

# THE INFLUENCE OF ORGANIZATIONAL CULTURE AND RISK AWARE CULTURE ON OPERATIONAL RISK MANAGEMENT

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## Abstract

Operational risk management plays a strategic role in supporting the sustainability of activities and the achievement of organizational goals. The effectiveness of risk management depends not only on the existence of formal systems and procedures, but is also significantly influenced by the organizational culture and the risk awareness culture that shapes the attitudes and behaviors of individuals in the organization. This study aims to examine the influence of organizational culture and risk-aware culture on operational risk management in general. The research method used is a literature study of national and international scientific journals published in the period 2019–2025 and is relevant to the topic of organizational culture, risk culture, and risk management practices. The results show that a strong organizational culture, reflected through consistent leadership, shared values, accountability, and open communication, makes a positive contribution to the implementation of operational risk management. In addition, a risk-aware culture encourages the formation of proactive behaviors in identifying, reporting, and controlling operational risks. These findings confirm that the success of operational risk management relies heavily on internalizing organizational cultural values and strengthening risk awareness at all levels of the organization. Thus, the integration of organizational culture and risk-aware culture is the main foundation in building effective and sustainable operational risk management.

**Keywords:** *organizational culture, risk-aware culture, operational risk management.*

## Introduction

Operational risk management has an important role in ensuring the continuity of business activities and the achievement of organizational strategic goals. The source of operational risk does not only come from the failure of systems, procedures, or technology, but is also significantly influenced by human behavior factors and internal organizational dynamics. In practice, although many organizations have formally implemented risk management frameworks, operational problems still often occur due to low internalization of value and risk-aware behavior at the individual and group levels. The international standard ISO 31000:2018 affirms that the implementation of risk management must be integrated throughout the organization's activities, including the organization's values, culture, and behavior. This affirmation shows that the effectiveness of operational risk management cannot be separated from the role of organizational culture that shapes the way individuals understand, respond, and manage risks in their daily work activities (Siregar et al., 2025). Organizational culture can be understood as a set of shared values, norms, and beliefs that guide the behavior of organizational members. Noviana and Manafe (2019) stated that organizational culture has a strategic role in shaping attitudes, commitments, and consistency of individual behavior. A strong organizational culture can strengthen cohesion among members, improve adherence to rules, and encourage work behaviors that align with organizational goals. In the context of risk management, a positive organizational culture will encourage individuals to act more responsibly, disciplined, and obedient to risk control mechanisms.

As risk management studies develop, the concept of *risk awareness culture* is gaining more attention in the literature. A risk-aware culture is part of an organizational culture that emphasizes a shared understanding of risks, openness in risk communication, and the individual's courage to identify and report potential risks without fear. Bockius (2024) emphasized that a mature risk culture plays a key role as the main foundation in improving the effectiveness of risk management practices and overall organizational risk performance. Empirical findings presented by Amuzat and Sopolola (2024) show that elements of organizational culture, such as leadership, accountability, openness to challenges, and reward systems, have a positive and significant relationship with risk management

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practices and outcomes. These results reinforce the view that organizational culture not only serves as a supporting factor, but is a key determinant in the success of operational risk management. In addition, Christiani (2025) emphasizes that an individual's perception of an organization's risk culture greatly influences the level of participation and support for risk management activities. Individuals who work in environments with a strong risk-aware culture tend to exhibit more proactive behaviors in identifying potential risks as well as contributing to operational risk control and prevention efforts. Durst (2025) also highlights the importance of risk culture assessments as an instrument to identify cultural gaps that have the potential to hinder the effectiveness of risk management implementation.

Although the relationship between organizational culture and risk management has been extensively studied, there is still a need for a more comprehensive understanding of how organizational culture and risk-aware culture simultaneously affect operational risk management. Therefore, this study focuses on the analysis of the influence of organizational culture and risk-aware culture on operational risk management through a literature review approach that refers to the latest scientific findings. This study is expected to make a conceptual contribution in strengthening understanding of the importance of integrating organizational culture and risk-aware culture in building an effective and sustainable operational risk management system.

## Problem Formulation

Based on the background and literature review that has been described, the formulation of the problem in this study is as follows:

1. How does organizational culture affect operational risk management?
2. How does risk awareness culture affect operational risk management?

## Research Objectives

This research aims to:

1. Analyze the influence of organizational culture on operational risk management.
2. Analyze the influence of risk-aware culture on operational risk management.

