

Risk Culture in Government Service Agency: Evaluate Study at Service Office X

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ABSTRACT

A strong risk culture plays an important role in the effectiveness of risk management in public sector organizations. The evaluation of risk culture at Service Office X, a unit under Ministry Y, applies the risk culture model from The Institute of Risk Management (IRM) - 2012 and the coercive isomorphism mechanism in Institutional Theory. A qualitative approach with an evaluation case study method, utilizing primary data from surveys and interviews as well as secondary data from organizational documents. Findings indicate a Mercenary organizational culture with high solidarity but low social interaction. The RCA Model assessment confirms that Risk Leadership and Risk Resources are well-established, while Responding to Bad News, Accountability, Transparency, Risk Decisions, and Rewarding Appropriate Risk Taking need improvement. Institutional Theory suggests that risk culture formation aligns with the coercive isomorphism mechanism.

Keywords: Risk Culture; Risk Management; Public Sector; IRM; Institutional Theory

Budaya Risiko di Instansi Layanan Pemerintah: Studi Kasus Evaluasi pada Kantor Pelayanan X

ABSTRAK

Budaya risiko yang kuat berperan penting dalam efektivitas manajemen risiko organisasi sektor publik. Penelitian ini mengevaluasi budaya risiko pada Kantor Pelayanan X, sebuah unit kerja di bawah Kementerian Y, dengan menggunakan model budaya risiko dari The Institute Risk Management (IRM) - 2012 dan mekanisme coercive isomorphism dalam Teori Institusional. Pendekatan kualitatif dengan metode studi kasus evaluasi diterapkan, memanfaatkan data primer dari survei dan wawancara serta data sekunder dari dokumen organisasi. Hasil menunjukkan bahwa Kantor Pelayanan X memiliki budaya organisasi tipe Mercenary dengan solidaritas tinggi tetapi interaksi sosial rendah. Evaluasi dengan RCA Model mengungkap bahwa aspek Risk Leadership, Risk Resources, dan Risk Decisions telah terpenuhi, sementara aspek Responding to Bad News, Accountability, Transparency dan Rewarding Appropriate Risk Taking masih perlu ditingkatkan. Perspektif Teori Institusional menjelaskan bahwa budaya risiko terbentuk untuk memenuhi mekanisme coercive isomorphism organisasi.

Kata Kunci: Budaya Risiko; Manajemen Risiko; Sektor Publik; IRM; Teori Institusional



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INTRODUCTION

Public sector risk management is directly related to budget management, state finances, and complex audits that require accountability and risk management in every policy (Rosdini et al., 2022). However, in practice, public sector risk management faces obstacles in adapting to change and uncertainty (Rosdini et al., 2022). The first weakness is low awareness of risk culture and weak leadership competencies, resulting in suboptimal risk management (Murr & Carrera, 2022). The second weakness is the lack of commitment from the top, which causes inconsistency in the implementation of strategic initiatives due to the different risk appetites of each leader (Azria & Diyanty, 2023). Meanwhile, an incompatible risk culture can hinder risk management and increase the risk of fraud (Cimini, 2021).

The presence of a strong risk culture ensures the effectiveness of risk management implementation (Bockius & Gatzert, 2023). According to The Institute of Risk Management (IRM) (2012a), effective risk management is integrated with the organization's operational activities. IRM (2012a) added that this effectiveness is achieved when a strong risk culture encourages proactive behavior in recognizing, managing, and making risk-based decisions. Effective risk management will also support improved organizational performance and goals by mitigating risks, threats, and fraud that may occur in the future (Bockius & Gatzert, 2023; Sheedy & Griffin, 2017).

This research takes a case study of a service office within the scope of Ministry Y. Service Office X is one of the echelon III vertical offices within Ministry Y that provides services to the public through the management of revenue and payments for state expenditure according to the APBN to stakeholders under the Ministry/Institution (K/L). Service Office X manages APBN funds amounting to 25% of the total APBN funds in 2023 (Service Office X, 2024). Service Office X runs its business processes digitally in line with the digitalization of state financial management carried out by Ministry Y with the aim of increasing the credibility of government towards public services. This shows that Service Office X has a strategic role in state financial management. However, based on the supervision of the Regional Office of Directorate Y, Service Office X scored 92.17/100 in the 2023 internal compliance assessment but is still not optimal in the aspects of integrity and ethical values, including the timeliness of submitting risk management reports which only reached 33.64/35. This shows that Service Office X is still not optimal in implementing risk management within the scope of integrity and ethical values.

