

# Leveling Up Risk Governance: A Game-Based Approach to Mastery and Transformation

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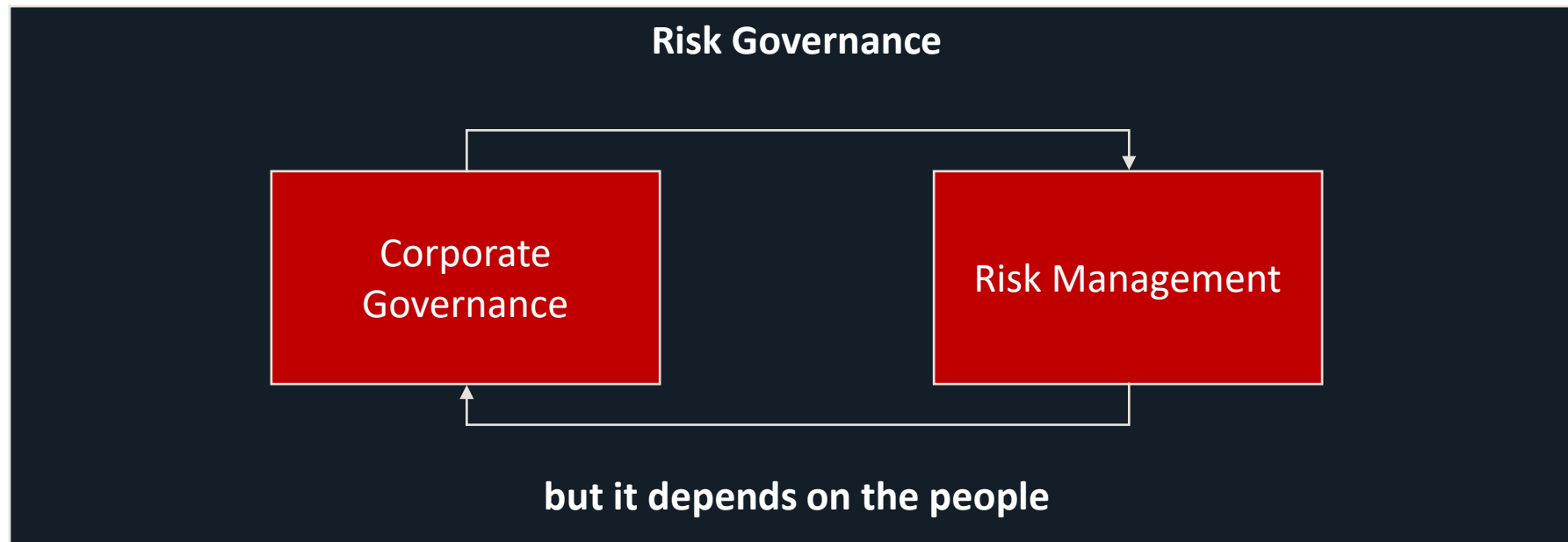
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Risk governance as a recent development is just starting to find its way into companies and their corporate risk culture. [...] What definitely becomes clear in the end is, depending on how **people** talk about an issue, something different comes out.

