's princely designs using the threads of fortune, is, according to Machiavelli, to understand human motivation and belief. To accept the whimsical nature of decisions, to understand where one might act profitably while remaining cognizant of how things might always be otherwise, to accept the immanence of behaviour, are alien to the bureaucrat, the engineer and the egomaniac, but are defining of a prince. The balance involves assisting fortune without thwarting it, and so to be assisted.

Using the endless interplay between *virtu*, *fortuna* and *necessita* as a metaphor conveys the importance of understanding that people can never be fully understood, while acknowledging their continuing influence over the design and realization of aims. Machiavelli affords risk management a breadth more typically closed by practitioners of technical and actuarial formulas, for whom an absence of optimal solutions or even resolutions is an anathema. Looked at as a practice of organizational *virtu*, what begins and ends risk management is not the clear conception of a problem coupled to modes of rankable resolutions, or a limited process, but a judgemental analysis limited by the vicissitudes of budgets, programmes, personalities and contested priorities. The problems of such risk management are configured through not only informational lack but the varying nature of the information itself. Seen through the agitating lens of Machiavelli's writing, risk management becomes the balancing of order and disorder in the pursuit of aims themselves not immune to change or limit. Machiavelli's was a world set in scare quotes and, in any response to the anxiety of the current 'risk society', it is apposite to make appropriate use of the lucid and often provocative counsel he proffered to those who sought control of events.

Re-describing risk management as a kind of organizational *virtu* requires a reorientation toward the concept of 'a problem', one that eschews reliance upon linear descriptions and solutions and appreciates the influence of whim. Machiavelli was exhorting the prince to see facts as inherently negotiable, to rely upon his own resources of persuasion and guile to effect his 'reality', without becoming carried away by any 'success' he might enjoy. Similarly, risk management would be better able to absorb ideas of rapid change and uncertainty by supplementing its employment of technical frameworks rooted in the probabilistic reasoning of experts with an awareness of how whim, perception, trickery, vision and humility affect the future.

Risk and Describing Problems of Risk

Understanding the future and how an organization will fit into and shape that future is often seen as an exercise in analytical problem-solving. States of affairs are broken down into parts, the components are understood, and the probability of known sequences of component conjunction is analysed in terms of the possibility of failure and/or accident. These problems are described as 'tame'. They exhibit almost geometric precision. In an echo of Galileo's resolutive-compositive method—in which scientific laws explaining the behaviour of objects are built upon observations of the activity of their constituent parts—the risk manager seeks to understand the future in tabular and causal format using specialization, the division of labour and departmentalization. Culturally, tame problems enjoy consensus: everybody pretty well agrees why something needs to be done and the right way to go about doing it. There are countless examples of tame problems, and solving them has been the great forte of science for several hundred years. Owing in large part to such successes, they remain the ideal for many social scientists as well as for managers and administrators.

Not all problems are tame; indeed, in the organizational climate of globalization and rising human expectation very few problems are tight and clear enough to be described as tame. There are two distinct perspectives upon problem complexity: dynamic/structural and behavioural. Where dynamic complexity is high we experience what Ackoff (1974) called 'messes'. These are puzzles that are not so much 'solved' as resolved, in terms of tying together their inherent complexities. Messes cannot be solved by solving component problems in isolation from one another because there are significant couplings between isolated problem symptoms, and systems themselves are often complex (Perrow, 1984, 1994). For example, the breakdown of discipline on a production line cannot necessarily be addressed by stricter surveillance. A compounding influence may be the speed, repetition and nature of the work, the preponderance of inventory causing bottlenecks, the inflexibility of specialist machines, or the lack of material and management support. Rather than simply breaking things down into parts and fixing components, messes are met by examining patterns of interaction among parts: vicious and virtuous circles; self-fulfilling and self-defeating prophecies; deviation–amplifying feedback loops, etc. Resolutions are exaggerated and hence influenced by the organizational responses such as cross-functional groups, redundant training and so-called 'learning circles', creating yet further complexity (Senge, 1990; Weick, 1979). Messes demand a commitment to understanding how things going on 'here and now' interact with other things going on 'there and later'.

