The Existence of Risk Culture in Risk Management Implementation on the West Java Provincial Government

Deni Suardini[1], Mudiyati Rahmatunnisa[2], Widya Setiabudi[3], Catur Budi Wibowo[4]

Abstract:

Any change in regulation and business environment as well as development of information may affect risk management in provincila Government. This research will report findings on risk management implementation in local government. The study refers to West Java Provincial Government focusing on risk culture.

Data collection is conducted by document study as well as in depth interview with several key leaders. The research data is tested for validity using triangulation to check the accuracy.

Results of the survey shows that the gap between expectations and realities related to risk culture focused on leadership, understanding and commitment within the West Java Provincial Government can be categorized as low.

Leadership which is one of the focus of risk culture development has been realized through the leaders' directives to their associates in conducting the organization activities. Then, leaders of local government institutions have provided opportunities for the organization's members to express their opinions on various issues through both formal and informal media.

However, the commitment has, not yet been supported by the documentation of clear reward and punishment. This leads to difficulties in assessing whether the behavior of organizational members in conducting organizational activities has been consistent and can be judged equally from the reward and punishment perspective.

Keywords: Risk Management, Government, Local Government, Risk Culture.

[1]Faculty of Social and Political Science, Padjadjaran University, Bandung denisuardini@gmail.com; pps.fisip@unpad.ac.id
[2]Faculty of Social and Political Science, Padjadjaran University, Bandung m.rahmatunnisa@unpad.ac.id
[3]Faculty of Social and Political Science, Padjadjaran University, Bandung w.setiabudi@unpad.ac.id
[4]Financial and Development Supervisory Board (BPKP), Jakarta, catur.budiwibowo@yahoo.com

1. Introduction

In the current era of democratization, reforms and globalization are considered significant changes in addressing the relationship between government and community. Community's awareness in assessing the performance of bureaucracy becomes a challenge for the government to focus its activities to be results-oriented and provide excellent services. In other words, society demands the realization of good governance. As part of the good governance implementation, the Local Government Financial Report is an annual form of accountability for local government financial management. To ensure that the report has adequately complied with applicable laws and regulations, it can be seen through the opinion on the financial statements of the local government which is conducted by Supreme Audit Board of the Republic of Indonesia (BPK RI).

The West Java Provincial Government, obtained the 'qualified opinion' on financial audit results conducted by the BPK RI for five years in a row from 2006 to 2010. Based on these results, various improvements are conducted such as implementing Accrual-based Government Accounting Standards and disclosing local government financial reports adequately to comply with all applicable laws and regulations. The impact of these improvements shows a positive result because since 2011 until 2016 BPK RI's opinion on West Java Provincial Government Financial Reports changed to 'unqualified opinion'. However, the achievement of unqualified opinion from BPK RI, is not directly correlated to the maturity level of the Government Internal Control System also known as Sistem Pengendalian Internal Pemerintah (SPIP) implementation.

Simanjuntak (2012) explains that to improve financial management, including how to present its report, the local government should improve its Government Internal Control System (SPIP) implementation. From the assessment of 2016 SPIP maturity level implementation in the West Java Provincial Government, it is concluded that in general, the implementation of SPIP in West Java Provincial Government has met the criteria at the level "initial" with a score of 1.7841 out of 5. The achieved level indicates that the West Java Provincial Government has not yet fully established the Control Policy and Procedures pursuant to the Government Regulation Number 60 of 2008. At this level, the West Java Provincial Government has implemented internal control practices, but the risk and control approaches are ad-hoc and not well-organized, without communication, and without adequate monitoring which cause the weaknesses are difficult to identify.