The large value of the state budget managed by Service Office X and digitalization in state financial management increases the magnitude of the risk impact on Service Office X. According to the risk profile of Service Office X in 2024, the main risks managed are the potential for fraud through acts of corruption or gratuities and misuse of internal information and data. The impact of the occurrence of these two risks will affect the good image of Ministry Y in the community and result in a decrease in the level of service user satisfaction and public trust. Service Office X has implemented risk management and risk culture as mandated by ministry regulations. However, is the risk culture effective and has a strong foundation to support the implementation of risk management and organizational strategic objectives. Service Office X needs to improve the risk

culture that has been running, with the aim of preventing losses for the organization and employees.

Previous research conducted and found that risk culture in the public sector is often ineffective, mainly due to the lack of leadership roles, reward and punishment systems that have not been implemented, and the lack of monitoring and evaluation (Azria & Diyanty, 2023; Salamah & Wijanarko, 2020). Subsequent risk culture research shows that without leadership communication and commitment, risk management in the public sector is only a formality (Rosdini et al., 2022). In addition, the risk culture in the Australian public sector leans more towards administrative compliance than a strategic tool for operational efficiency (Park, 2019).

In Indonesia, research on the implementation of risk culture in public sector service offices has not been conducted. In contrast to previous studies, this research was conducted with a focus on evaluating organizational culture integrated with risk culture. This research aims to contribute to the existing literature by raising new aspects, namely evaluating the strength of risk culture in public sector service offices based on IRM (2012a) and the results are elaborated with the three forms of mechanisms in Institutional Theory (Dimaggio & Powell, 1983).

Table 1. IRM Risk Culture Criteria - RCA Model

Theme	Aspects	Definition
Tone of The Top	Risk Leadership	Leaders set consistent risk management expectations, serve as role models, and actively discuss risk.
Tone of The Top	Responding to Bad	Leaders and employees are committed to disseminating risk information including bad news transparently, quickly and honestly.
Governance	Accountability	Organizational governance supports accountable risk information with clear segregation of duties.
Governance	Transparency	Risks are communicated in a timely manner, easily understood, and leveraged as opportunities for organizational growth.
Competency	Risk Resources	The risk management function has clear authority, is supported by leadership, and faces risk challenges.
Competency	Risk Competence	Leadership supports risk training, with competency improvement programs for all members
Decision Making	Risk Decisions	Risk decisions are based on quality information, integrated in business processes, and communicated by the organization.
Decision Making	Rewarding Appropriate Risk	Appropriate risk-taking is rewarded, with leadership support for proactive risk management.

Source: IRM (2012a)

The two models in the IRM framework used in this study are the Double S (DS) Model and the Risk Culture Aspect (RCA) Model. The DS Model is used to evaluate the organizational culture and the RCA Model is used to further explain the dimensions of the DS Model and evaluate the risk culture. Table 1 provides a detailed description of the IRM - RCA Model's aspects criteria (2012a).

RESEARCH METHODS

This research uses a qualitative method with a case study approach. Qualitative research focuses on observing events and the substance of their meaning (Creswell, J. W., & Cresswell, 2018). A case study is a method for understanding a case with at least one purpose, namely evaluating existing outcomes or performance (Ellet, 2018). This research is a type of evaluation case study, which aims to evaluate how strong the existing risk culture is to support organizational risk management. The analysis in this study was conducted using descriptive, content, and thematic methods of risk culture at Service Office X as a single unit analysis.

The research instruments used are primary data and secondary data. Primary data consists of surveys and interviews. While secondary data comes from documents belonging to the object of research related to risk management. The data collection process in this study was carried out in three stages, namely (1) secondary data collection, (2) survey implementation, and (3) interview implementation.

Secondary data are documents belonging to Service Office X in the form of Risk Profile and Map Preparation Reports, Risk Mitigation Monitoring Reports, and Risk Performance Dialogue Reports for the annual period and quarter I-III of 2024. Document studies were conducted to obtain an administrative overview of how risk management is implemented accountably at Service Office X. Secondary data was analyzed by content analysis using Nvivo15 software to obtain several categories of themes for in-depth examination. Content analysis focuses on the frequency and pattern of occurrence of categories or themes of concern in the data which are then interpreted in depth (Krippendorff, 2004).