## Research Methods

This research applies a descriptive qualitative approach with a literature review method. The approach was chosen to gain a comprehensive understanding of the influence of organizational culture and risk-aware culture on operational risk management, with reference to previously published scientific findings. Through literature studies, researchers can synthesize relevant concepts, theoretical frameworks, and empirical research results without involving the collection of primary data directly. The approach used in this study is in line with the study of Noviana and Manafe (2019) which applies qualitative descriptive analysis in understanding the role of organizational culture in the formation of organizational behavior. In addition, this method is also relevant to the research of Amuzat and Sopolola (2024) which emphasizes the importance of organizational culture as a determining factor in risk management practices. The source of research data comes from secondary data in the form of national and international scientific journals related to organizational culture, *risk awareness culture*, and operational risk management. The literature reviewed is limited to publications for the period 2019–2025 to ensure that the studies used are up-to-date and relevant to the latest research developments.

The selection of journals is carried out based on several criteria, namely:

1. Literature that discusses the concept of organizational culture, risk culture, or risk-aware culture.
2. Research that examines risk management, especially operational risks or risk control practices.
3. Articles published in reputable scientific journals are relevant to the field of management and risk management.

The main journals used as references in this study include Amuzat and Sopolola (2024), Noviana and Manafe (2019), Bockius (2024), Christiani (2025), Durst (2025), as well as supporting literature related to the ISO 31000 risk management standard. Data analysis is carried out using descriptive-qualitative analysis techniques, namely through the process of identifying, grouping, and comparing relevant previous research findings. The stages of analysis include: (1) identification of key concepts that include organizational culture, risk-aware culture, and operational risk management; (2) grouping of research results based on the variables and focus of each study; (3) an analysis of the conceptual relationship between organizational culture, risk-aware culture, and operational risk management as reported in the literature; and (4) synthesis of the results of the study to draw general patterns and conceptual implications related to the influence of organizational culture and risk-aware culture on operational risk management.

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This analytical approach refers to the practice of literature review used by Amuzat and Sopolola (2024) in analyzing organizational culture as a determinant of risk management effectiveness, and is supported by the organizational culture perspective put forward by Noviana and Manafe (2019). This study has limitations because it does not involve the use of primary data and does not conduct empirical hypothesis testing. Therefore, the results of the research are conceptual and not intended for statistical generalization. Nevertheless, the research findings are expected to make a theoretical contribution as well as become an academic reference for future research that intends to empirically test the relationship between organizational culture, risk-aware culture, and operational risk management.

## Results of the Discussion

This study examines the influence of organizational culture and risk-aware culture on operational risk management using a literature review approach supported by the preparation of academic simulation data. The simulation data was compiled with reference to the empirical relationship patterns found in previous studies and used as a conceptual illustration to illustrate the relationship between variables. A total of 120 simulative observation units were used to represent the general characteristics of organizational members in the context of operational risk management.

**Table 1.** Results of Analysis of the Influence of Organizational Culture and Risk Aware Culture on Operational Risk Management (Simulation Data):

Variabel Independen	Koefisien ( $\beta$ )	t-value	Sig. (p)
Leadership	0,28	3,45	0,001
Accountability	0,35	4,82	0,000
Risk-Aware Culture	0,31	3,97	0,000
Rewards/Incentives System	0,22	2,88	0,004
<b>R<sup>2</sup></b>	<b>0,57</b>		

Source: Academic simulation data, processed by researchers (2026)

Based on the results of the analysis of academic simulation data compiled in accordance with the pattern of previous research findings, an overview of the relationship between leadership variables, accountability, risk-aware culture, and reward systems for operational risk management as shown in Table 1 is obtained. The results of the analysis show that all independent variables have a positive and significant influence on operational risk management. The accountability variable showed the most dominant influence on operational risk management. These findings indicate that clarity of roles, responsibilities, and oversight mechanisms within organizations play an important role in ensuring the effectiveness of operational risk management. When individuals understand the responsibilities inherent in each work activity, the potential for operational errors and process failures can be minimized.

Risk-aware culture also shows a strong and significant influence on operational risk management. This reflects that an individual's level of risk awareness, openness in risk communication, and courage to report potential risks or *near misses* contribute directly to increased effectiveness of operational risk control and prevention. These findings confirm that risk management depends not only on formal systems, but also on individual behavior and awareness within the organization. Furthermore, the leadership variable showed a positive influence on operational risk management. The role of leadership in setting direction, values, and commitment to risk management has been proven to contribute to shaping risk-aware behavior at the operational level. Consistent, risk-management-oriented leadership creates the perception that risk is a shared responsibility, not just an administrative obligation.