One of the five elements of SPIP in West Java Provincial Government that has not been optimally implemented is risk assessment because based on the assessment, it indicates the 'initial' level. If the results are directly interpreted, it could be concluded that the Government of West Java Province has not implemented risk management in the organization. While on the other hand, there is a significant increase in the quality of its financial statements, shown in the increase of opinion

level. It shows contradiction to the claim expressed by Simanjuntak (2012), the effective implementation of SPIP will have a positive impact on the quality of financial management and reporting. Based on these facts, this study aims to conduct a more in-depth analysis of the risk management implementation in West Java Provincial Government by focusing on risk culture. Risk culture is the focus of this research because the existence of a strong risk culture illustrates that an organization has applied the concept of risk management to every organizational activity. In the context of West Java Provincial Government, this study will answer whether in its practice, risk management has been implemented in every organizational activity with the establishment of a risk culture but it has not been documented in a structured manner so that it is not identified in the assessment of its SPIP maturity level, or risk management has not been implemented.

This research will report findings on case studies of risk management implementation in local government, in an effort to fill the gap in risk management literature dominated by corporate risk management. We will conduct an analysis of the risk management implementation in West Java Provincial Government focusing on risk culture. This issue is important as an input to reform in the public sector in general as it will provide input on the development of risk management in the government sector, particularly on risk culture as the critical foundation of risk management implementation. This study will also provide additional research evidence on the implementation of risk management in government, in particular, evidence from emerging countries such as Indonesia. This is important because so far, the studies conducted using the object of research on the risk management implementation in local governments mostly comprising developed countries such as the United Kingdom and Australia.

2. Literature Review

2.1 The Government Internal Control System

The Government Internal Control System (SPIP) is adopted from the internal control concept issued by the COSO (The Committee of Sponsoring Organizations of the Treadway Commission) which seeks to improve the performance and governance of its organization using Enterprise Risk Management, Internal Control and Fraud Deterrence. COSO has the basic principles of good risk management and internal controls are necessary for long-term success of all organizations. In addition, the Institute of Risk Management (2018) states that risk management in an organization can be strengthened by employing ISO 31000-2018 to provide significant information and tools in order for the stakeholders to be able to define and accomplish their responsibilities on risk supervisory on each risk elements.

The elements contained in the SPIP refer to the internal control elements that have been implemented in government environments in various countries including environment control, risk assessment, control activities, information and

communication and monitoring. According to Moeller (2011), the COSO version of internal control model can be described as a rubic cube, where the application of the five elements is mutually reinforced in accordance with the organization's form with financial reporting compliance through effective and efficient activities, financial statement reliability, asset security, and regulatory compliance.

2.2 Risk Management and Its Benefits

Risk management is a system of risk control, even protection of property, profits, and finance of business entities or individuals for the possibility of losses due to the existence of such risks. In the practitioner's sense, this concept can be interpreted as an economic protection against the possible losses on assets and income of a company. In the project context, risk management is the art and knowledge in identifying, analyzing and responding to risk factors throughout the life of the project (Pramana, 2011; Suharso and Dini, 2018).

Every organization, whether corporate or government, has strategic objectives to be achieved. Hardy (2015) explains that both have the same goal which is to achieve maximum performance and protect assets and take advantage of opportunities that exist. Organizations in the private sector use Return-Driven Strategy (RDS) to achieve their goals. The company has a strategic goal of maximizing shareholders' value. This means that the capital given by the shareholders is needed by the company to run its business activities. On the provision of such capital, shareholders expect the return of a maximum increase of invested capital to the level of risk that should be faced by shareholders (Harrington and Niehaus, 2003; Chapman, 2006). On the other hand, the MDS approach is initiated from the question of "whether the organization has taken the right steps for the right reasons?" And "has the organization focused on the right initiatives and objectives?". In the government sector, government agencies also focus on running their services to internal and external stakeholders (Hardy, 2015).