A primary danger in mistaking a mess for a tame problem is that it becomes even more difficult to deal with the mess. Blaming 'operator error' for a mishap on the production line and introducing added surveillance is an illustration of a mess being mistaken for a tame problem. An operator is easily isolated and identifiable, whereas a technological system or process is embedded, unwieldy and, initially, far more costly to alter (Perrow, 1984). Blaming operators is politically expedient. It might also be because managers and administrators do not know how to think in terms of messes; they have not learned how to sort through complex socio-technical systems. Karl Weick (1979: 83), in a point echoed by Senge (1990), noted: 'Most managers get into trouble because they forget to think in circles. Managerial problems persist because managers continue to believe that there are such things as unilateral causation, independent and dependent variables, origins, and terminations.'

Current risk management is alive to the issue of messes. Organizations can configure themselves to ensure they remain flexible in the face of persistent uncertainty and risk. To do this requires that the emphasis of risk management shift from defining problems and the iterative steps of a solution to drawing the boundaries of any specific system or set of interacting systems whose operational outcome is being controlled. This systems approach means risk management becomes based ‘on a model of planning as an argumentative process in the course of which an image of the problem and of the solution emerges gradually among the participants, as a product of incessant judgement, subjected to critical argument’ (Rittel and Webber, 1973: 159). Thus, the major challenge is not just the drawing of boundaries to systems, but also investing time and effort in boundary-drawing processes (Hancock, 2000). Although drawing boundaries is a crucial strategy for sorting out messes, allowing an ‘image’ of the problem to ‘emerge gradually’ is a very different process from testing hypotheses or from management by objectives. In organizational terms it involves a cycle of what Hurst (1995) calls ‘creative destruction’: the reconception of practices using information that enables an organization to dismantle and rebuild its systems so as to make progress through the exploitation of new opportunities brought about by a better understanding of risks.

Whereas risk management has shown signs of *virtu* in assimilating dynamic complexity, the same cannot be said in relation to behavioural complexity. Here, fortune and necessity have a relatively free rein. Risk strategies orient themselves to messes by appreciating the importance to system functioning of multiple viewpoints. However, they often fail in contemplating the influence upon people operating within and between the systems. The prevailing assumption is that people orient themselves similarly to such systems. Where such orientation is lacking, the strategy is faced with a ‘wicked problem’. Wicked problems are those where behavioural complexity is high; where complex underlying social realities are inescapable; and where different groups of key decision makers hold different assumptions, values and beliefs that are in opposition to one another (Rowe 1987; Rittel and Webber, 1973).

When there is no overriding social theory and ethic, people see the situation from different perspectives and plan strategies for what could and should be done based on different mental models; they encounter what Geertz (1973) describes as a ‘loss of orientation’ brought about by divergence. Tame problems are convergent by definition; a solution is always assumed. Messes are convergent if we agree on what overlaps, on appropriate strategies and on the kind of ‘climate’ we wish to maintain. A divergent problem does not promise a solution. The more it is studied, the more possible solutions populate any analysis. As with messes, there are very real dangers in ‘solving the wrong problem’. Mistaking or misrepresenting wicked problems as messes, let alone as tame problems, almost inevitably leads one to conclude that those committed to different solutions lack integrity, intellect, or both. Wicked problems cannot be solved, they can only be contained, requiring full acknowledgement that they are conditioning influences of fortune and necessity.

