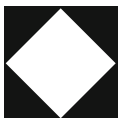


CONTROLLING UND MANAGEMENT

Andrea Kampmann

# **The Role of Storytelling for Communication in Risk Management**

A Conceptual and Experimental Study



**Nomos**

**Vahlen**

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Prof. Dr. Burkhard Pedell, Universität Stuttgart

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Andrea Kampmann

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## Foreword

Considering risks in decision-making processes as well as in management control has become substantially more important due to the changing risk landscape, which is characterized by high complexity and volatility, risk interdependencies, and the frequent occurrence of so-called unknown unknowns. At the same time, there are still deficits in risk perception and risk behavior. Communication in risk management plays a crucial role in reducing these deficits. However, to date, communication in risk management has a predominantly quantitative focus in many organizations and so far, has not been able to sufficiently bring about the desired changes in risk perception and risk behavior. Against this background, it is worthwhile to refine the communication in risk management and to investigate the potential of alternative forms of communication.

The analysis of the effect of different forms of communication in risk management on a decision-maker's risk perception and behavior is highly relevant for research and practice. Especially in view of the changing risk landscape, which makes it more difficult to quantify risks, storytelling could be an interesting alternative or addition to prevailing forms of communication in risk management. In different contexts, storytelling has already been proven to be useful in increasing understanding, creating risk awareness and perception, as well as in leading to lasting behavioral changes. However, the effect of using storytelling in the context of communication in risk management has hardly been analyzed so far.

Thus, Andrea Kampmann is addressing an innovative and highly relevant research problem in her dissertation. She approaches this research problem with an adequately-chosen two-stage research design. First, she conceptually examines the potential of storytelling for the different communication purposes in risk management. Second, in an experimental study, she analyzes the potential of communicating a risk factor in storytelling compared to statistical form of communication. Both the conceptual and the experimental study are designed in a reasonable and innovative way and they are executed in a methodologically stringent manner.

The communication purposes of risk management are systematically identified and structured into (1) supporting understanding, (2) creating awareness, (3) anchoring risk considerations for a longer-term, and (4) changing risk behavior. The key information types are those about risk,

*Foreword*

risk management's governance, and risk management's strategy. Andrea Kampmann thoroughly analyzes the potential of storytelling for communication in risk management through the generation of commitment, sense-making, and retrieval. With her cleverly designed experimental study, she is able to show, among other things, that individuals, who receive information about a risk in the form of a story, engage in more intensive risk management activities than individuals, who receive the information in statistical form. Moreover, the analysis provides evidence that communication in story form requires less mental effort for processing and understanding information than communication in statistical form. Both the conceptual and the experimental parts of the study offer results that substantially advance the current state of research.

Stuttgart, February 2021

Prof. Dr. Burkhard Pedell

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Stuttgart, February 2021

Andrea Kampmann



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## List of Abbreviations

AB	Abstract
ANOVA	Analysis of Variance
ANCOVA	Analysis of Covariance
AR	Arousal
ATD	Attitude towards a specific risk factor
ATT	Attention
BI	Behavioral Intention
BSC	Balanced Scorecard
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Corp.	Corporation
COSO	Committee of Sponsoring Organizations of the Treadway Commission
CR	Credibility
CRO	Chief Risk Officer
df	Degrees of Freedom
DNA	Deoxyribonucleic Acid
EBIT	Earnings before Interest and Taxes
ELM	Elaboration Likelihood Model
ERM	Enterprise Risk Management
et al.	et alia, and others
e.g.	for example
fMRI	Functional Magnetic Resonance Imaging
ISO	International Organization for Standardization
i.e.	that is
KMO	Kaiser-Mayer-Olkin Criterion
KPI	Key Performance Indicators
M	Mediator

*List of Abbreviations*

MANOVA	Multivariate Analysis of Variance
ME	Mental Effort
MSA	Measure of Sampling Adequacy
MU	Monetary Units
PCA	Principal Component Analysis
PFN	Preference for numbers
Plc	Public Limited Company
pp.	pages
RA	Risk awareness
RM ANOVA	Repeated Measures Analysis of Variance
RP	Risk Perception
TX	All Text
VHB	German Academic Association for Business Research
VIF	Variance Inflation Factor
Vol.	Volume
X	Independent Variable
Y	Dependent Variable