2.3 Risk Culture

Jonghe *et al.* (2013) explain that organizational culture is a pattern of shared common assumptions within a group that is used to solve the problem of external adaptation and internal integration, which has been well and valid, which can be used to teach about how to understand, think, and feel a new member in the group. A strong culture is defined as a consistent set of beliefs, values, assumptions, and practices that have pervaded all levels of the organization. A strong culture is proven to support the achievement of the organization's strategic goals, enabling an organization to act in an integrated and coordinated way. Levy *et al.* (2010) argue that an effective risk culture creates an organizational environment where all members understand the risk appetite and support the organization in exploiting existing opportunities without exposing the organization to risks that are beyond the capacity of the organization. Implementation of risk management will not run

effectively without any risk culture that is all parties in the organization, from the leaders to the members, understand their roles in implementing risk management (Cabinet Office, 2017). In fact, Jonghe *et al.* (2013) explain that the existence of an effective risk culture will create decisions taken in organizational activity always referring to the risk appetite, even in the absence of a formalized risk management policy (Suryanto and Thalassinos, 2017; Suryanto *et al.,* 2017).

Risk culture can be built through three focuses: leadership, understanding, and commitment. First, consistent direction at the leader level as a foundation such as the communication of value, strategy and risk appetite of the organization to entire organization's members. Hardy (2015) reveals that support from the leaders which are communicated to their staff is the most effective method for influencing organizational culture changes including risk culture. However, challenges arise when a change of the leader can affect an existing organizational culture. Malbi (2006) explains that a leader will tend to intervene through his/her influence based on his/her belief in what system is appropriately adopted by the organization. It illustrates that one leader with another leader may have different beliefs so that a change of the leader can have an effect on changing the existing organizational systems and cultures. Furthermore, the duration of a leader in leading an organization has implications for the organizational culture and the system running within it. Khrisnan (2005) in his research focusing on the duration of the leader-subordinate relationship, found the fact that the longer a leader is in the same organization would positively affect the level of values shared between leader and subordinate. In addition, the leader's tenure will positively correlate with the ability of the leader and his/her subordinates to have similarities in identifying the organization mission (Hapsoro and Suryanto, 2017).

Second, the same understanding between the leader and the members. One way to build understanding is to open communication between members of the organization from the highest to the lowest level associated with risk culture such as providing a friendly environment for the employees to be able to convey thoughts or problems to the leader. On the other hand, the leader must pay attention to thoughts and issues that are expressed. This is in line with the opinion of Hardy (2015) who emphasizes that the main step to be conducted is not to change the culture, but to look at the various problems faced by the organization. Having clearly understood the issues and problems faced by the organization, the next step is to assess whether the current culture within the organization is able to resolve the problems and issues that exist or not. It stressed that organization should regard culture as a source of strength that is a reflection of the rest of its previous success. If an organization considers that there are some non-functioning cultural elements as expected, the organization does not have to change the entire existing culture.

Change only needs to be conducted by strengthening the culture that is considered to have run well than trying to change the cultural elements that are considered weak. Real efforts that can be done as a medium of communication, such as

discussions, workshops, or training related problems that have been, are and will be faced by the organization especially associated with risk management. Finally, commitment is important in building an effective risk culture. Jonghe *et al.* (2013) argue that the commitment of all levels within the organization always implement risk culture when its activities can be done through an affirmation of the importance of maintaining the correct behavior consistently by implementing a balance between reward and punishment (Effendi, 2017).

3. Research Method and Case Study Site

3.1 Research Method

Cassell and Symon (2004) explain that the research design is the preparation of arguments in the form of logical steps used as a link between research questions, data collection, analysis, and interpretation. Using the "post-positivism" paradigm, research uses theory as its frame of reference. In this section, we will discuss the method used in this research which is based on SPIP maturity assessment conducted on West Java Provincial Government which shows that the value has not been optimal, especially in the risk assessment element, this study aims to analyze whether the West Java Provincial Government has implemented risk management but has not conducted in a structured and documented way. The focus of the analysis is to evidence that the risk culture has been implemented in every organizational activity, in this case, the West Java Provincial Government.

Data collection is conducted by document study and survey which then deepened through the interview with several key leaders. The research data is tested for validity using triangulation to check the accuracy of data. Case study method is used in this study to provide a way for researchers to gain a deeper understanding of the risk management implementation in West Java Provincial Government by focusing on the existence of the risk culture. In the first step of the study, we have an understanding of the way organizations perform their risk management systems. Then, as a core part of the study, we identify how the West Java Provincial Government building and implementing its risk culture with a focus on leadership, understanding and commitment. After that, we analyse whether there is a part of the risk culture that has not been applied, therefore can be used as the foundation for West Java Provincial Government to improve it.

