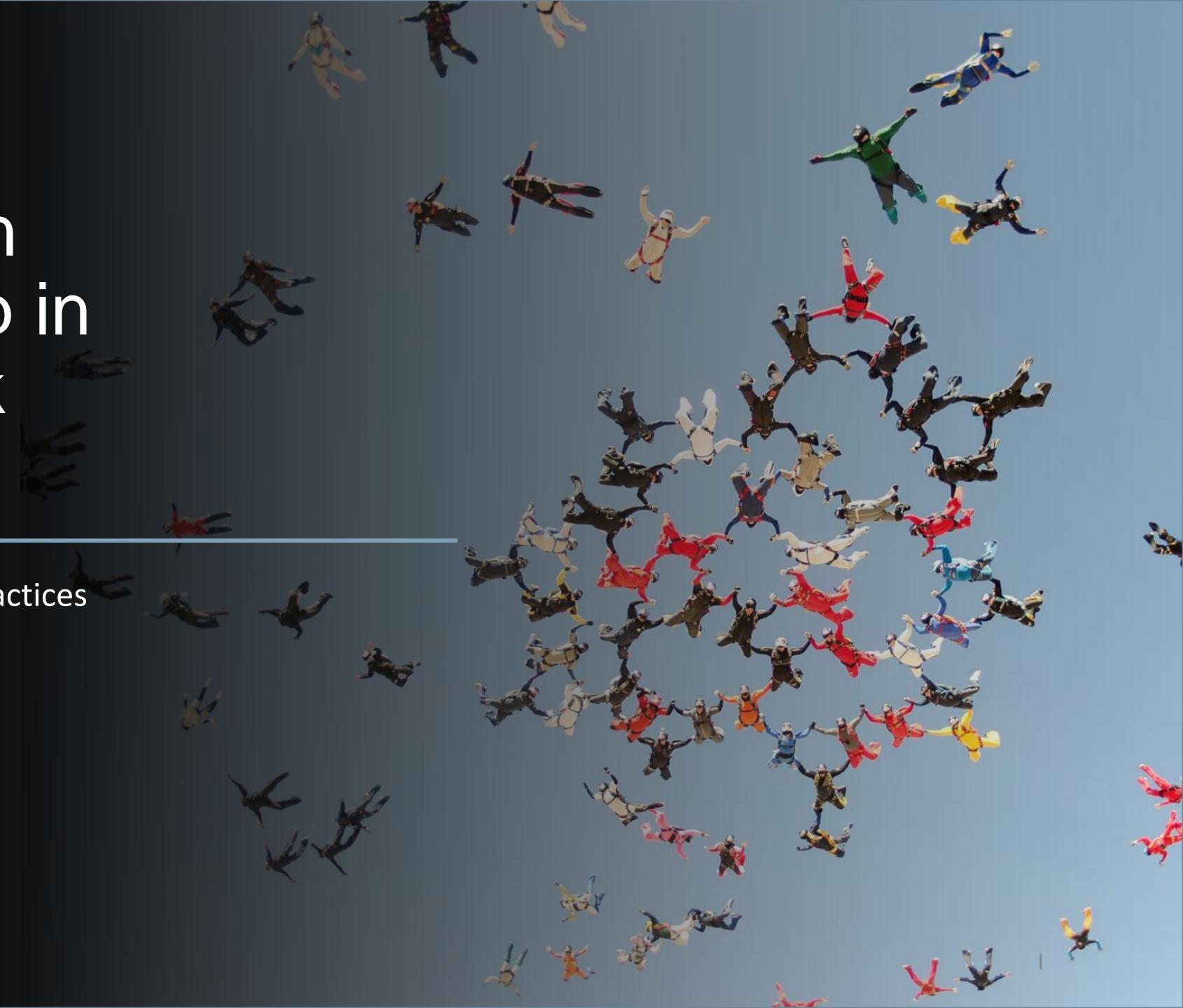


Communication and Leadership in Enterprise Risk Management

Research on risk professionals' practices
for increasing effectiveness

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Enterprise Risk Management

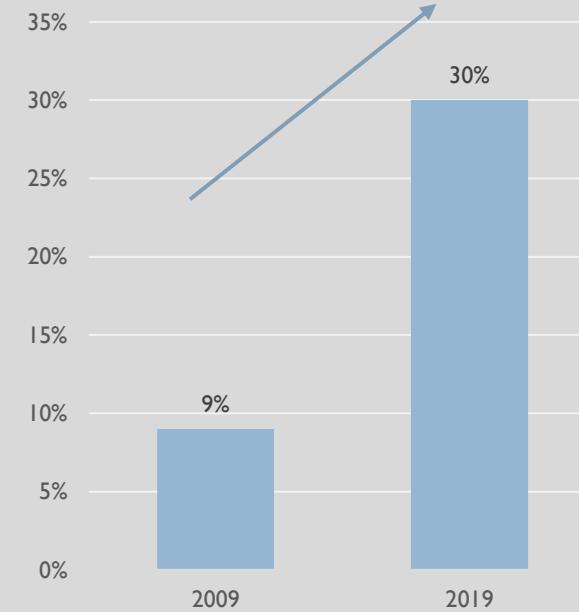
What is Enterprise Risk Management (ERM)?

- Holistic view of all types of risks
- Enterprise level
- Strategic perspective

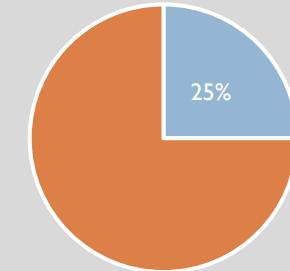
When is it effective?