*(Stein, Wiedemann, and Bouten, 2019, p. 1238)*

# Risk Governance is all about People



# Risk Governance and Ambidexterity

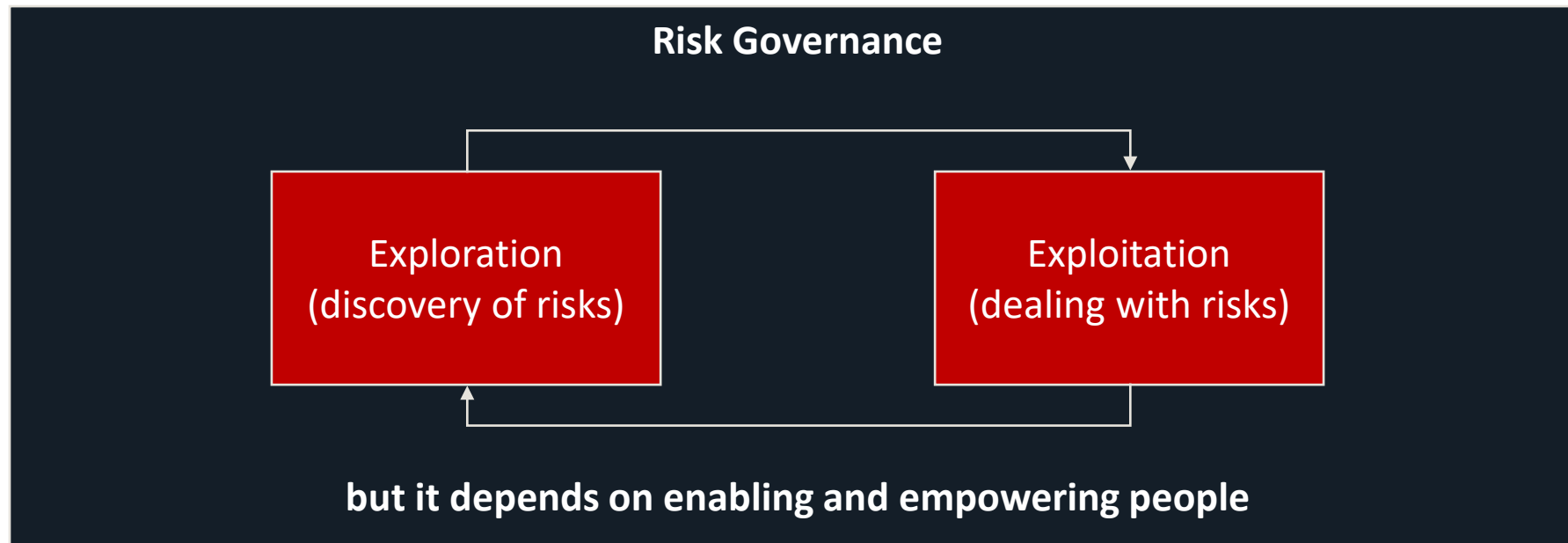
- Risk Management and Corporate Governance are **rigid**
- They are looking at the **past**
- Important for managing **existing** risks

## But

- Context is **shifting** all the time
- Risks need to be **discovered**
- Risks need to be **dealt** with

**Exploration vs. Exploitation**  
*(Tushman/O'Reilly 1996)*

# Risk Governance is all about People



# Game Principles

Parallels between the way games are functioning and players interact and with organizations and the employees (*Scholz & Uebach, 2022*)

- **Keep raising the bar:**  
Continuously striving for excellence, pushing boundaries, and setting new challenges
- **Easy to learn, hard to master:**  
Intuitive at the onset, yet demanding nuanced expertise for true mastery
- **Trial and Error:**  
Learning and adapting through repeated experimentation and iterations
- **Shifting metagame:**  
Continuously adapting to the evolving strategies and dynamics, ensuring competitiveness

(*Scholz, 2010 & 2019*)



# Exploration = Theorycrafting

Theorycrafting is a **combination** of episteme and techne (Wenz, 2013), where:

- **Episteme** (ἐπιστήμη): Aristotle's concept that relates to scientific knowledge and understanding the universal principles behind phenomena.
- **Techne** (τέχνη): It deals with crafting and making, wherein practitioners would use their theoretical knowledge to devise new strategies, artifacts, or processes.

Combining **analytical** (episteme) and **practical** knowledge (techne), theorycrafters conceptualize strategies, creating a theoretical framework that could potentially be implemented in practice.

Theorycrafting embodies **exploration** by:

- **Experimenting**: Engaging in mental and theoretical experiments, exploring various scenarios, strategies, and outcomes without direct application.
- **Fostering**: Encouraging innovative thinking and strategic development by providing a fertile ground for novel ideas to be theorized and debated.

Theorycrafting **parallels** exploration by allowing entities to delve into the hypothetical, develop theories, and strategize without immediate repercussions or resource allocation.

# Exploitation = Tinkering

Tinkering (Knorr, 1979) is **intertwined** with phronesis and mētis, where:

- **Phronesis** (φρόνησις): Aristotle's virtue that emphasizes practical wisdom, prudence, and the ethical application of knowledge to enact the common good.
- **Mētis** (μητις): Greek term that refers to a kind of cunning intelligence, practical problem-solving, and adaptive strategizing, often arising in situational and pragmatic contexts.

Combining **practical** wisdom (phronesis) and cunning **adaptability** (mētis), tinkerers navigate through problem spaces, making wise, prudent adjustments and innovations within existing systems and processes.