Cognitive influences compound the complexity arising from a lack of overriding social ethic, skewing how information is gathered, received and reacted to. Action science, for example, argues that within organizations people's cognitive expressions be treated with caution; the intentions and desires people say and even believe they abide by (espoused theories) can mask different and even divergent cognitive states (theories-in-use) (Argyris, 1995). This complicating of intentional states reveals how people's self-worth is wrapped up in their ability to preserve theories-in-use in problematic settings, which causes anxiety: depersonalization; denial of feeling through ritual task performance; avoidance of responsibility through upward delegation; and avoidance of change (see Bain, 1998). This results in a defensiveness that, in the context of organizations, manifests as the skilled deployment of routines to avoid threat and embarrassment (Argyris, 1990). Loops between such routines and people's action strategies (avoidance and masking) compound the aversion to any open critique.

By making clear the generic theories-in-use, action learning exposes the engrained nature of these routines and how counterproductive they can be to organizational performance (Argyris, 1995). To be aware of this dynamic complexity is to foster within an organization a strategy for configuring and resolving messes—for making people confront their motivations. When those motivations themselves diverge, however, action theory goes only so far in explaining organizational behaviour. People's attitudes may diverge ethically and psychologically. Prospect theory, for example, argues that people become increasingly risk averse under positions of gain, in order to consolidate the good, and risk seeking under positions of loss, in order to avoid consolidating the bad (see Fenton-O'Creevy and Soane, 2000). Looking at environmental risks, Brown and Stewart (1999) concur that, when faced with the threat of loss, people do not internalize, and thus consolidate, the externality (pollution) so as to avoid possibly higher losses. Both sets of researchers confer an attitudinal range upon people's psychological attitudes depending upon the relevant environmental conditions. It is not the case, then, that people have the same psychological motivations—in this example they are not inherently risk averse; similarly with belief structures. Contra Habermas, people's divergent values, whether acknowledged at espoused or 'in-use' levels, do conflict to degrees where consensus is not possible or desirable, if only because no language user is able to step outside of language and obtain the innocence of an objective perspective without being subject to the inherent uncertainty of being perpetually misunderstood (Wittgenstein, 1952: § 120–8). Organizationally, this awareness can be described as seeing problems in terms of 'wicked messes' (Roth and Senge, 1996). In contrast to action science, the absence of

Table 1. Classes of Problems: Disciplinary Involvement and Dialogue Characteristics

Tame problems	Messes	Wicked problems	Wicked messes
Ends or goals are prescribed or apparent	Ends and means are unknown at the outset, to a lesser or greater degree	End is never fixed, means always invoke qualitative judgements; variable methodology and epistemology	End is non-existent, variable epistemology and ontology. Plausible alternative solutions can always be found
Analytical or algorithmic solution	Iterative, pan-system and evolutionary	Trial and error; no final strategies; discipline from constant testing	Holistic (structural and mental); revolutionary
Examples: Lexical ordering Analytical geometry	Examples: Architecture Epidemic control Lean production Migration patterns	Examples: Diversity policy Psychometric testing	Examples: Urban design Ecological management
Linear, self-referential dialogue	Explorative, non-linear, systems analysis	Explorative, non-linear, disposition analysis	Imaginative, often chaotic and rhetorical

universal conditions deepens to the level of psychological attitude and, to the extent that both espoused theories and theories-in-use diverge, the mess becomes wicked, with people being unable to reconcile ‘competing’ desires and value commitments at psychological as well as espoused levels.

Classifying the problems of risk using a tabular form (see Table 1) is, of course, tantamount to isolating problems as being of a certain, unvarying and identifiable type. The framework has the appearance of being a model of problem recognition, and thus can imprison risk management in the pretence of control that so bedevilled the more arrogant of Machiavelli’s princely exemplars. Recognizing the influence of *fortuna* and *necessita* means not only honing skills of *virtu* to wrestle with uncertainties, but also continuing to accept that the limits to understanding and control extend to the *virtu* itself. The prince who forgets humility may extricate glory from fortune but inevitably suffers the penalties of hubris. Similarly, assuming that the accurate identification of the nature of a problem is itself possible can draw risk management into presuming a constancy that is pure fabrication. A problem may begin as a mess and then become a wicked mess, or begin as a tame problem and then unravel into a wicked problem. Being aware of this means risk management using the framework not as a way of fixing types of problem but as a mechanism for encountering problems. The difference between encountering and recognition is important, and rests with what Deleuze (Ansell Pearson, 1999: 89) identifies as an acknowledgement of events as ‘becomings’ that force one to think. The knowledge of problems, then, is realized not in models of representation but as a series of provocations that are encountered using ordered concepts such as, in this case, tame, wicked and messy.

