The Olympics, Risk and Governance

* Will Jennings, ESRC Research Fellow, University of Manchester,

will.jennings@manchester.ac.uk

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Abstract

This paper explores the increasing influence of risk in governance of the Olympic Games. It identifies three critical aspects of the relationship between risk and the Olympics: first as a prism of organisational experience of the risk society, second in the contradiction between the disproportionate risks associated with mega-events such as the Olympics and wider controlling, blame-avoiding and risk-averse rationalities prevalent in contemporary politics, government and organisational life, and third in the increased influence of risk as a mobilizing concept in planning and organisation of the Games and in the governance of the Olympic movement. This relates wider debates about risk and modernity (e.g. Beck 1992; Giddens 1999), mega-projects and mega-events (e.g. Roche 1994; Flyvbjerg et al. 2003) and the rise of risk management in the public and private spheres (e.g. Hood et al. 2001; Power 2004; 2007) to the Olympic experience of risk and changes over time in organising strategies used to manage and mitigate risks. It considers in particular the implications for the London 2012 Olympic and Paralympic Games as a venue for interaction of risk, society, politics and organisation.
The Olympics is both a mirror to and an engine of broader social, political and economic forces. It is neither a unique and insulated venue for organisational practice, cut off from the external world, nor is it powerless in the face of broader changes in society, economics and government. The task of governing the Games and the Olympic movement now occurs in an age in which states and societies are increasingly organized in response to risks, and where uncertainties, threats, hazards and vulnerabilities are said to be a product of modernization itself (Beck 1992). This is a world in which concern with the creation of economic wealth has been overtaken by the production of risk along with a reciprocal quest for safety and security (Giddens 1991). The managerial expansion of the capacities of states and societies for measurement, analysis and management of risk is manifested in growth of the regulatory state (e.g. Majone 1994; Moran 2003) as well as the proliferation of audit and risk management practices in both the public and private sectors (Hood et al. 1999; Power 1997; 2004; 2007). As a global media mega-event the Olympics is susceptible to heightened anticipation of risks and threats and activation of special legal or institutional frameworks for governing and securing the Games (e.g. Richards et al. 2010). It is, therefore, a context in which broader dynamics of risk and risk management are of special relevance (e.g. Jennings 2008; 2010; Jennings and Lodge 2010; 2011).

The influence of risk and of risk management in Olympic organisation is a defining feature of the modern Games. This paper argues that the relationship between Olympic organisation and risk should be understood with regard to three essential dynamics. These affect the production of risk in Olympic organisation and events, specific decision-making biases and processes that are observed in planning for this mega-event and the increasing commitment of organizers to the practice of risk assessment and risk management. First, the social and technological production of risk in Olympic organisation has – since revival of the
The Olympic Games in 1896 – reflected broader social processes of modernisation identified by Giddens (1991; 1999), Beck (1992) and others (e.g. Scott 1998). At the same time the global profile and salience of the Games has led this particular mega-event – through defining and memorable events such as the 1972 Munich Massacre – to wider cognisance of hazards and threats encountered in modernity, as well as contributing to the production of risk through its geo-political salience and global brand and through the Olympic movement’s globalizing, modernizing and commercial tendencies.

Second, the disproportionate level of risk that is associated with organisation of the Olympic Games – as a mega-event, constituted in operation of a large scale event operation that typically involves a complex web of multiple mega-projects concerning infrastructure and facilities – are in contradiction to the aspirations of modern societies, governments and businesses to measure, control, regulate and minimize risk (Moran 2001, p. 425). Third, and last, contemporary trends in organisation of the Olympic Games reflect broader shifts in governance observed in both the public and private sectors (across corporate governance and public administration), with increasing attention to risk and its management.

This paper reflects briefly on these dynamics in light of the case of the London 2012 Olympic and Paralympic Games as the most recent Olympic venue for interaction between risk, society, and organisation. It relates wider debates about risk and society (e.g. Douglas and Wildavsky 1982; Beck 1992; Douglas 1994; Giddens 1999), mega-projects and mega-events (e.g. Roche 1994; Flyvbjerg et al. 2003) and the rise of risk management in the public and private sectors (e.g. Hood et al. 1999; Ericson et al. 2003; O’Malley 2004; Power 2004; 2007) to the Olympic experience of risk and changes over time in the organising strategies used to manage and mitigate risks.