3.2 West Java Provincial Government

The purpose of this section is to provide an overview of the West Java Provincial Government and the implementation of the risk management system in the organization. This will provide the background for the construction of the argument from this study. West Java Provincial Government was chosen as the object of research because until now, the number of provinces that have implemented risk management in local government is still minor.

West Java Province is located in the western part of Java Island, located between Central Java Province and DKI Jakarta Province. Based on the results of population census conducted by the Central Agency of Statistics in 2010, West Java Province is the province with the largest population of 43.02 million people with a total population in Indonesia as many as 237.56 million people, or 18.11% of the total population of Indonesia living in West Java Province (Vivanews, 2010). Then, measured by the number of employees, West Java Provincial Government categorized as a large organization because the number of employees in 2017 is 12,500 employees (Republika, 2017).

Based on the Law of the Republic of Indonesia number 32 of 2004 on local government, there was a shift in the development of the region which initially centralized into decentralization, namely by providing flexibility to the region to build its territory including development in the field of economy. The regional government, which regulates and administers its own governmental affairs according to the principle of autonomy and assistance tasks, is directed to accelerate the realization of community welfare through improvement, service, empowerment, community participation, and enhancement of regional competitiveness by taking into account the principles of democracy, equity, justice, and the specificity of a region within the system of the Unitary State of the Republic of Indonesia (Ristanti and Handoyo, 2017). In the administration of government to realize the goals of the state, presenting the rights and obligations that need to be managed in a state financial management system. The scope of the system governs from the financial management of the central government to the local government. The law implies the need for a more accountable and transparent state financial management system. This can only be achieved if all levels of top management organize control activities on the activities in their organization. Thus, the implementation of activities in a Government Agency, ranging from planning, implementation, supervision, to accountability, must be implemented in an orderly, controlled, efficient and effective.

Referring to Indonesian Government Regulation No. 60 of 2008 on Government Internal Control System (SPIP), it is emphasized that both central and regional government agencies must establish effective internal control systems. SPIP consists of five elements, namely the control environment, risk assessment, control activities, information and communication, and monitoring of internal control. Government agency that conduct guidance on the implementation of SPIP is the Financial and Development Supervisory Board (BPKP), an organization of government internal audit who is directly responsible to the President. The guidance of SPIP includes the preparation of technical guidelines for the organization, socialization, education and training, guidance and consultancy, and enhancement of the competence of the auditors of government internal audit. To assess the effectiveness of SPIP implementation in all government agencies in Indonesia, the Head of BPKP issued Head of BPKP Regulation No. 4 of 2016 on Guidelines for Assessment and Strategy of Maturity Improvement of Government

Internal Control System. Briefly, SPIP maturity assessments were conducted by assessing the application of the five elements of SPIP, detailed in several sub-elements. That means the organization must apply the five elements of the SPIP to obtain a good maturity assessment results.

From the assessment result of SPIP maturity level on West Java Provincial Government in 2016, it is concluded that in general, the implementation of SPIP on West Java Provincial Government has been able to meet the criteria at the level of "stub" with a score of 1.7841 of 5. In the assessment, the element that obtains the lowest score is the risk assessment element.