To enable organizational members to encounter problems, risk management's repertoire of activity needs to engage their all too human components: belief, perception, enthusiasm and fear. This is saying little more than is contained in Machiavelli's advice to the prince, but in the context of a globalized, late-modern condition in which organizations are twinned with their own dissolution and individuals with their own anxieties. To illustrate how risk management might deviate toward this extended repertoire, analysis is made of the techniques and assumptions prevalent within psychoanalysis, the field of investigation that perhaps more than most conveys as a discipline what Machiavelli limited to metaphor.

Why Psychoanalysis?

What follows is not an application of psychoanalysis *in toto* but, rather, a particular and unsystematic pursuit of possible conjunctions of problem encounter and technique that provides risk management with platforms from which to explore problems that embrace dynamic and behavioural complexities. Trenchant criticism of the classic psychoanalysis of Freud circulates at two levels (Cioffi, 1999: 7–9):

- Its conclusions are not testable (the unconscious cannot be observed directly) and hence it is not falsifiable (the methodology of interpretation always allows for things to be otherwise).
- It is scurrilous. The theory (the Oedipal effect, for example) actively misleads activity (convinces people they have a fear of castration, when the cause of their neurosis might be otherwise).

From the perspective of risk management, the second level of critique remains secondary. Whether revelation of unconscious drives undermines already anxious 'patients' is contestable. Freud himself, for example, believed most people incapable of understanding their unconscious (see Freud, 1994; Brunner, 1995: 167), thereby constraining the misleading effects of his theories to an enlightened few, who, within the confines of Freud's own definition, may well be better equipped to absorb such revelations without becoming misled. The first level—the integrity and spirit of his theories—is where risk management might usefully focus however. It is precisely because psychoanalysis avoids an overarching claim to produce testable, watertight, universal theories that it is of relevance for risk management. By so avoiding universal theories and formulas, risk management can afford to deviate from pronouncements using mathematical formulas to cover the 'immanent indeterminables' manifest in human perception and awareness and systems integration.

The aim of psychoanalysis as envisaged by Freud is to explain how we can love and hate at the same time, why we feel guilty, why we joke; and it does so by giving us a vocabulary to describe and delineate our own past (Rorty, 1989: 32). By unravelling the contingencies of our experiences, Freud shows that how we behave and what we believe are crucially influenced by what we were; his psychoanalysis is an attempt to determine how these links are appreciated and fed into present systems of self-creativity and identity. As Rorty (1989: 33) says, ‘Freud spends his time exhibiting the extraordinary sophistication, subtlety and wit of our unconscious strategies. He thereby makes it possible for us to see science and poetry, genius and psychosis—and, most importantly, morality and prudence—not as products of distinct faculties but as alternative modes of adaptation.’

In facing wicked messes, risk management is performing a similar role within organizations—affording organizational space for the recollection of prevailing temperament and adaptation in terms of its particular past narratives, as well as offering a vocabulary by which to do so. It is in making organizations aware of these pasts, many of which might be described as ‘unconscious’ (in that they remain obscured), that risk management instils in organizational members an appreciation of the capacity for *virtu*. Freud’s psychoanalysis assumes that creativity, accident and decision are indigenous to human identity. We understand ourselves not according to a template but according to our own peculiar, beguiling histories. Metaphorically, risk management can make explicit a similar realization within and between organizations. The revealing of an unconscious world and its being in a constant state of tension between excess and stricture, between knowledge and ignorance, is emblematic of how organizational members encountering messes, wicked problems and wicked messes can be forced to think. Psychoanalysis occupies the point of rupture between conscious intention and unconscious desire—revealing repressed or overdetermined aspects of self-organization manifest in various expressions of anxiety, humour, and so on. Risk management can occupy a similar threshold, providing the mechanisms of translation by which boundaries of organizational identity and opportunity are drawn and redrawn through the encountering of wicked, messy and tame problems (or amalgams thereof) using risk management.

