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## “MACHO” RISK-TAKING CULTURE AT THE HEART OF THE FINANCIAL CRISIS, SAY BUSINESS EXECUTIVES

- 89 per cent of business executives believe that a culture which encouraged and rewarded the taking of excessive risk contributed to the financial crisis
- 83 per cent believe that the failure to understand the risk that many financial institutions were running was fuelled by the “macho” culture of many City firms
- 77 per cent believe the gender balance in the working environment has a significant effect on its culture
- Almost half (49 per cent) and a majority of those working in financial services believe that more women in senior positions could have prevented some of the excesses

The ‘macho’ culture and male-dominated working environment in many City firms caused excessive risk to be taken and lies at the heart of the financial crisis, according to research by **The Aziz Corporation**, the UK’s leading independent executive leadership and development consultancy. In the research examining business views on the causes of the financial meltdown, 89 per cent of executives agree that a culture which ‘encouraged and rewarded the taking of excessive risk’ contributed to the current financial crisis, while 83 per cent believe that the failure to understand the risk that many financial institutions were running was fuelled by the “macho” culture of many City firms..

According to the research, nearly three-quarters (74 per cent) believe that in the recent boom, any senior executive advocating caution would be regarded as ‘wimpish’ or lacking in competitive drive. Business executives clearly believe that the gender balance in City institutions lies behind the risk-taking culture. 77 per cent argue that the gender balance affects the culture in any working environment, and 93 per cent that the management of major financial services firms is dominated by men.

Amongst business executives there appears to be a consensus that men are more likely to take risks. 54 per cent agree that men are more competitive than women, while 61 per cent believe that women tend to be more cautious and risk-averse than men. 55 per cent agree that, in general, women are more likely than men to apply ‘common sense’ to apparently complicated situations. Almost half of respondents (49 per cent) and a majority of those working in financial services (53 per cent) agreed that having a greater number of women in senior positions in financial institutions could have prevented at least some of the excesses which have caused current problems.

Professor **Khalid Aziz**, Chairman of The Aziz Corporation, explains: “The business community has clearly registered that a risk-taking culture was a major factor in driving many financial institutions to the brink of collapse, and that the macho and male-dominated working environment of City firms lay behind that culture. Politically incorrect though it may be, the fact is that men and women are different. There is now some accepted evidence of different personality traits and attitudes to risk. ”

“Many commentators have focused on the need for greater regulation of the City, and for improved systems to control risk. Of equal importance is the culture within those firms. A

culture which encourages the taking of risks which are often without limit and poorly understood has its own downfall built into it.”

The survey reveals a recognition that a new era of caution and sobriety is now required of the financial services industry. 85 per cent believe that, in a business where the temptation to act irresponsibly for short-term gain is always present, City firms need more staff able to exercise ‘cautious judgement’. However, there are concerns that finding such staff may be difficult. 67 per cent believe that those who thrive in the cut and thrust of the boom tend to lack the skills necessary to manage a downturn.

It is widely recognised that women have struggled to climb the career ladder in major financial institutions. 86 per cent agree that it is more difficult for women to rise to senior positions in City firms. Perhaps unsurprisingly 95 per cent of women also believe this, but it is of note that 89 per cent of those working in financial services believe the glass ceiling is a reality in the City.

The research reveals a telling insight into how those few women who have risen to the top in the City have managed to do so. 72 per cent of respondents, and 80 per cent of women, said that most women who have succeeded at high levels in business or the City have accepted and played along with a masculine culture rather than challenged it.

Professor **Khalid Aziz**, comments: “While the glass ceiling has been much talked about over the last decade, nothing has been done to dismantle it. Many firms have regarded it as a mere matter of political correctness that can be safely ignored. ”

“Our research shows that addressing the cultural problems within City firms is now a business imperative if they are to manage and control the risks that they run. A little more application of female caution and intuition might do wonders for our major financial institutions.”

- Ends -

Professor **Khalid Aziz** of The Aziz Corporation is available for interview on this story. If you would be interested in speaking with Khalid then please visit our [Contact us](#) page.

Notes to Editors

### **The Aziz Corporation**

The Aziz Corporation is the UK’s leading independent executive communications consultancy. Its mission is to add value to businesses by ensuring their people are effective communicators. Consultancy services offered by the Aziz Corporation include presentation skills, cross cultural communications, media training, crisis management, image consultancy and voice development.

About the survey

This survey was completed by 217 business people based across the UK. It captured a broad range of views, both in terms of sectors and seniority of staff – with an emphasis on mid-ranking to senior business people.