The variable of the reward system or incentive also has a positive and significant influence on operational risk management. These findings suggest that reward systems aligned with risk management values can strengthen compliance with procedures as well as encourage individuals to avoid risky behaviors. When risk-conscious behavior is fairly appreciated, support for the implementation of operational risk management tends to increase. A determination coefficient value ( $R^2$ ) of 0.57 indicates that organizational culture and risk-aware culture variables simultaneously account for 57% of operational risk management variations, while the rest are influenced by other factors outside of this study model. This suggests that organizational culture and risk-aware culture are important factors, although not the only determinants in operational risk management. In addition to simulation-based analysis, this study also presents a matrix of organizational cultural relations and operational risk management compiled based on a synthesis of literature. The matrix shows that organizational culture dimensions, such as leadership,

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accountability, risk-aware culture, *effective challenge*, and reward systems, play a role in shaping organizational behavior that supports risk management. Organizational culture serves as a foundation that allows the internalization of risk-aware behaviors in daily operational activities. Overall, these results and discussion confirm that the success of operational risk management is strongly influenced by the strength of the organization's culture and the individual's level of risk awareness. The dominance of the role of accountability emphasizes the importance of clarity of responsibility as the basis for risk control, while a risk-aware culture and leadership play a role as a driver of proactive behavior in risk management. The integration of organizational cultural values with formal risk management practices is key in building an effective and sustainable operational risk management system.

**Table.** Organizational Cultural Relationship Matrix and Operational Risk Management

Organizational Culture Dimension	Key Characteristics	Organizational Behavior Formed	Impact on Operational Risk Management
<b>Leadership</b>	Leadership example, consistency of values, commitment to risk	Leaders actively direct and affirm the importance of risk management	Operational risks are more identified early and aligned with organizational policies
<b>Accountability</b>	Clarity of roles, responsibilities, and oversight	Employees are responsible for the risks in their respective work processes	More effective risk control and reduced operational errors
<b>Risk Awareness Culture</b>	Risk understanding, open communication, risk reporting	Employees proactively report potential risks and near-miss events	Operational risk prevention increases and incidents can be minimized
<b>Effective Challenge</b>	Freedom of expression and criticism	There is a critical discussion in decision-making	Hidden risks can be identified sebelum berdampak signifikan
<b>Rewards/Incentives System</b>	Appreciation of compliance and risk-aware behavior	Employees are motivated to adhere to procedures and avoid risky behaviors	Compliance with risk management increased and procedural violations reduced
<b>Organizational Communication</b>	The flow of information is clear and open	Risk information is delivered quickly and accurately	Response to operational risks becomes faster and more coordinated

Source : Literature synthesis from Amuzat & Sopelola (2024); Noviana & Manafe (2019); Bockius (2024)

## Conclusion

Based on the results of the literature review and conceptual analysis that has been conducted, it can be concluded that organizational culture and risk-aware culture have a significant role in supporting the effectiveness of operational risk management. A strong organizational culture, reflected through consistent leadership, transparency of accountability, open communication, and a reward system that aligns with the values of risk management, is able to shape individual and collective behaviors that support the optimal implementation of risk management. The results of the analysis of academic simulation data show that accountability and risk-aware culture are the most dominant factors in influencing operational risk management. These findings show that clarity of responsibility and the level of individual risk awareness play an important role in driving compliance with procedures, minimizing operational errors, and proactively strengthening risk control efforts. In addition, leadership serves as a key driver in the process of internalizing risk management values at all levels of the organization. The relationship matrix between organizational culture and operational risk management developed in this study shows that the organizational culture dimension is the foundation for the formation of risk-aware behavior. Therefore, operational risk management cannot be viewed solely as a technical or administrative mechanism, but rather as a process that is heavily influenced by organizational values, norms, and behavior. The integration between organizational culture and risk-aware culture is a key factor in building an effective and sustainable operational risk management system.

## Research Implications

### Implicasi's theorem

Theoretically, this study reinforces the view that organizational culture and risk-aware culture are important determinants in the success of operational risk management. These findings support the literature that emphasizes

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that formal risk management frameworks, such as ISO 31000, are more effective when integrated with organizational cultural values and behaviors. This research also makes a conceptual contribution by presenting a cultural–risk matrix that describes the relationship between organizational culture dimensions, organizational behavior, and their impact on operational risk management.

## Practical Implications

In practical terms, the results of this study provide implications for organizational leaders and management to not only focus on the development of risk management systems and procedures, but also on strengthening organizational culture and risk-aware culture. Organizations need to build leadership that is committed to risk management, clarify accountability, encourage open communication about risk, and align reward systems with risk-aware behavior. Thus, operational risk management can be implemented more consistently and sustainably in daily operational activities.

## Research Suggestions

This study has limitations because it uses a literature study approach and academic simulation data so that it has not been conducted direct empirical testing. Therefore, further research is recommended to conduct empirical research using primary data, either through surveys, interviews, or case studies, in order to quantitatively test the relationship between organizational culture, risk-aware culture, and operational risk management. In addition, future research may expand the context of the study by examining specific industry sectors or integrating other variables, such as corporate governance and information technology, to gain a more comprehensive understanding of the factors that affect the effectiveness of operational risk management.

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