The paper is organised as follows. It first introduces the literatures on risk, society and culture and explains how governance of the modern Olympics has reflected, as well as contributed to, production of social, economic and organisational risk. It next explores the
contradiction between the optimism bias (in systematic under-estimation of risk) observed in planning mega-events such as the Olympics and the wider risk averse and blame-avoiding tendencies of policy-makers and bureaucrats. Last, it reflects upon the changing nature of organisational responses to risk in the public and private spheres and presents evidence of the increased influence of risk as a mobilizing concept in organisation of the Games and in governance of the Olympic movement.

1. Risk and the Olympics

It is argued in some quarters that the world has entered a new era of extreme events and risks (e.g. Beck 1992; OECD 2003; Lagadec and Michel-Kerjan 2005; Lagadec 2007). Proponents of the risk society thesis cite examples such as the AIDS epidemic, the Chernobyl disaster and the September 11th, 2001 terror attacks as evidence that social, economic and political cleavages increasingly cut across new boundaries, tearing up existing power relations and institutional structures. Ulrich Beck (1992, p. 21) argues that risk is modern society’s response to “hazards and insecurities induced and introduced by modernization itself.” While natural threats and hazards remain (e.g. famine, flood, drought, earthquakes), increasingly risks are the consequence of scientific, technological and economic progress itself – manufactured or amplified through modern forms of social, political and economic organisation. According to proponents of this dystopian age of uncertainty, risk has diverged from traditional class and power structures and now trespasses across the boundaries of the nation state – contributing to the rise of governance to replace government. The globalised interdependence and scale of modern social and economic life – with its complex interaction of organisations, science, technologies and individuals – is argued to be a cause of many of its own instabilities and vulnerabilities. The social production of risk is most clear in system-level failures that result from unanticipated interaction of errors, failures or oversights (e.g. Perrow 1984; Vaughan 1997). Further, the idea of risk is interlinked with the anticipation of
catastrophe and disaster itself (Beck 2006), further reinforcing the preoccupation of modern societies with risk.\(^1\) Indeed, whether or not one subscribes to such claims of the newness and the pervasiveness of the risks encountered in late modernity, in this age of uncertainty societies, economies and governments are all increasingly organized in response to risk. For Giddens (1999, p. 3), “... the idea of risk is bound up with the aspiration to control and particularly with the idea of controlling the future”.

The Olympics are an interesting, and important, site for exploring such questions of risk and modernity. On the one hand, modernization of the Olympics has itself manufactured risk through the growing scale, reputation, commercialization and globalization of the event and through the ever more complex task both of governing the Olympic movement and organizing the Games – echoing these macro trends. On the other, the Olympics have more uniquely contributed to wider consciousness of some hazards and threats encountered in modernity through actual incidents as well as through its influence over the imagination of governments, media and the public on this mega-event in particular – further accentuating preoccupation of the risks encountered in modernity. These two aspects of the relationship between the Olympics and risk are now addressed in turn.

First, processes of modernisation have been critical to social and economic production of Olympic risk. The growth in the size of the Olympic Games has been dramatic from the humble origins of the inaugural Games of 1896 – which consisted of 241 athletes competing in just 43 events across nine sports. In its current form, the Games itself has been described by Dave Higgins, Chief Executive of London’s Olympic Delivery Authority as “…the world’s largest peacetime event,”\(^2\) with the logistical operation equated to the simultaneous staging of thirty-three world championships in one city. The London 2012 Olympic and Paralympic

\(^1\) Risk is also implicit to social and organisational processes of disaster and crisis sensemaking (e.g. Weick 1988; 1993; Gephart 1993).

Games, will provide a sporting mega-event on a vast scale – consisting of 26 sports hosted at 31 competition venues over 17 days of competition, bringing together 204 participating states, around 10,500 athletes, 6,000 officials and coaches and 20,000 media, with around 500,000 visitors to the main Olympic site each day. It is to be policed by an estimated 15,000 police officers3 and 6,500 private security contractors.4 The increasing ambition of the design and engineering of Olympic cities and urban agendas (Gold and Gold 2007) has meant that the task of constructing facilities and infrastructure for the Games have required increasing levels of investment as well as intensive project management and coordination. As the total number of competition venues, accommodation and training facilities, media centres and other urban developments has escalated, so too the planning process and operation of the Games have each become more complex and interdependent – increasing the risk of failures impeding project management or disrupting Games-time operations.