The Conversation

Until Freud and his colleague Breuer analysed symptoms of human illness from the perspective of thought and impulse as well as just physical causes, treatment of ailments had been largely physiological. Hysteria was, for example, typically explained as symptomatic of a womb ailment, whereas Freud, by using dialogue (therapy), was able to associate it with thwarted sex drives. What is important here is not so much whether it is actually true in all cases that hysteria and sexual frustration are causally linked, but that it is a plausible connexion revealed by looking inwards to the morass of personal motives, desires, belief structures and conditional influences of the patient (Wollheim, 1971). As Freud remarked in *Totem and Taboo*, 'the determination of the original state of things . . . invariably remains a matter of construction' (quoted in Brunner, 1995: 165). So, as the unconscious works through in the discussion of dreams, jokes and neuroses, it is not revealed as an ontic condition, an absolute, firm set of primal drives. In picking over psychic entrails and reading meaning into them, psychoanalysis did not hold back in terms of its claims: it pursued the elusive and interesting, not hard facts. Moreover, the technique is non-invasive; its haruspication uses language, not knives: 'nothing takes place in a psychoanalytic treatment but an interchange of words between the patient and the analyst' (Freud, 1916). What Freud did was to re-describe illnesses as more than just the physical effects of physical causes (tame problems). Neuroses were seen as both wicked and messy, as the result of peculiar conjunctions of personal influence and system conditioning. They were encountered through conversation, the motif for which Freud took from an inscription on a medallion cast to celebrate Drake's victory over the Spanish Armada in 1588: 'He blew, and they were dispersed.'

Once revealed by 'blowing', Freud's unconscious and pre-conscious worlds are indeed messy places—opaque worlds of drives, influences and forces that can be understood, but only tangentially, through observation and interpretation of the gestures, jests and journeys that go to make up the hinterland of our thought and action: dreams; free associations; jokes; slips of the tongue; hallucinations; neuroses. The conversation was not geared to give absolutely free rein to this unconscious and pre-conscious world. Freud accepted there were good reasons why certain impulses remained repressed, why the pursuit of desire unmediated by institutional and moral sanction was destructive. Civilization, which Freud (1916) understood as the order manifest in organization and organizations, was an important sacrifice of instinct to ensure stability. As a reality principle, organizations are inextricably bound to the products of the unconscious and pre-conscious. In revealing these influences, Freud provokes reflection upon balance. Although organizational order is important in sustaining identity, it can unduly obstruct the creative aspects of imagination and self-governance. Organization is as much the institutional outcrop of the compulsion to repeat, to beautify, to clean and to nurture an array of specific aims as it is a curtailing of destructive drives. Similarly, its identity persists so as to structure activity and manage encounters with problems and uncertainties consequent upon repression, ignorance and myopia. The organization alerts us to the narratives behind anxiety without our having to become determined completely by their vicissitudes.

The fact that organizations emerge from contingent, complex interdependencies between specific narrative histories suggests that risk management would be able to use similar conversations to psychoanalysis to investigate hidden motives (for example, Argyris's theories-in-use), to examine askance the possible reception of initiatives or strategies from the perspective of inherently divergent stakeholders, or to analyse the motives for and expectations of risk management itself. This fundamentally reorients the perspective of risk management from facing apparent uncertainties using technical assessment tools, to using conversations devoid of fixed formulas to encounter questioned identities, indeterminate destinies, multiple and conflicting aims and myriad anxieties.