4. Discussion

4.1 Risk Management Implementation Survey

Measurement of risk management implementation in West Java Provincial Government was conducted through a survey. The main purpose of this survey is to identify and analyze the development of risk culture in the application of risk management within the West Java Provincial Government. The technique of distributing the questionnaires was conducted by spreading the questionnaires that have been designed to identify the implementation of risk management activities. The structure of the questions was adapted from the Victorian Auditor-General's Office (2004) and Queensland Treasury (2011). The questionnaire was designed with a five-scale model with the meaning of scoring each scale as follows (Table 1):

Table 1. *Interpretation of Survey Results*

Score	Result	Expectation	Reality
5	4,01 – 5,00	Very Important	Very Adequate
4	3,26 – 4,00	Important	Adequate
3	2,76 – 3,25	Quite important	Quite Adequate
2	2,01 – 2,75	Unimportant	Inadequate
1	1,00 – 2,00	Very Unimportant	Very Inadequate

Gap analysis is used to measure the difference in expectation level/expectations of respondents with respondents' perceptions of risk management implementation so that the gap is known. Interpretation of the gap level of survey results are presented as follows (Table 2):

Table 2. *Gap Interpretations*

No	Gap (X)	Interpretation of Risk Management Implementation
1	X ≤ - 1,00	Excellence
2	- 1,00 ≤ X < 0	Very Good
3	X= 0	Good

4	0 < X ≤ 1,00	Need Improvement
5	X ≥ 1,00	Bad

The survey population is 86 Regional Organizational Units (OPD) within the Provincial Government of West Java. From the distributed questionnaires, 88 questionnaires were returned and processed, or 97.73% of the population.

4.2 Risk Culture of the Risk Management Implementation

To develop such an inventory and hence to design the questionnaire, we participated in various forums and sub-groups relating to technology and the impact it will have on the competitiveness of the Financial Services Industry. We also carried out one to one interviews with techs involved in the development and maintenance of application software and discussed the factors which in their opinion are contributing to the changing world of Financial Services. This information together with that gathered from the research literature resulted in a set of 4 main factors which affect the perception of competitiveness following the introduction of this regulation. These factors were categorized under the following sub-headings as in Table 3:

Table 3. Survey Results

No	Dimension	Expectation	Reality	Gap
1	Leadership	4.86	3.64	1.22
2	Understanding	4.65	3.45	1.20
3	Commitment	4.69	3.60	1.09
	Average	4.73	3.56	1.17

The distance of each gap indicates that the implementation of Government Internal Control System through Risk Management Implementation, especially in risk culture of Organization in local government (Organisasi Pemerintah Daerah/OPD) in West Java Provincial Environment, still need to be improved to fulfill the expectation of respondent's satisfaction. Then, graphically, the comparison/gap between expectations and reality over the dimensions of Implementation of Government Internal Control System through Risk Management Implementation especially on risk culture in OPD in West Java Province Environment can be described as follows (Figure 1).

Based on the survey results, on average, respondents considered that a risk culture consisting of three dimensions of leadership, understanding, and commitment is a very important part in the implementation of risk management in West Java Provincial Government. Then, in fact, the respondents considered that the risk culture has been assessed adequately. Then, based on the results of interviews conducted, the OPD leader of the West Java Provincial Government revealed that

all parties within the organization have realized the element of uncertainty in achieving organizational goals.

Figure 1. *Expectation and Reality Gap*
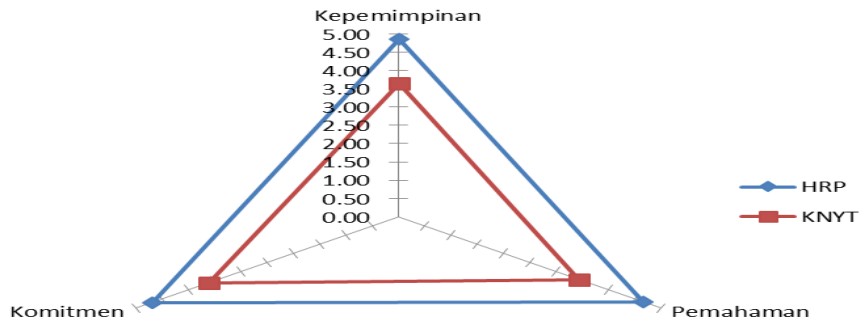
One of the factors causing this uncertainty is the efficiency or budget cuts. This is revealed from the interview result: *"...is necessary to prioritize the activities to be undertaken and activities that cannot be implemented because there is no budget anymore ...".*

