

## Leadership Styles and Adoption of Risk Governance in Insurance and Energy Industry: A Comparative Case Study

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**Abstract :** In today's world, companies are operating in dynamic, uncertain and ambiguous business environments. Globally, more companies are failing due to Environmental, Social and Governance (ESG) factors than ever. Corporate governance and risk management are intertwined in nature. For decades, corporate governance and risk management have been influenced by internal and external factors. Three schools of thought have influenced risk governance for decades: Agency theory, Contingency theory, and Institutional theory. Agency theory argues that agents have interests conflicting with principal interests and the information problem. Contingency theory suggests that risk management adoption is influenced by internal and external factors, while Institutional theory suggests that organizations legitimize risk management with regulators, competitors, and professional bodies. The conflicting objectives of theories have created problems for executives in organizations in the adoption of Risk Governance. So far, there are many studies that discussed risk culture and the role of actors in risk governance, but there are rare studies discussing the role of risk culture in the adoption of risk governance from a leadership style perspective. This study explores the adoption of risk governance in two contrasting industries, such as the Insurance and energy business, to understand whether risk governance is influenced by internal/external factors or whether risk culture is influenced by leaders. We draw empirical evidence by comparing the cases of an Indian insurance company and a renewable energy-based firm in India. We interviewed more than 20 senior executives of companies and collected annual reports, risk management policies, and more than 10 PPTs and other reports from 2017 to 2024. We visited the company for follow-up questions several times. The findings of my research revealed that both companies have used risk governance for strategic renewal of the company. Insurance companies use a transactional leadership style based on performance and reward for improving risk, while energy companies use rather symbolic management to make debt restructuring meaningful for stakeholders. Overall, both companies turned from loss-making to profitable ones in a few years. This comparative study highlights the role of different leadership styles in the adoption of risk governance. The study is also distinct as previous research rarely studied risk governance in two contrasting industries in reference to leadership styles.

**Keywords :** leadership style, corporate governance, risk management, risk culture, strategic renewal

**Conference Title :** ICCLM 2024 : International Conference on Complexity in Leadership and Management

**Conference Location :** Houston, United States

**Conference Dates :** October 24-25, 2024