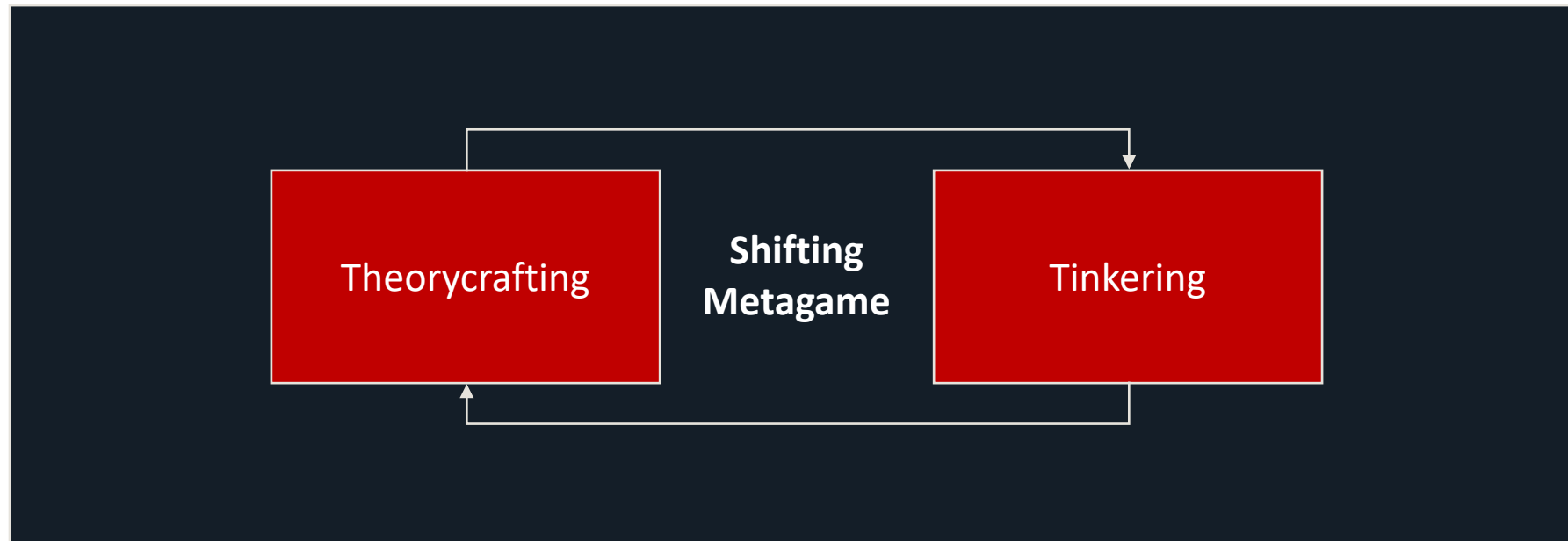
Tinkering embodies **exploitation** by:

- **Refining**: Leveraging existing knowledge and resources to enhance, adjust, and optimize systems, processes, or mechanisms for better functionality or efficiency.
- **Resolving**: Utilizing practical wisdom and adaptability to find solutions to issues or barriers within the existing parameters or frameworks.

Tinkering parallels exploitation by allowing entities to optimize, refine, and enhance the existing, ensuring steadiness and reliability, while also occasionally revealing innovative surprises, subtly bridging into explorative realms.



# Game-Based Framing of Risk Governance



# Mastery leads to Transformation

- **Going beyond:** Mastery isn't merely about predefined steps or strategies. It's about empowering individuals to intuitively navigate the complexities of risk models
- **People-Centric Approach:** At the heart of risk governance lies the people. Equipping them with the adaptive capability to face any risk, foreseen or unforeseen, is paramount. Their dexterity and foresight become the organization's strength
- **Empowerment and Transformation:** Empowering individuals to harness risks leads to a proactive transformation in the way the organization perceives and addresses risks. It signifies a shift from reactive measures to a culture of empowerment and adaptability
- **Transforming the Organization:** Mastering this "risk capability" doesn't just mitigate threats; it reshapes the organization's context. Risks are viewed as opportunities, challenges inspire innovation, and uncertainty fosters resilience

The risk governance architecture calls for a new thinking and conduct in governing risk, a pragmatic way, not an ideal procedure, that corresponds to the dynamic nature of technical and social change.

*(Klinke and Renn, 2022, p. 555)*



Sammen om  
kunnskap

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