Levy *et al.* (2010) argue that an effective risk culture creates an organizational environment where all members understand the risk appetite and support the organization in exploiting existing opportunities without exposing the organization to risks that are beyond the capacity of the organization. So, based on that understanding, it is necessary to believe whether the controls have been implemented in every organizational activity. Several OPD leaders explained that not all parties in the organization understand and apply controls for achieving organizational goals. This is motivated by the unequal competency and understanding of organization members. Secretary of DPRD West Java Province revealed: *"...... The members of the organization are not all the same. Some do not understand but he proactively asked to finally understand. However, some are just silent, the obstacle is there.... ".*

Based on the above explanation, it can be concluded that in order to understand and apply controls to manage uncertainty or risk by all parties within the organization, it is necessary to strengthen the risk culture within the organization. Risk culture can be built through three focuses: leadership, understanding, and commitment. First, consistent direction at the leader level as a foundation such as the communication of values, strategies and risk appetite of the organization to all parties in it. Hardy (2015) reveals that support from the leader communicated to his/her staff is the most effective method for influencing organizational culture changes including risk culture.

The results of this study reveal that OPD leaders confirm that the organization's leaders have provided direction for achieving organizational goals. It was explained

that in giving such directives have been adapted to the hierarchy, such as direction of the leader mostly at macro level, then more technically described by mid-level leaders. This indicates that in West Java Provincial Government, OPD leaders have given direction to their staff related to organizational management in order to achieve the objectives. But on the one hand, the importance of the leader's role in the organization raises the challenge because the change of leader can affect the existing organizational culture.

As expressed by Malbi (2006), that every leader will tend to intervene through its influence based on beliefs related to what system is appropriately adopted by the organization. It illustrates that one leader with another leader may have different beliefs so that a change of leader can have an effect on changing the existing organizational systems and cultures. In the context of the change of leader in the West Java Provincial Government, the respondent revealed that the change of leader which is too often will affect the culture or the system. It is based on the argument that the need for the new leader to adapt is not always fast. Then, another matter that causes the leader change, to have a counter-productive effect on the achievement of organizational goals, is the need for leader's specialization. It means that to lead an organization requires a specific understanding of the organization he/she leads such as the organization sector, while not all leaders have been equipped with proper competence, especially if the rotation of leaders is done too often.

Furthermore, the duration of a leader in leading an organization has implications for the organizational culture and the system running within it. Khrisnan (2005) in his research focusses on the duration of the leader-subordinate relationship, found the fact that the longer a leader is in the same organization it would positively affect the level of values shared between leader and subordinates. In addition, the leader's tenure will positively correlate with the ability of the leader and his/her subordinates to have similarities in identifying mission of the organisation. Related to the frequency of leadership change in West Java Provincial Government environment, Head of OPD of West Java Province revealed: *"...that happens, yes quite often. Leader change mainly. Of course. I do not know exactly how often. Leader before me, he served only a year and a half. Previously, only less than two years. The leader before that is about the same ...".*

However, these conditions according to OPD leaders can be anticipated if the organizational culture has been built properly. Things that can be done such as the optimization the information transfer from the prior leader to the new leader. With the information, the new leader can more quickly adapt to his/her role in leading the organization. Subsequently, mid-level leader can assist new leader in providing understanding and information, also in maintaining solidity of organization members, before, during and after the change. This illustrates that leader change can affect organizational culture and systems, but it can be mitigated by clarity of the system and segregation of responsibilities within the organization. Therefore,

the need for a clear structure within the organization, in this case, the West Java Provincial Government, one of which is the need for risk management structure.

Second, a common understanding between leader and members of the organization is one of the focuses of risk culture development. One way to build that understanding is through communication built between members of the organization from the highest to the lowest level associated with risk culture. According to the interview results related to the opportunity given by the leader to his/her staff to express opinions related to problems within the organization, the Head of West Java Provincial Revenue Agency as an OPD Leader explained: *"...... I as a leader certainly give the widest opportunity to my staff, to convey opinions or various matters within the organization. So, in the meetings, we give an open opportunity to the staffs to provide input, in order to improve......."*.