- Supports risk-based or risk-informed decision in a disciplined way throughout the organization
- Incorporate the company's objectives and capabilities

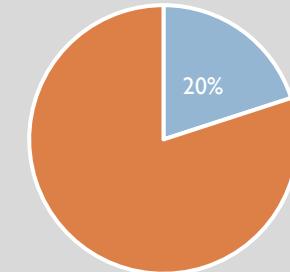
Companies with an ERM



Mature/robust ERM



Strategic relevance



Based on Beasley et al. (2019)

Communication and Leadership

ERM is a change management Initiative rather than a framework

(Fraser and Simkins, 2016; McShane; 2018)



- **Independent facilitators role:**
 - Lack of formal power
 - Avoid influencing formal decision-making
 - Set agendas for highly interactive risk management discussions
 - Facilitate risk communication up, down, across the organisation
- **Multiple stakeholder groups:**
 - Understand their objectives
 - Gain their input to risk management processes, ownership of outputs

The Research

Explorative qualitative design

- Semi-structured interviews
- Senior and leadership positions in Germany

Inductive approach to theory development

- Understand and connect risk practitioners' individual perception to the organisational context

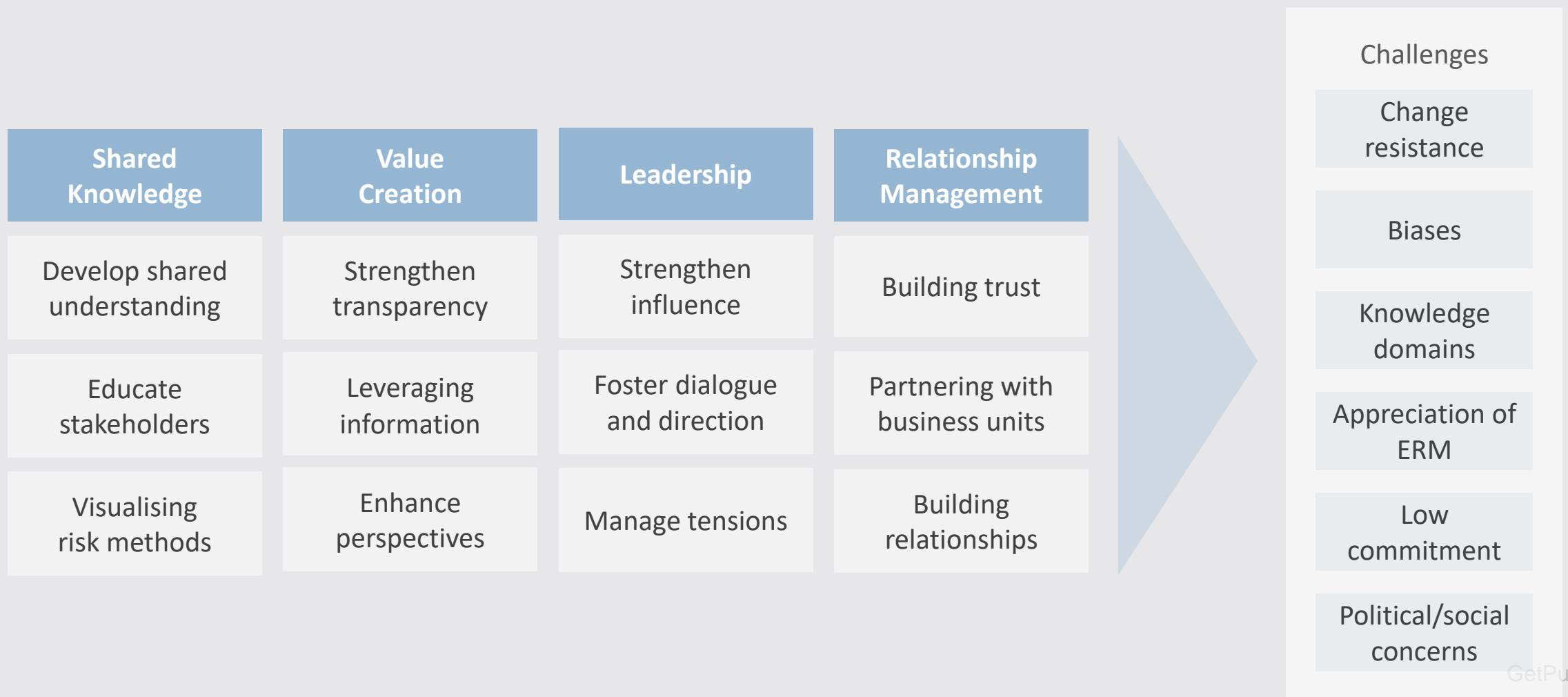
Praxeological perspective

- Practices as routinised patterns of behaviour, based, among others, on the practitioner's worldview

Strength and limitations

- Identification of **everyday challenges** and discussion of causes and consequences
- Researcher has an **advanced understanding** of the risk practitioners' challenges, perspectives, practices
- **Concrete, practical knowledge** from the intimate experience of a homogeneous group of practitioners
- **Narrow scope**, no consideration of drivers from cultural or globalisation aspects

Effective Practices



Implications

Gaining and
using power

- **Referent power:** emphasise collaboration and communication
- **Expert power:** Openly share risk perspective, understand the business
- **Informal networks:** reshape and improve how ERM is perceived

Increasing
influence

- **Communicate assertively,** balance independence and involvement
- **Identify relevant stakeholders** and their interests
- **Customise communication,** e.g. presentation, experimenting

Knowledge across
boundaries

- **Diversity of thoughts:** acknowledge different perspectives
- **Common lexicon:** develop and apply business language
- **Boundary objects** (Star, 1989), e.g. visualisation and risk tools

Thanks for your attention

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