Because many of the organizational hazards faced by the Olympics are interconnected, it is vulnerable to systemic exposure to incidents. The interaction of minor errors or failures at a particular point in the infrastructure network, for example, with other facilities or services such competition venues or transport routes, can result in severe disruptions. For example, unpredictable variations in power demand during mega-events such as the Olympics can increase the risk of blackouts. Ahead of the Sydney 2000 Olympic Games, Kingsford Smith Airport suffered a power failure that created a backlog of flights – highlighting a potential risk to the Games. Such a minor disruption to spectator or competitor travel nevertheless has the potential to impede the entire schedule of Olympic events, as well as transport and security plans, forcing organizers to abandon years of planning.5

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5 The concentration of the majority of events, athlete’s accommodation and press facilities on the main site, for most Olympic Games in recent times, means that there is potential for a single incident to have systemic effects across both the site, infrastructure network and the programme of events.
At the same time, the financial stakes involved in staging the Olympics have increased considerably over time. The cost to the host city of staging the Games has increased steadily over time (see Preuss 2000; 2006). While smaller in comparison to the estimated $50 billion cost of the Beijing 2008 Olympics, the public contribution to the London 2012 Olympics was budgeted at £9.3 billion while the operating budget of the London Organising Committee for the Olympic Games (LOCOG) amounts to around £2 billion. With host cities and the Olympic movement each subject to growing operational costs, the magnitude of economic risk has increased both for the IOC (which raises revenue through the sale of broadcast rights and sponsorship partnerships) and for host cities (which depend upon revenues from ticket sales, domestic sponsorship, and a share of IOC revenues). This now means the Olympics is exposed to fluctuations in both national and global economies. Lend Lease, developer of the Olympic Village for London 2012, experienced difficulties in raising private equity and debt funding for the project because of the economic downturn that followed the global financial crisis, requiring a government-led rescue package. Around the same period LOCOG was also forced to cancel a sponsorship contract with Canadian telecoms provider Nortel, which had filed for bankruptcy protection.

Olympic production of risk is not just organisational or economic in nature, however. Growth of the Olympics as a global event has also resulted in higher volumes of passenger flows across borders. The international travel of athletes, support staff, officials, media and spectators is a potential source of public health risks due both to local factors, such as the concern over the effects of pollution on visitors ahead of the Beijing 2008 Olympics, and the increased likelihood cross-border transmission of infectious diseases. This has escalated the attention of host cities to public health preparedness (Meehan et al. 1998; Jorm et al. 2003; Davis et al. 2008). At the same time, technologies shape both the technical infrastructure and the public face of Olympic organisation – for example, computers were first introduced to record results at the Tokyo 1964 Olympics, while the first Games website created for the
Atlanta 1996 Olympics. However, modernisation of the technologies used to organise and operate the Games has itself generated new risks that are transnational in their origin and potential impact. Ahead of the Sydney 2000 Olympics, action plans were devised in response to concerns over exposure of Olympic preparations to the Y2K problem (SOCOG 2001, p. 272). Fears ahead of the Beijing 2008 and London 2012 Olympics focused on the potential threat of cyber attacks on the technological infrastructure of Olympic organizers and public websites. Such technological risks are systemic to Olympic organisation and consistent with the global interdependence of Olympic governance.

In terms of the Olympic production of risk, then, some risks at least are interlinked with processes of modernisation – consistent with the claims of Beck (1992) and Giddens (1991) – in organisational, economic and technological forms. As a global event the Olympic Games is subject to the interconnectedness of risks associated with, for example, finance, security and public health, while the Olympic movement itself has become a complex system of sports governance that is transnational in both jurisdiction and influence. Risk and modernity are, therefore, integral to the Olympic Games of today.

Second, at the same time as reflecting these broader processes of modernization, the Olympics have provided a unique venue for the experience and the anticipation of risk. The high level of global attention and real-time media reporting, during the opening and closing ceremonies in particular, means that the Games have become a major target for symbolic attacks or protests. Around 4.7 billion viewers watched the television coverage of the Beijing 2008 Olympic Games. The Olympics has long been an arena for geo-political agendas and tensions, and a platform for occurrence of other high impact incidents – whether national or international in origin. The IOC has long been aware of diplomatic and geo-political risks, relocating its headquarters in Lausanne, Switzerland, during the First World War due to its neutral status and enduring Cold War boycotts of the Moscow 1980 and Los Angeles 1984

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7 AGB Nielsen Media Research (www.nielsen.com).
Olympics. The protests over China’s human rights record during the international torch relay for the Beijing 2008 Olympics are more a recent example of such political tensions. Although the global profile and reputation of the Olympics create opportunities for threats it has also contributed to wider preoccupation with risk in modernity.