Primary data collected through the survey was conducted by distributing questionnaires to all employees of X Service Office. The survey was conducted based on two topics, namely the DS Model and the RCA Model presented by IRM to determine employee perspectives regarding organizational risk culture. The questionnaire was conducted using the closed-ended question method. The questionnaire was analyzed with descriptive analysis to explain a phenomenon using words and numbers.

Table 2. Interview Respondent Profile

No.	Interview Respondent Code	Position	Echelon Level
1	Respondent 1 (R1)	Head of Service Office X	Echelon III
2	Respondent 2 (R2)	Head of Section B Business Process Owner and PIC Risk Management and Internal Compliance (UKI)	Echelon IV
3	Respondent 3 (R3)	Section Head Business Process Owner	Echelon IV
4	Respondent 4 (R4)	Section Head of Business Process Owner	Echelon IV
5	Respondent 5 (R5)	Section Head of Business Process Owner	Echelon IV
6	Respondent 6 (R6)	Section Head of Business Process Owner	Echelon IV
7	Respondent 7 (R7)	Executive (Risk Management PIC) Service Office X	-

Source: Research Data, 2025

Primary data collected through interviews was conducted using a semi-structured method with the aim that the interviewees could provide comprehensive information with a focus on the topic of the question. The purpose of the interview was to confirm the results of the document study and the results of the questionnaire. The results of the interviews were analyzed by thematic analysis using Nvivo15 software. Thematic analysis focuses on identifying patterns to find themes from data collection or research sources (Braun & Clarke, 2006). Table 2 presents the profile of the interview respondents based on their job background and position level.

Qualitative research has major challenges related to the subjectivity of the researcher to the results of the information collected (Azria & Diyanty, 2023). Data triangulation helps increase the confidence that the research conducted can present accurate case study events (Yin, 2018). This research uses methodological triangulation and data source triangulation.

Methodological triangulation refers to the use of multiple research methods to collect and analyze data in a single study, for example multiple variations of a questionnaire or a combination of questionnaires and interviews (Yin, 2018). This research uses various data collection methods, namely document studies, several questionnaire methods, and interviews. To ensure credible research results, secondary data that has been collected at the beginning of the research and the results of questionnaires are verified with the results of interviews. Meanwhile, data source triangulation is a triangulation method that uses various sources in research to ensure the accuracy and consistency of findings (Yin, 2018). This research was conducted by interviewing various sources who have different roles in the risk management process of Service Office X. Figure 1 illustrates the flow of data collection and analysis.



Figure 1. Flow of Data Collection and Analysis

Source: Research Data, 2025

The DS Model questionnaire analysis results will be validated by the RCA Model evaluation results. Findings from the content analysis of secondary documents and descriptive analysis of questionnaires will be confirmed by thematic analysis of interviews to produce an evaluation of the strength of risk culture based on IRM expectations on each aspect. The RCA Model also provides a tool to help map which aspects are the strengths and weaknesses of the risk culture, called the Risk Culture Scorecard (IRM, 2012b). The evaluation results are used to determine the strengths and weaknesses of the risk culture of Service Office X.

RESULTS AND DISCUSSION

Primary data collected through the survey was conducted by distributing questionnaires online, namely Google Form to 62 employees of Service Office X using the anonymous filling method starting on December 16-31, 2024. The total

number of respondents obtained was 62 respondents, which amounted to 100% of the total number of 62 employees. This questionnaire assessment uses a Likert scale of 1 (strongly disagree) to 6 (strongly agree). The survey is considered appropriate to close if the number of respondents is more than 30 people and there are repeated answers (Arif, K. & Rosid, 2025). Table 3 presents a description of the demographic characteristics of the respondents.

The DS Model survey was used to evaluate the organizational culture of Service Office X. Based on the four (4) types of organizational culture according to DS Model (Goffee & Jones, 1996), Service Office X has a Mercenary culture type with an average value of the social dimension of 4.8 and a higher average value of the solidarity dimension of 4.9. The overall average score of the questionnaire questions is 4.87, so the average score of the social dimension of 4.8 is considered low because it is less than 4.87, while the average score of the solidarity dimension of 4.9 is considered high because it is more than 4.87. Mercenary organizational culture is characterized by high solidarity but lower interpersonal or social warmth.