In looking at the beliefs behind organizational practices and at the assumptions and fantasies manifest in declared aims, risk management as described is akin to what Hirschhorn (1999) describes as acknowledging the primary risk. Hirschhorn argues that organizational ambiguity in decision-making causes anxiety in individuals and groups, which is then countered using a fantasy to explain why the situation is not the responsibility of that individual or group. The primary risks manifest in the variety of alternatives to be encountered by organizational decision makers are avoided because the basis of the perceived ambivalence, experienced as anxiety, is repressed, often by condemning others as sources of blame. What risk management can perform is the acknowledgement and structuring of ambivalence through conversation. Where orthodox risk management is incapable of performing anything other than technical manoeuvrings oriented toward linear solutions, risk management using psychoanalytic conversations can broach anxieties and thereby dissolve them in encountering structures of wicked and messy problems. There is no absolute or preferred end, but an amalgam of options, preferences events and possible consequences, and, in encountering the problems of their integration, risk management is forcing organizational members to think about how these alternatives are to be structured in terms of the choices to be made (often at the behest of structural forces such as budget limits) and contextualized (an acknowledgement of an organization's historical identity, for example). This is an attempt not to find a resolution *à la* tame problems but to use conversation to dissolve the anxieties felt when encountering the uncertainties of decision and free will by talking about the feelings of ambivalence and the origins of organizational rigidity that give rise to them. It is through conversation that wicked and messy problems are encountered and structured so as to provide a series of decisional frameworks.

The Analyst and Transference

In addition to the actual conversation, emphasis can also be given to the nature and role of the conversants, especially of the analyst or risk workshop facilitator. Unlike the 'experts' of any Foucauldian model, the analyst (either of psyche or of risk) is in a privileged position not of knowledge but of provocation. Typically described in psychotherapy as a mode of transference, the relationship between analyst and analysand is an opaque and mutual one. The emphasis is upon realizing an understanding that is itself never definitive or static but satisfactory in terms of revealing possible influences that can be pursued and catered for. As a concept, transference is governed by its praxis—it informs analytic practice while also being an emanation of that practice (Lacan, 1994: 124). In this role Lacan associates the analyst with the unconscious, with the recall of language in undetermined experience and experiencing, a recall that itself is inevitably transference, as the analyst reconstructs behaviour so as to reveal what it repeats. The analyst is in possession of the locus of power, but it is not a literal 'power over . . .'; rather it is communicative power. Lacan sees the analyst as proving to be a creative conduit for an unconscious and pre-conscious already formulating its revelations (manifest in dreams, slips of the tongue, jokes, etc.). As Figlio (2000) argues, this places the analyst in a position of equivocation—analysts do not offer a product—prompting only an uncompelled equal relationship. Going back to Hirschhorn's (1999) analogy, they offer a sense of how a perception can be grounded or contextualized without thereby resorting to absolute causal authority.

Investigating wicked problems and messes is equally splintered. Lacan makes an interesting distinction between cure and recovery. The risk analyst is after recovery, the return of health or balance, rather than a cure—which can be effected only when 'recognizing' a series of tame problems. The use of conversation affords the analysands (those undertaking risk analysis) a perspective upon their motivations, their environmental conditions of operation and the like. By allowing the unconscious or unapparent forces to 'open out', as Lacan described it (1994: xiv), the divide between analyst and analysands has no hierarchy. The risk facilitator remains responsible for the conditions of conversation and their allowing the exploration of the symbolic and imaginary as well as the assumed, technical reality as configured by the more typical risk-management techniques. The risk facilitator, and hence the risk-management process, urge from the conversation an understanding that encompasses the need for rational knowledge, but does so by adducing a 'logic of the subject', which necessarily is sensitive to the phenomenological sensitivities of knowledge (Lacan, 1994: xxvi) encompassed in encountering problems and the associated feelings and strictures. Through transference of these feelings and strictures, the risk facilitator exhibits how contingent are the terms used within conversation, how they operate only insofar as they are useful in identifying the risks, rather than representing any foundational reality. As with psychoanalysis, there is no presumption of a single reality to explain or of a cure to be effected.