The trend of international terrorism that had emerged during the 1960s reached a new and unprecedented watershed as the dramatic events of the Munich massacre at the 1972 Olympics unfolded live on televisions across the world. During the second week of Olympic competitions, eleven Israeli athletes and coaches taken hostage by a group of Palestinian terrorists, Black September, and later murdered during a botched rescue operation by the German authorities. As the stage for this defining event in modern terrorism, the Olympics performed a critical role in shaping global consciousness of the risk and symbolic power of terrorism for such events. The Olympics are now a recognized and established target for security threats and for the coordination of military and policing responses (see Richards et al. 2010) and the biannual staging of the Summer and the Winter Games provides a regular venue for attention to the threat of terrorism. The power of imagination of risk in planning for both the Atlanta 1996 Olympics and Sydney 2000 Olympics was prescient of the later Al-Qaeda attack on the World Trade Centre towers on September 11, 2001. National Security Advisor Richard Clarke and the White House counter-terrorism team had prepared a plan for a hijacked plane being flown into the Olympic stadium (Clarke 2004, pp. 107-109). Similarly, the organizers for Sydney 2000 prepared strategies for the scenario that was most feared by IOC President, Juan Antonio Samaranch: of a commercial plane being flown into the opening ceremony.8 Indeed, Olympic concerns about aircraft being flown into the main stadium date at least to planning for the Munich 1972 Olympics (see Wolff 2002).

In terms of reputational risk, the Olympic brand itself creates high cost for failures that makes it distinct from other events or projects. Quite benign incidents or accidents can, as a

consequence, be amplified under the glare of the media spotlight. For example, journalists labelled the Atlanta 1996 Olympics the “glitch Games”⁹ after it suffered a catalogue of minor operational and logistical problems. In preparations for the London 2012 bid, a feasibility study warned that “… the Atlanta experience showed the media can play an important role in defining the perception of the success or otherwise of the Games” (Luckes 1997, p. 66) – stressing the importance of the provision of high quality facilities for broadcast and media centres. The Olympics therefore remains something of a special case when considering questions of reputational risk and the perception of organisational or operational success.

2. The Paradox of Risk and Mega-Events

Why host the Games at all? The bias towards systematic under-estimation of risk in a mega-event such as the Olympics – consisting of large scale event operations dependent upon the coordination of multiple mega-projects concerning infrastructure and facilities – is at odds with the risk averse, controlling, rationalist tendencies of the modern state (e.g. Scott 1998; Moran 2003).¹⁰ Further, incidence of cost overruns or project mismanagement risks the wrath of public opinion or support from local coalitions critical to mega-projects (Altshuler and Luberoff 2003, pp. 219-247; Jennings n.d.). This paradox has been attributed to the influence of ‘icon politics’ (Moran 2001) or a ‘monument complex’ (Flyvbjerg 2002, p. 288) among decision-makers.

In general, mega-events and mega-projects are problematic for contemporary policy-makers, planners and project managers. There is widespread evidence of systematic bias of such projects towards the under-estimation of risk, typically manifested in cost over-runs, delays and project failures (see Flyvbjerg et al. 2002; 2003; Altshuler and Luberoff 2003; Flyvbjerg and Lowi 2004; Priemus et al. 2008). It has been argued, as a consequence, that

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¹⁰ Mega-events can be defined, in general, as “short-term events with long-term consequences for the cities that stage them … associated with the creation of infrastructure and event facilities often carrying long-term debts and always requiring long-term use programming” (Roche 1994: p. 1).
mega-projects and mega-events do not exist in a “Newtonian world of cause and effect” (Flyvbjerg et al. 2003, p. 6). This tendency to over-optimism in grand projects is a recurring feature of bureaucratic planning (e.g. Hall 1981; Bovens and t’ Hart 1996; Scott 1998; Hood 1998, p. 149). As perhaps the definitive mega-event of modern times, the Olympic Games provide an illuminating case for demonstrating how the problem of optimism bias is in direct contradiction to aspirations towards the control and management of risk – both in adoption and governance of Olympic bids and planning. Indeed, the Olympic Games are susceptible to a number of decision-making biases and organisational effects that can accentuate hazards or threats and condition the responses of organizers (see Jennings 2010; Jennings and Lodge 2011). These contribute to the difficulties encountered in calculating and managing Olympic risk.