In the context of risk management, the high solidarity dimension means that the Mercenary organization seeks to mitigate risks together. However, according IRM (2012b) in the lower social dimension, the organization's motivation to be solid and united among members is considered to be less effective. The results of the DS Model evaluation show that Service Office X has not fully complied with the IRM (2012b) criteria, which states that high social dimensions and solidarity (Communal type) indicate an effective risk management process.

Table 3. Demographics of Respondents

	Total	Percentage
Gender		
Male	34	54.8%
Female	28	45.2%
Position		
Echelon III Officials	1	1.6%
Echelon IV Officials	5	8.1%
Staff	56	90.3%
Length of Service		
1 year	21	33.9%
2 years	18	29%
3 years	9	14.5%
4 years	7	11.3%
5 years	2	3.2%
>5 years	5	8.1%

Source: Research Data, 2025

The RCA Model was used to validate the results of the organizational culture DS Model and to explore in depth the information and constraints related to each aspect of the risk culture of Service Office X. The findings of secondary data content analysis, survey descriptive analysis, and interview thematic analysis were used to evaluate the strengths and weaknesses of Service Office X's risk culture based on the RCA Model aspect criteria.

In the risk leadership aspect criteria, the document study results are explained by the phrase leaders who are committed to building an accountable

risk culture through the establishment of a risk management organizational structure and are actively involved in various activities such as regular organizational risk management meetings. This is in line with the RCA survey, which states that most respondents think that the leadership has played an active role in handling risks and providing direction through risk coordination. This condition is corroborated by the opinions of interviewees R2, R5, and R6.

"It is good that the leadership is very aware and committed to risk management. Yes, from this side, the leadership really cares very much for every risk because they give directions in every morning briefing and in internal meetings of supervisors and officials." (R2, 2025)

The results of the interview corroborate the results of the document evaluation and survey which state that the risk leadership aspect has been applied at Service Office X through leaders who are committed and model risk awareness. The explanation of the interview respondents also validates the results of the DS Model which shows that the solidarity dimension of the X Service Office's organizational culture is higher or stronger and more mature through this leadership aspect.

The criterion of responding to bad news is included in the social dimension in the DS Model evaluation. Service Office X has a lower social dimension than the solidarity dimension. These results are corroborated by the results of a document study with the theme of risk management found that leaders tend to avoid or not disclose bad news information related to fraud and disciplinary punishment openly. The RCA survey results also show respondents' views that leaders can respond better to bad news related to performance targets than bad news related to fraud.

"We have proposed risks about performance and fraud or serious disciplinary violations, maybe the staff proposes to the section head, the section head proposes, later the head of the office decides. But if fraud people don't, like they are afraid of dealing with it rather than getting long strange questions, if performance, yes, it must be because there are KPIs." (R7, 2025)

The interview results confirm the results of document evaluation and questionnaires based on the opinions of R1, R3, R6, and R7. Leaders think that fraud risk can damage the organization's reputation. The leadership's response to this theme is carried out in the form of an appeal to carry out digitization tasks and functions in accordance with applicable regulations to avoid fraud and employee disciplinary penalties. The interviewee also said that reporting fraud risks needs to be accelerated because not all types of risks are in the regulations. Individual employees tend to be reluctant to report fraud themes and employee disciplinary penalties compared to performance themes because they are related to the organization's strategic goals, while fraud themes are not required and are actually avoided. The respondent's explanation validates the results of the DS Model, which shows that the social dimension of the organizational culture of Service Office X is lower or weaker through the criteria of this aspect.

In the accountability criteria, the document study results explained that Service Office X was compliant and committed to the ministry's risk management regulations through the establishment of a risk management function structure. In terms of risk mitigation, it was found that risk handling was carried out repeatedly

to fulfill report formalities. The results of the RCA survey revealed that most respondents believed that Service Office X was able to handle risks appropriately. The interview results were relatively different from the questionnaire results, but corroborated the document evaluation results in the form of risk mitigation carried out repeatedly to fulfill report formalities.