This was also confirmed by the Head of West Java Provincial Health Office who stated: *"... We are actually building a Learning Organization, an organization that continues to learn. When there is a problem we accommodate the views of all components of the organization then combined into one thought. So, when there is a problem, I give all members the opportunity to argue, I ask if our thinking is unidirectional. Because we're not a single fighter, not because I'm the leader so I know best. It's true that I have the authority in terms of policy and decision-making, but those who understand more technical things are my members, more experience ..."*.

It can be concluded that the leader is a party who has authority in decision-making but must be based on input from all members of the organization because they better understand the technical conditions in the field. Hence, it will create the involvement of all parties in decision making. The communication can be conducted formally through face-to-face meetings such as regular meetings or informally through the discussion in WhatsApp group. This is in line with the opinion of Hardy (2015) who emphasizes that the main step to be done is not to change the culture, but to look at the various problems faced by the organization.

Having clearly understood the issues and problems faced by the organization, the next step is to assess whether the current culture within the organization is able to resolve issues and those that exist or not. It is emphasized that organizations should regard culture as a source of strength that is a reflection of the rest of its previous success. If an organization considers that there are some cultural elements non-functioning as expected, the organization does not have to change the entire existing culture. Change only needs to be done by strengthening the culture that is considered to have run well than trying to change the cultural elements that are considered weak.

Finally, commitment is crucial to build an effective risk culture. Jonghe *et al.* (2013) argue that the commitment of all levels within the organization always

apply a risk culture when conducting its activities that can be done through the affirmation of the importance of maintaining the correct behavior consistently by observing the balance between reward and punishment. However, under current conditions, the West Java Provincial Government has not been supported by clear reward and punishment documentation, particularly in relation to the activities of the organization's members in managing the risks.

5. Regulatory Implications

As we can note from the above, the commitment of all levels including the leaders within the organization in local government to build awareness in all activities, including setting up policies and regulations is required. This is expected as a direct implication of the implementation of risk management.

The implementation of risk management has affected the leaders in setting up policies and regulation toward regulation within the Provincial Government of West Java. This implementation includes the policy development in culture of risk awareness. The West Java Provincial Government has issued Governor Regulation Number 900/Kep.964-Inspt/2016 dated 19 September 2016 regarding the Improvement of Risk Management Effectiveness in the West Java Provincial Government. This Regulation is expected to become a benchmark for other provinces, cities and regencies. Furthermore, the other local governments are also expected to implement the risk management in their environments for improving local governance, especially in enhancing risk culture to create better local government service.

6. Conclusions

In this study, we analyze the risk management implementation in the West Java Provincial Government focusing on risk culture. Survey results show that the gap between expectations and realities related to risk culture focused on leadership, understanding and commitment within the West Java Provincial Government can be categorized as low. Respondents considered that the development of a risk culture is paramount and believes that implementation of the risk culture is adequate although there is still a gap between expectations and realities. The survey results are in line and reinforced by the results of interviews conducted with several OPD leaders in West Java Provincial Government. Leadership which is one of the focus of risk culture development has been realized in the form of implementation through directives given by the leaders to the members in running the organization activities. Then, in relation to the focus of understanding, in its implementation, OPD leaders have provided opportunities for the organization members to express their opinions on various issues within the organization through both formal and informal media. However, related to the third focus which is the commitment, not yet supported by the documentation of clear reward and punishment. This leads to difficulties in assessing whether the behavior of

organizational members in conducting organizational activities has been consistent and can be judged equally from the reward and punishment perspective. Another important thing to note is the fact that the leader change can affect organizational culture and systems. This can be mitigated by the clarity of the system and the division of responsibilities within the organization.