The Olympics is associated with organisational and operational processes that induce optimism bias concerning both risks and benefits. Optimism bias refers to the systematic over-estimation of positive outcomes and, therefore, under-estimation of risk. The right to stage the Games is awarded through a competitive candidature process – with applicant cities first evaluated by the IOC and then selected through a secret ballot of its membership. Because of this, bids are often concerned with winning the votes of IOC delegates first and asking questions later. Indeed, the formal bid documents submitted to the IOC have been described by Dick Pound, former Vice-President of the IOC, as the “most beautiful fiction” (see Luckes 1997, p. 1). The under-attention of bids to inadequacies (Luckes 1997, p. 14) is therefore a source of risk. There is often limited funding available to bid teams for technical evaluation or for detailed costing of proposals, not least because of the risk that investment in the IOC candidature process will deliver no financial returns at all. This tends to encourage reliance upon standardized templates and generic bids, rather than planning on the basis of first principles. In preparation of the London bid, reference to previous bid documents (see Luckes 1998) and the formulation of a ‘specimen bid’ (Arup 2002) are characteristic of such
concern with perception of the bid rather than substantive planning. As a consequence of optimism bias in formal bid documents, the process often leads to divergence between the initial proposals of bid teams and the subsequent phases of infrastructure construction and event operations.

While mistaken assumptions about costs and private investment are common to mega-projects (Flyvbjerg et al. 2003), organisation of the Olympic Games is likewise susceptible to problems with private financing, both in terms of investment and revenues (Jennings 2010). The final cost of the Games often is in excess of initial expectations. Indeed, Olympic budgets have long been in the business of under-estimating expenditure (e.g. Official Olympic Report London 1908, p. 388). The most renowned case was the $1 billion debt left for the Montreal city government after the Montreal 1976 Olympics, but the under-estimation of financial risk is the norm in Olympic budgeting. In more recent times, public funding of the Sydney 2000 Olympics was six times greater than the initial bid (New South Wales Audit Office 1999), the total cost of the Athens 2004 Olympics increased from £3.2 billion to £6.3 billion (Houses of Commons Library 2005, p. 37) and the forecast public expense of the London 2012 Olympics has, to date, escalated from £2.4 billion to £9.35 billion (Jowell 2007, Col. 450-452). These under-estimations of financial risk occurred despite the technical evaluation of costs and use of expenditure controls (see Auditor-General of British Columbia 2003; National Audit Office 2007).

Another unknown in the candidature phase is the voting behaviour of IOC delegates and the tallying of votes through the IOC’s run-off system. While the Olympic movement is most concerned with avoiding the selection of host cities that could threaten their reputation and revenues, the voting behaviour of the IOC membership itself is sometimes unpredictable, organised around geopolitical blocs and inattentive to project risks, on occasion disregarding the preferred choices of the IOC leadership (Pound 2004, pp. 200-201). The surprise win of

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11 The original budget prepared for the London ‘specimen bid’ (see Arup 2002, p. 4) put the cost even lower at £1.8 billion.
the Sydney bid in 1993 ahead of Beijing, favoured by the then IOC President Juan Antonio Samaranch, is one such example of this. The selection of host cities for the Winter Olympics is more prone to “offbeat” results and voting patterns (Pound 2004, p. 201), with many IOC delegates less interested in the Winter Games and fewer cities seeking to host it than their summer counterpart.

There are, furthermore, a great number of uncertainties when developing provisional bid proposals for staging an event such as the Olympics that is to occur a considerable time in the future. The extended duration of the bid, planning, organisation and decommissioning of the Games, often lasting for between fifteen and twenty years, creates a high degree of uncertainty for organizers in making forecast assumptions about critical project details such as infrastructure costs, expected revenues and security threats. Errors in bid forecasting can occur either through incremental divergence from initial conditions (such as slow inflation in costs) or through sudden shocks that require complete adjustment of planning assumptions (such as terrorist incidents or economic crises). Since the original proposals for a London bid (Luckes 1997; 1998; BOA 2000), a number of fundamental transformations have occurred in the risk environment of the Games – with the escalation of some risks and others in relative decline. The threat of terrorism to the London 2012 Olympics changed with the events both of September 11, 2001 and July 7, 2005 highlighting the threat from Al-Qaeda and extremist Islamic groups, while the threat of Irish republicanism on the British mainland (Luckes 1997, p. 15) has declined since the 1998 Good Friday Agreement due to success of the Northern Ireland peace process. Most prominently, while plans for the Games were developed during a period of economic growth the events of the global financial crisis, and resulting economic downturn, have impacted upon both public finances and investment from the private sector, as well as having potential implications for revenue from ticket sales and sponsorship.