"From each team or section, there is a risk structure that has been involved with the Risk Team Decree. Each section has a PIC as well as staff because they are the ones who collect information to carry out mitigation and report to my section regarding what has been done..." (R2, 2025).

"When it comes to repeated mitigation, it is because it is considered to have been done for the report" (R7, 2025).

In terms of governance, there is already a unit responsible for risk management. The respondent's explanation does not validate the results of the DS Model, which shows that the solidarity dimension of the organizational culture of Service Office X is higher than the social dimension because the accountability aspect has not been fully achieved.

In the transparency criterion, based on the results of the document study, it was found that risk information has been communicated regularly through internalization activities at Service Office X, but fraud incidents or disciplinary penalty that occurred in the past have not been used as learning opportunities for the organization. Although the transparency aspect is part of the solidarity dimension of organizational culture which is rated higher than the social dimension, the RCA survey results state that respondents still have difficulty understanding the risk information provided. This condition is corroborated by the opinions of interviewees R2, R5, and R7.

"Routine internalization has been carried out, according to the format of the ministry's regulations as well. If you understand it, it seems like an individual perception, yes, it should have been yes [...] indeed, this risk is a bit difficult, some understand, some do not. If you don't understand the section, we are open to questions or maybe criticism of suggestions for improving the display." (R2, 2025).

"Yes, the point is to follow the direction of the organization or leadership. If possible, the risk value is suppressed as if it is safe even though there have been events in the past. So in the future it is considered safe and considered mitigated. So transparency is still considered a formality because it is carried out to fulfill the report." (R7, 2025).

The interview results corroborate the results of document evaluation and questionnaires. Interviewees stated that risk information has been conveyed through internalization, although not all risks. In terms of risk understanding, it is realized that it is not evenly distributed to all individuals. Meanwhile, in terms of risk information transparency, not all risks are reported, including past incidents that can be considered as learning media and material for more accurate risk assessment for the current year. Risk transparency is still ignored with the assumption of administrative formalities. The respondent's explanation has not validated the results of the DS Model, which shows that the solidarity dimension of the organizational culture of Service Office X is higher than the social dimension because the transparency aspect has not been fully achieved.

In the risk resources criterion, the RCA survey results show that human resources (HR) in charge of managing organizational risk are considered to have sufficient capabilities in risk management, but there are still respondents who think that they have not been able to provide an understanding of risk to employees. Most respondents also agreed that risk management reports support the organization's business processes. The interview results provide an in-depth understanding of the survey results according to interviewees R2 and R3

"If for example there are failures or things that are not quite right, we will learn as our evaluation material in the future to be able to improve. Including the report, we must correlate it with our work." (R2, 2025).

"I think the human resources and tasks in Section B (Business Process Owner and PIC of Risk Management and Internal Compliance) are sufficient to fortify against risks that may occur in each section or as a whole from the tasks of this office [...] if you don't understand risk, it is normal, you can learn together [...] maybe you don't want to know or want to discuss, but in principle Section B is good." (R3, 2025).

Section B has exercised its authority in risk management, including risk management reporting that is integrated with operations. Section B is also considered to have adequate human resources and continues to learn to manage risk better. The different views of the questionnaires related to Section B, which has not been able to provide an understanding of risk, are caused by the perception of the employees themselves who do not care enough to learn about risk. The respondents' explanations validate the results of the DS Model, which shows that the solidarity dimension of the X Service Office's organizational culture is higher or stronger and more mature through this aspect of risk resources.

In the risk competence criteria, the document study results did not find specific activities related to risk management. The results of the RCA survey show that most respondents have never attended risk management training and a small number of respondents think that the risk management function of Service Office X has not provided risk management socialization.

"For our employees, it is usually included in our program called RapatKI which is attended by employees every month. Indeed, we have a special agenda from every month that we hold and prepare something that has to do with risk as well." (R2, 2025).