Risk Management Reconsidered

In being influenced on both these counts, risk management, without aspirations to control activity but with aspirations to provoke insight into the nature, breadth and depth of the uncertainties being faced, would seek to create an atmosphere in which organizational *virtu* is balanced by an awareness of its own limits. *Virtu* equates to an awareness of the ambivalence that besets decision-making and the anxieties it prompts, including of the influence it itself has in terms of its being a specific ordering of perception. It also requires of the decision maker clarity and resolve enough to structure decisions as a series of often intermingling encounters with fortune and necessity. Risk management seeks, then, to create the relationship established in psychoanalysis where existing systems and structures allow problems to be encountered without ignoring the symbolic and imaginary tone of those systems and structures. To initiate sessions in which final resolution is an impossibility, to seek to uncover hidden motives, to prompt people into an acceptance of their own frailty, is to open risk management itself to critical questioning. The urge to look for a single option in explanation is tempting, but it reflects our need to make sense of things, to feel comfortable, rather than the existence of an absolute or single root cause.

If psychoanalysis is seen as a critical theory of self-organization alert to flows of power and influence, risk management can similarly become the organizational means by which an understanding of hidden forces and creative potential is realized. By devising workshops that tackle problems as wicked messes, avoid lowest-denominator consensus in favour of continued discovery of alternatives through conversation, and are instructed by metaphor rather than technical taxonomy, risk management is better able to appreciate the everyday ambivalence that fundamentally influences late-modern organizational activity. As such, risk management would be not merely a rationalization of uncertain experience but a structured and contested activity involving multiple stakeholders engaged in perpetual translation from within environments of operation and complexes of aims. By translation is meant 'all the negotiations, intrigues, calculations, acts of persuasion and violence, thanks to which an actor or force takes, or causes to be conferred on itself, authority to speak or act on behalf of another actor or force; "Our interests are the same", "do what I want", "you cannot succeed without me"' (Callon and Latour, 1981: 279). Such negotiations are not indigenous to the risk management of tame problems where *risk* is seen as danger *in potentia* to be diagnosed by experts and managed as a pathology to preserve security (Canguilhem, 1991). Conversation and transference, of the sort embodied in psychoanalysis, would involve risk organizations being prepared for multiple futures using imaginative productions that are themselves aware of their limits. Psychoanalysis is a phrased recognition of how, as aphoristically expressed by Nietzsche, 'everyone is furthest from himself'. Risk management can form a similar phrasing for organizational members, bringing into question their epistemological bias, in that information is no longer assumed to be transparent and access to such information is no longer perceived linearly. The non-sequential, non-contiguous nature of wicked messes et al. requires an organization to encounter problems, including the problem of its own complicity in prevailing perceptions and feelings. As with psychoanalysis, there are limits to this absorption: the self cannot remain dissolved without complete dissolution. Risk management remains the province of *virtu*, an immersion within the forces of fate and necessity, whether obvious or hidden, without capitulation or indifference, that develops within the organization a capacity for self-overcoming freed from the ideological presumption of absolute, strategic control.

Note

I would like to thank David Hancock, of Halcrow, and the anonymous referees for constructive analysis of, and advice on, the content of the paper.

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Robin Holt is a research fellow at Manchester Metropolitan University investigating organizational epistemology amongst small and medium enterprises. He previously held a research fellowship at the University of Bath, working with public sector organizations on knowledge and performance management. He has a visiting fellowship in the Department of Philosophy at the University of Southampton. He gained his PhD in government at the London School of Economics and Political Science, and has published a book on Wittgenstein, as well as papers in both philosophy and management journals. **Address:** Manchester Metropolitan University Business School, Aytoun Building, Aytoun Street, Manchester M1 3GH, UK. [email: r.holt@mmu.ac.uk]