Alongside the disproportionate risks that are associated with bids for the Games and the extended timeline of planning, the Olympics are subject to high costs of organisational and
operational failure that further contribute to risk aversion on the part of decision-makers. The rigid schedule of ceremonial and sporting events – with the immovable deadline of the Olympic opening ceremony – heightens the concern of organizers both about project non-completion and operational or security disruptions. In Olympic planning, postponement is not an option (although London’s host city contract with the IOC includes a provision for a postponement of up to three months under certain conditions, in practice the reputational damage to the UK, London and the Olympics would be quite catastrophic). Concerns over the readiness of Olympic facilities ahead of the Athens 2004 Olympics highlighted the high levels of risk associated with project completion. In some cases, Olympic planning is subject to risk aversion that is more general in origin. For the Salt Lake City 2002 Winter Olympics, the US Federal Government intervened in security planning after the events of September 11, 2001 – with the Office of Homeland Security designating the Games a National Special Security Event (the designation of National Special Security Event had, in fact, been created after the Atlanta 1996 Olympics, Clarke 2004, p. 111). This reflected the heightened state of concern over terrorism within the Bush Administration and the influence of Vice President Cheney’s ‘one per cent doctrine’ (Suskind 2006) – which considered a one per cent chance of an attack to be equivalent to a certainty with respect to formulation of security responses. Indeed, there is evidence that staging of the Olympic Games is associated with processes of securitization (e.g. Karyotis 2007, p. 286; Yu et al. 2009).

3. Risk Management and Governing the Games

Studies across a range of disciplines – including history, law, accounting, political science and sociology – have highlighted the rise of formal controls, regulation and risk management as a mode of governing modern states, societies, economies and organizations (e.g. Breyer 1993; Majone 1994; 1997; Power 1997; 2004; 2007; Scott 1998; Hood et al 1999; 2001; Moran 2003; Sunstein 2003; Lodge 2008; Hutter 2010). The concept of risk itself has become
ubiquitous (Bernstein 1996; Leiss and Chociolko 1994). Furthermore, risk is increasingly an organizing concept (e.g. Hood et al. 1992; 2001; Hood and Jones 1996; Ericson et al. 2003; O’Malley 2004; Power 2007), in fields as diverse as counter-terrorism, nuclear energy, public health, financial markets and food safety. The replication of organisational responses to risk across domains has been further reinforced through development of the professional fields of risk analysis (Hacking 2003) and risk management (Power 2003).

Since the 1980s, risk has been influential both in governance of the Olympic movement and in organisation and operation of the Games – across functions ranging from finance to security to critical infrastructures to public health (Jennings 2008; 2010; Jennings and Lodge 2009). This is observed in increased oversight of Olympic bids and host preparations as well as in the spread of formal oversight, audit and risk management practices in organising the Games. In terms of oversight, the IOC Candidature Procedure and Questionnaire (IOC 2004a) requires bids to host the Games to present their plans in a standardised template, evaluated through assessments of the IOC Evaluation Commission. The IOC candidature process for the 2012 Games was an explicit exercise in risk assessment, with the IOC Evaluation Commission describing its mission as “... a technical and fact-finding one: to verify the information stated in the candidature file, to determine whether proposed plans are feasible and to make a qualitative assessment of risk” (IOC 2004: p. 5). After the candidature phase, monitoring of host city preparations is conducted on a regular basis by the IOC Coordination Commission – with its inspection visits providing opportunities to identify risks in project management and operations. For London organizers, these inspections have generated positive reports of progress with preparations for the 2012 Games (e.g. Gibson 2009). Oversight processes are therefore an essential instrument for the IOC to exert some control over organisational and operational risk.