"It is still included in the performance targets of individual performance targets if possible [...] If from the echelon I unit management, they usually hold mandatory technical guidance or socialization for every employee who is PIC of risk management in the vertical unit, yes, for risk management this is mandatory once a year now. For those other than the risk management section, there is no such thing. So yes, it has not been evenly distributed to all employees." (R7, 2025)

The interview results provide in-depth understanding for the document evaluation and survey results which state that the risk competency aspect has not been fully met. Interviewees stated that Service Office X has conducted socialization or internalization on the topic of risk management but not specifically related to the risk management practices expected by employees. In terms of risk management training, the interviewee confirmed that the training obligation was carried out by Section B as Risk Management PIC and UKI, there was no obligation for all employees so the respondent considered that he had never attended risk

management training. The respondent's explanation corroborates the results of the DS Model evaluation, which shows that Service Office X has a lower social dimension than its solidarity dimension.

In the risk decisions criteria, the results of the X Service Office risk profile document study refer to each organization's strategic plan. This is in line with the results of the RCA survey, which showed that most respondents agreed that leaders conduct risk analysis before making important decisions. For this condition, interviewees R1, R4, R5, and R6 argued for the same thing.

"If these are risks related to duties and functions, of course we try to (make decisions) independently and that is indeed part of my duties. Yes. I think as the leader here." (R1, 2025).

"So we consider many things at the level of occurrence. Including this digitalization that allows the risk to occur ..." (R2, 2025).

"So, whether we like it or not, the risk profile that has been prepared needs to be used as a reference for consideration in decision making, but not all of them, if there is disciplinary punishment, have not been used." (R5, 2025)

The results of the interviews corroborate the results of the document evaluation and questionnaires which state that aspects of risk-related decision-making have not been fully implemented at Service Office X. Leaders always take risks into account in making decisions to achieve organizational performance targets but have not optimally considered aspects of bad news. The respondent's explanation has not validated the results of the Double S Model, which shows that the solidarity dimension of the organizational culture of Service Office X is higher than the social dimension because risk-related decision-making aspects have not been fully achieved.

On the criteria of rewarding appropriate risk taking, the survey results show that there is no system of rewards and sanctions for both individuals and units related to risk decision making. For this condition, interviewees R2 and R7 explained.

"What do you call giving appreciation or sanctions? If for example there is something related to this specifically related to risk, there is no such thing." (R2, 2025).

"The award unit award should also be available from the regional office because it is just a risk report [...] Automatic individual performance management [...] There is an award, yes, if for example it is achieved, which is happier with the award, yes. Right now, there is none, so it's just that there is a report, that's it [...] so it's more like, let's just be normative" (R7, 2025).

The interview results corroborate the questionnaire results with the conclusion that the reward aspect related to risk decision-making has not fully met IRM expectations. Interviewees stated that rewards at the Regional Office unit level already exist through the timeliness of submitting risk management reports only. The performance management program integrated with risk management is still limited to the leadership performance achievement index and is not evenly distributed and attached to individual performance achievements. This has an impact on the views and understanding of individual employees of Service Office X who have not fully become risk persons. This is interpreted by basic and detailed risk awareness that is not evenly distributed and is still owned by the leadership and the special risk management section. The explanation of the interview

respondents strengthens the results of the DS Model evaluation which shows that Service Office X has a lower social dimension than the solidarity dimension.

After conducting an analysis based on the results of document studies, surveys, and interviews, IRM (2012a) through the RCA Model provides a tool to help map which aspects are the strengths and weaknesses of the risk culture called the Risk Culture Scorecard. The results of the risk culture analysis will be categorized into four categories based on the results of the calculation by assigning a value to each aspect. The four categories are distinguished by four different colors, namely: (1) Red with a score of 1-2 (risk culture aspect is very weak, requires special attention); (2) Yellow with a score of 3-5 (risk culture aspect is weak, implementation is limited and uneven); (3) Green with a score of 6-8 (risk culture aspect is strong enough with good practices); (4) Blue with a score of 9-10 (strong risk culture aspects support effective risk management practices).

After scoring each aspect, the next step is to multiply the score by the weighting of each aspect according to the IRM guidelines, namely: (1) Risk Leadership and Risk Decisions aspects are given a weighting of 2 (two) (2) other aspects are given a weighting of 1 (one). The accumulation of all aspect scores becomes the total risk culture score of Service Office X which can be interpreted as follows: a score of ≤ 30 means that the organization has a very weak risk culture and requires major improvement; a score of 31-50 means that the risk culture is still in the development stage, but not yet fully mature. A score of 51-80 means that the risk culture is good enough, but there is still room for improvement, while a score of ≥ 81 means that the organization has a strong risk culture and is already a leader in effective risk management. Table 4 presents the risk culture score based on the RCA Model.