Based on the analysis of the risk culture implementation, it can be proven that in the organization day-to-day activities, West Java Provincial Government has applied the principles of risk management and control, including the direction of the leaders and common understanding among all members of the organization related to the risk and control. However, since the Provincial Government of West Java has not documented the risk management process, when the SPIP maturity assessment is undertaken, causing the process has been undetected. This indicates that the risk management process has been conducted although not implemented in a structured manner. On the other hand, the West Java Provincial Government still has no regulation on reward and punishment related to the implementation of risk management. It is important to keep the commitment of all parties within the organization to maintain its behavior, especially in managing risk.

References:

Cabinet Office. 2017. Management of Risk in Government. Framework, 1-44.

Cassell, C.M. and Symon, G. 2004. Essential Guide to Qualitative Methods in Organizational Research, London: Sage Publications Ltd.

Chapman, R.J. 2006. Simple Tools and Techniques for Enterprise Risk Management. West Sussex: John Wiley & Sons, Inc.

Effendi, R. 2017. Influence on local government performance: Budget participatory, budget control and organizational structure working procedures of dysfunctional behavior. European Research Studies Journal, 20(3), 580-593.

Hapsoro, D., Suryanto, T. 2017. Consequences of Going Concern Opinion for Financial Reports of Business Firms and Capital Markets with Auditor Reputation as a Moderation Variable: An Experimental Study. European Research Studies Journal, 20(2A), 197-223.

Hardy, K. 2015. Enterprise Risk Management: A Guide for Government Professionals. San Fransisco: Jossey-Bass.

Harrington, S.E. and Niehaus, G.R. 2003. Risk Management and Insurance, 2nd edition. Singapore: the McGraw-Hill.

Institute Risk Management. 2018. A Risk Practitioners Guide to ISO 31000: 2018, London, https://www.theirm.org/media/3513119/IRM-Report-ISO-31000-2018-v3.pdf.

Jonghe, F.D., Edelsten, M. and Xavier, I. 2013. The Cultural Revolution in Risk Management. The Journal of Financial Perspectives, 1(1).

Khrisnan, V.R. 2005. Transformasional Leadership and Outcomes: Role of Relationship Duration. Leadership & Organization Development Journal, 26(6), 442-457.

Levy, C., Lamarre, E. and Twining, J. 2010. Taking Control of Organizational Risk Culture. Working Paper.

Malby, B. 2006. How does leadership make a difference to organizational culture and effectiveness. Northern Leadership Academy.

Moeller, R.R. 2011. COSO Enterprise Risk Management: Establishing Effective Governance, Risk, and Compliance Processes, 2nd edition. New Jersey: John Wiley & Sons. Inc.

Republika. 2017. Republika, Available: http://nasional.republika.co.id/berita/ nasional/pemprov-jabar/17/07/09/ostlr4-pemprov-jabar-kekurangan-pns-tenaga-teknis.

Ristanti, Y.D. and Handoyo, E. 2017. Undang-undang Otonomi Daerah dan Pembangunan Ekonomi Daerah. Jurnal Riset Akutansi Keuangan, 2(2), 115-122.

Simanjuntak, Timbul Hamonangan and Imam Mukhlis. 2012. Dimensi Ekonomi Perpajakan dalam Pembangunan Ekonomi. Bogor: Penerbit Raih Asa Sukses.

Suharno, Pawirosumarto, Dini, Iriani 2018. The Influence of Work Stress, Working Cost, Compensation and Work Discipline on Employee' Productivity. International Journal of Economics and Business Administration, 6(4), 62-75.

Suryanto, T., Thalassinos, I.E. 2017. Cultural Ethics and Consequences in Whistle-Blowing among Professional Accountants: An Empirical Analysis. Journal of Applied Economic Sciences, 6(52), 1725-1731.

Suryanto, T., Thalassinos, E.J., Thalassinos, I.E. 2017. Board Characteristics, Audit Committee and Audit Quality: The Case of Indonesia. International Journal of Economics & Business Administration, 5(3), 47-57.

Vivanews. 2010. Vivanews, Available: https://www.viva.co.id/berita/nasional/183708-inilah-rincian-penduduk-ri-per-provinsi.