12 Our modern understanding of risk was established first through the birth of probabilistic thinking during the eighteenth and nineteenth century as mathematicians sought to understand the nature of chance (see Hacking 1975) – often through the lens of gambling – and second in developments in the logic of scientific enquiry around that same period that promoted measurement and quantification (Porter 1995).
In comparison to such public exhibitions of oversight, the spread of risk management practices throughout Olympic governance has been unobtrusive but is perhaps even more significant. Risk management was first introduced as a formal mode of organising for the Calgary 1988 Winter Olympics (Chang and Singh 1990), while the Atlanta 1996 Olympics is considered ‘the first Games built with a risk management infrastructure,’\(^{13}\) having grown out of the pioneering of risk management by the US Olympic Committee during the 1980s. The implementation of the industry standard ‘Enterprise Risk Management’ at the Vancouver 2010 Winter Olympics was another first with the comprehensive management of risk by an Organizing Committee (VANOC).\(^{14}\)

Risk-based thinking has been even more extensive and integrated in preparations for the London 2012 Olympics (Jennings 2009). Formal controls through audit and risk management have been implemented across the whole of the Olympic programme – covering its policy, infrastructure, security, finance, operations and legacy functions (see National Audit Office 2007). For example, the audit and the management of programme risks is conducted by the Olympic Board and Government Olympic Executive, using general information from reports on threats and hazards to the UK (such as the Cabinet Office’s *National Risk Register*) as well as Olympic-specific information compiled from risk registers and risk logs of bodies such as the Olympic Delivery Authority (ODA) and the Olympic Security Directorate (OSD) within the Metropolitan Police. At the same time, audit and management of project and operational risk is also conducted at the level of the individual organisation – through implementation of bespoke strategies for management of risk, such as the ODA’s ‘three lines of defence’ policy of line management, programme assurance and risk and audit functions (ODA 2008, p. 67) and the evaluation of risk and value-for-money in the OSD’s assurance of security projects for internal funding.\(^{15}\) Likewise, LOCOG conducts ongoing risk assurance that it identifies and

\(^{13}\) Interview with David Mair, Risk Manager for the US Olympic Committee and for the Atlanta 1996 Olympics.

\(^{14}\) Interview with David Mair and Ron Holton, Vice President for Risk Management and Assurance, VANOC.

\(^{15}\) Interview with OSD official.
manages its own business risks (LOCOG 2009, p. 37). In frontline operations, such as public health and counter-terrorism, risk management instead often occurs through surveillance and early warning systems – rather than through management of the risks that are internal to organisation itself.

With risk now becoming paradigmatic in Olympic governance, London 2012’s ‘whole-of-Games’ approach incorporates programme, project and operational risks as well as creating a shared language, a ‘boundary object’ (Power 2004, p. 34), that enables communication or coordination between organisations with discrete functions and professionals from different communities of practice (such as interaction between agencies concerned with programme-level risk, operational risk and business risks). However, the risk management instruments imported from the private sector since the 1980s have become ever more complex and, on some occasions, have themselves contributed to the production of risk. For example, risk-transfer agreements negotiated by the Vancouver Organizing Committee (VANOC) for the Vancouver 2010 Winter Olympics transferred the financial burden to venue developers, but required ongoing project and contract monitoring since the risk transfer created the risk of non-completion (see Auditor-General of British Columbia 2006, p. 26). In other instances, such tools have failed to prevent the under-estimation of risk and reinforced optimism bias in the planning stages due to faith in expert judgments and methodologies. The probabilistic cost assessment conducted on the budget of the London bid (see PricewaterhouseCoopers 2003) calculated an 80% chance of the cost of the Games falling between £3.4 billion and £4.2 billion, well below the present estimate of £9.3 billion. This quantification of budgeting uncertainties did not, therefore, bring a solution to control of financial risk for the London 2012 Olympics, but instead is an example of the sometimes misplaced trust in numbers and methodologies of risk management that can lead, paradoxically, to the under-estimation of risk (e.g. Scott 1998; Moran 2001).
4. Conclusion

The task of governing the Olympics now occurs in an age in which states and societies are increasingly organized in response to risks, and where uncertainties, threats, hazards and vulnerabilities are said to be a product of modernization itself (e.g. Beck 1992; Giddens 1999). Across a range of theories and disciplines, it is observed that one of the unanticipated consequences of attempts at control – enabled through scientific, technological, economic and social progress – is the creation of risk itself (e.g. Beck 1992; Scott 1998; Giddens 1999; Moran 2003; Power 2004). This age of progress also brings its own unique set of threats and hazards.