Table 4. Risk Culture Score of Service Office X According to the Risk Culture Scorecard

Theme	Aspects	Weighted	Skor	Level	Total
Tone of the top	Risk Leadership	2	8	Green	16
	Responding to Bad News	1	4	Yellow	4
Governance	Accountability	1	5	Yellow	5
	Transparency	1	4	Yellow	4
Competency	Risk Resources	1	7	Green	7
	Risk Competence	1	5	Yellow	5
Decisions	Risk Decisions	2	5	Yellow	10
	Rewarding Risk	1	4	Yellow	4
Total					55

Source: Research Data, 2025

The score obtained is 55 and is interpreted with the risk culture of Service Office X is good enough but there are still aspects that need improvement. This relates to the assessment of 6 aspects at the yellow level, which means that the risk culture aspect is weakly applied in a limited manner. Meanwhile, 2 aspects covering leadership and risk resources are given a green level, which means that the risk culture aspect is strong enough with good practices. The risk culture score results are explained in more detail in the evaluation of each aspect. Table 5 presents the evaluation results and problems found based on the IRM (2012b) criterias.

Table 5. Results of the Risk Culture Evaluation of Service Office X

Evaluation Components	Evaluation Results	Analysis and Issues
Risk Leadership	Fulfilled	Leaders are committed and act as role models in the risk management process.
Responding to Bad	Partially fulfilled	Leaders avoid or do not openly share bad news related to fraud. They respond better to performance-related issues than fraud cases. Employees hesitate to report fraud since it is not a required strategic goal.
Accountability	Partially fulfilled	As part of the solidarity dimension, the structure of the risk management function is in place but the evaluation with the RCA. The risk management structure exists, but risk mitigation is often done only for formal reporting purposes.
Transparency	Partially fulfilled	Part of the solidarity dimension, the evaluation using the RCA Model found some weaknesses. Risk communication is regular but incomplete. Past incidents are not always reported as learning material. Employees struggle to understand risks due to ineffective internal communication. Transparency is often neglected in favor of administrative requirements.
Risk Resources	Fulfilled	The risk management team performs well, receives leadership support, and continuously improves knowledge-sharing efforts.
Risk Competence	Partially fulfilled	Most employees have never attended risk management training. Socialization efforts exist but do not meet employees' expectations.
Risk Decisions	Partially fulfilled	Leaders consider risk in strategic decisions, but fraud-related issues are not optimally addressed. Risk management is integrated into business processes and annual plans.
Rewarding Appropriate Risk	Partially fulfilled	Part of the social dimension that scores lower than the solidarity dimension. There is no structured reward or sanction system for risk decision-making. Risk-based performance evaluation is limited to leadership, not individual employees. As a result, awareness and skills in risk management are concentrated at the leadership level and the risk management team.

Source: Research Data, 2025

The evaluation of the strength of Service Office X's risk culture to support an effective risk management process shows a partially met result, which is interpreted as partially meeting IRM expectations. The results show that there are still discrepancies in several aspects of the risk culture of Service Office X according to the criteria in the RCA Model. The RCA evaluation results also corroborate the organizational culture type according to the DS Model, which states that Service Office X belongs to the Mercenary culture type. The solidarity dimension was evaluated to be stronger than the social dimension (response to bad news, risk competence, and risk appreciation), although after revalidation, the accountability,

risk transparency, and risk decision-making aspects of the solidarity dimension also did not perform as expected by IRM.

The evaluation findings of the risk culture in Service Office X can be interpreted through the lens of Institutional Theory, which posits that public sector organizations tend to conform to established norms, expectations, and structures in order to gain legitimacy within their institutional environment (DiMaggio & Powell, 1983). This conformity is reflected primarily through coercive isomorphism, which stems from formal regulatory mandates and hierarchical pressures exerted by higher level authorities, such as echelon II officials or central ministries. In this case, risk management practices are often implemented as compliance routines, primarily to satisfy external reporting obligations, rather than being integrated as a strategic management tool. Additionally, mimetic isomorphism is observed when the organization adopts practices modeled after private sector institutions or financial entities like banks, which are perceived as more advanced or successful in managing risk. This form of imitation typically arises under conditions of uncertainty or limited organizational capacity, where emulating perceived best practices offers a safe path to legitimacy. Meanwhile, normative isomorphism is driven by the influence of professional norms, technical training programs, and the expectations of professional communities, such as internal auditors' associations or risk management certifying bodies. These normative forces shape the organizational perception of risk management as a component of institutional professionalism and ethical governance.

In the public sector context, these three mechanisms; coercive, mimetic, and normative, tend to be mutually reinforcing, forming a complex web of institutional pressures that shape organizational behavior. Moreover, public organizations often engage with risk management as part of broader bureaucratic reforms, accountability initiatives, and efforts to promote principles of good governance. These systemic and policy-level drivers act as additional institutional forces that encourage risk management adoption, even if implementation remains superficial in some cases. Hence, there is a pressing need to shift the institutional logic within Service Office X, away from ritualistic compliance and toward a more integrated, strategic, and context-sensitive approach to risk management that enhances decision-making under conditions of public responsibility and uncertainty.

In the aspect of leadership and exemplary risk, leaders have set clear expectations and act as role models in implementing risk management and making decisions based on risk profiles. Coercive mechanisms work with regulations or pressure from authorities that require leaders to display commitment to risk management and risk decision making. However, in practice, risk decision-making, which correlates with aspects of response to bad news, has not been transparent in risk disclosure and communication. Institutional pressure has encouraged organizations to build risk communication mechanisms, but in practice there is still selectivity in reporting.

In the accountability and transparency aspect, the coercive mechanism of regulation has created a reporting accountability structure, but it has not been effective in mitigating risks and transparency is still administrative because it has not become an organizational learning tool. In the aspect of risk resources and competence, the coercive mechanism of regulation has established a risk function

unit but is not followed by an increase in employee competence evenly. In the aspect of risk-related rewards, the organization responds to regulations with risk policies, but has not created a culture of reward that can strengthen the internalization of risk management.

The results of this evaluation are relatively different from Azria and Diyanty's research (2023), which found that echelon I level public sector organizations have a weak risk culture in the aspects of leadership commitment and risk appreciation aspects. However, the results of this evaluation support Park's (2019) research which states that the risk culture of the Australian public sector is still limited to compliance. Meanwhile, the aspect of risk appreciation that has not been found in the object of this research also strengthens the results of research by Azria and Diyanty (2023) and Salamah and Wijanarko (2020).

CONCLUSION

The results of the risk culture evaluation of Service Office X show the strength of a risk culture that is not yet fully mature or in line with IRM's expectations to support effective risk management. The evaluation of the organizational culture of Service Office X according to the DS Model results in a Mercenary culture type which means that the main focus of the organization is a common goal but personal relationships are given less attention. This type of organizational culture is detailed through the RCA Model. The results of the risk culture evaluation according to the RCA Model produced a risk culture score of 55, which is interpreted as meaning that the risk culture of Service Office X is good enough but there are still aspects that need improvement. The RCA Model found that the high dimension of solidarity in the Mercenary type is only supported by the aspects of leadership and risk exemplarity, risk resources, and risk-related decision making. Meanwhile, weaknesses were found in the other dimensions of solidarity, namely accountability and transparency. The social dimension in the Mercenary type, which is considered to be lower in this cultural type, also shows weaknesses, namely response to bad news, risk competence, and rewards related to risk decision making. The phenomenon of the evaluation results explains that the mechanism of coercive isomorphism has encouraged organizations to adopt risk management practices through regulation and pressure from stakeholders.

This study has several limitations. First, this study only focuses on one object with a limited survey sample size, so it does not sufficiently represent all government service office entities. It is recommended that subsequent research include several research objects in public sector service offices to obtain a more comprehensive picture of the risk culture. Second, data collection through document studies was carried out on a data range of less than one year, namely the first quarter to the third quarter of 2024. Subsequent research is advised to conduct a cross-year study of organizational risk management documents to obtain a more comprehensive picture of the risk management process. Third, the elaboration of the theory used in this study only focuses on the mechanism of coercive isomorphism to describe the phenomenon of risk culture in the public sector. Subsequent research can use the conceptual framework of regulatory rules and/or the Governance and Culture and Strategic and Objective Settings components of COSO ERM 2017, and/or all mechanisms in Institutional Theory.

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