Questions of risk are central to understanding the organisation of the Olympic Games and governance of the Olympic movement – with regard to the production of risk itself, its hyper-problematic nature in the context of mega-events, and the growing influence and the pervasiveness of practice of risk management in Olympic organisation. In this, the analyses presented in this paper have shown how trends in governance of the Olympics often reflect broader processes of economic, social and governmental modernisation – in particular in its own production of organisational-operational hazards or threats and in increasing attention to risk and its management. As such, the growing scale, reputation, commercialization and globalization of the Olympic Games have manufactured risks both for its organisation and operation. As the Games have grown in size and global profile, and the stakes involved have become ever higher, the potential impact of hazards or threats has multiplied. Much like the concern of Beck (1992) with scientific and technological production of ecological peril, the case of the Olympics demonstrates how progress can itself be an unplanned cause of its own hazards and threats. For the London 2012 Olympic and Paralympic Games, this highlights the risks that are interlinked with hosting of such a large and complex enterprise.

Risk is known to be hyper-problematic in the context of mega-events and mega-projects (e.g. Flyvbjerg et al. 2003; Altshuler and Luberoff 2003; Priemus et al. 2008). As the world’s...
largest peacetime event, with its operations dependent upon coordination of a network of mega-projects concerning infrastructure and facilities, the Olympics are susceptible to decision-making biases and organisational effects that can accentuate the likelihood of hazards or threats encountered in organisation of the Games. In particular, problems of optimism bias (Flyvbjerg and Lowi 2004) distort budgeting during the candidature phase as well as in later project management, while the extended timeline of Olympic planning tends to create opportunities for slippage and shocks that disrupt preparations. These tendencies to over-optimism and the under-estimation of risk shape some of the subsequent problems encountered in calculating and managing Olympic risk.

Last, recent trends in organisation of the Olympics reflect wider shifts in contemporary governance observed in both the public and private spheres – in particular increased formal practice of audit, regulation and risk management (e.g. Breyer 1993; Majone 1994; Power 1997; 2004; 2007; Hood et al 1999; Ericson et al. 2003; Moran 2003; O’Malley 2004; Lodge 2008; Hutter 2010). As such, the heightened attention to risk and its formal management in Olympic organisation is consistent with broader changes in government and business. With the organisation-wide Enterprise Risk Management first introduced at the Vancouver 2010 Winter Olympics, the London 2012 Olympics represent a new phase in the nexus between risk and the Games. Risk-based thinking has been ubiquitous in preparations for 2012 so far. Risk management for London 2012 is holistic, with audit and risk management governing the whole-of-programme – ranging from policy, infrastructure, security, finance, operations and legacy functions – both at a strategic level and at the level of individual organisations.

Despite comprehensive introduction of risk management to Olympic governance, these systems and technologies cannot provide any guarantee that the Games will pass without serious incident – just as security plans prepared for international terrorism for the Atlanta 1996 Olympics failed to prevent an attack by a lone domestic bomber (Clarke 2004, p. 109). Such possibilities remain uncertain as the probability of numerous threats and hazards are
difficult to quantify and are matters for qualitative forecasting rather than constituting a hard quantitative science of risk management. For the London 2012 Olympics, then, even the integrated and comprehensive implementation of measures designed to minimize, inhibit and manage risk cannot guarantee the Games will be free of adverse incident in 2012.

More widely, the inexorable growth of the modern Games and Olympic movement offers a fine example of adaption and evolution of a system of governance in response to risk – having survived political, financial, security, operational and reputational crises over the course of its history (see Payne 2006: pp. 5-12). Such problems have taken the form of political boycotts, cost overruns, terrorist incidents, logistical failures, corruption scandals, refereeing controversies, doping, and ambush marketing. This also demonstrates how the production of risk is a potential side-effect of success and the organisational growth of such a mega-event. While the jurisdictions and responsibilities of the main Olympic organising authorities – the IOC, host government and organizing committee (OCOG) – have changed little since the inaugural Games were held in Athens in 1896, a fundamental transformation has occurred in how the Games are governed with institutionalisation of risk as a mobilizing concept – both in more nebulous forms of regulation and in the formal management of risk. These changes in the risks confronting each Games and the preoccupation of Olympic organizers with their formal management have had deep-rooted effects on how the Games is organised in modernity.
Bibliography


