Risk Culture As A Solution To Face Covid-19 Pandemic

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ABSTRACT

This paper is aimed to provide the best advice related to the importance of risk culture in facing Covid-19 pandemic. As we know, until now, July 2020, the number of victims who were infected by Covid-19 is increasing every day. The latest information on July 20, 2020, In Indonesia, there were more than 88,000 people were positive covid-19 and more than 4000 people died. This number continues to increase every day. It even happened in one day, the number of positive victims increased to more than 1000 cases. This indirectly indicates a failure in managing risk and a lack of awareness of all parties toward the importance of risk culture. In this paper, we will learn how to develop and nurture risk culture in organization by integrating risk management, transformational leader, and change management. This paper was written based on the study literatures. The result of the paper explains that risk culture is one of the most importance things which should be done in facing this Covid-19 pandemic and facing others risk. It is also provided guidelines related to what should be done or not when facing risks. For organizations, the given advice is that all parties in that organization (risk management, transformational leader, and change management) must collaborate in developing and nurturing risk culture. Moreover, specially to face Covid-19 Pandemic, the given advice is that all of the parties (community, government, and medical personnel) must understand the importance of risk culture and cooperate to face the pandemic.


INTRODUCTION

Covid-19 Pandemic is one of the most terrible problems which occurs globally. WHO reported that till July 23th 2020, there were 15,012,731 cases were confirmed globally, including 619,150 deaths (WHO, 2020). Moreover, the impacts are not only for the people, but also for the global economic. Health procedures that emphasize the importance of Physical Distancing inevitably limit our mobility. Some regions even locked down to reduce its spread. Teaching and learning activities which are normally carried out in schools or universities are forced to be done from home.

Office buildings have had to be closed for some time. As a result, sellers who used to sell around the office center or school were forced to take days off, workers who used to work also took days off, even the recruitment process of CPNS which had been viral some time ago was finally delayed. Of course, it also brings effect for companies as well. Many companies are forced to close and bankrupt. Some of them are big companies, but still they cannot survive.

Unfortunately, in Indonesia, until now, July 2020, the number of infected victims continues to increase every day. According to the data released by the Health Ministry on Saturday, 25th July 2020, there were 97,286 cases were confirmed, 4,714 of them were deaths (Jakarta Post, July 2020)
COVID-19 in Indonesia

Last updated on July 25, 2020

Total: 97,286 cases, 4,714 deaths, 55,354 recoveries*

Source: Jakarta Post

It even happened in Indonesia that in one day, the number of confirmed cases victims increased to more than 1000 cases. It was confirmed by the leader of Covid-19 Response Acceleration Task Force, Wiku Adisasmito in a press conference broadcast by the Presidential Secretariat, Thursday 2nd July 2020 (Egehan, 2020). The detail information related to the cases report daily can be seen in this diagram below.

Daily Cases of Covid-19 in Indonesia
(https://covid19.go.id/peta-sebaran)

From the information above, it can be seen that the number of positive victims of Covid-19 continues to increase.
There were also an interesting data which showed that Covid-19 cases in East Java is higher than the cases in DKI Jakarta. Moreover, the data explained that there are two main reasons which cause those cases: 1) The level of public compliance related to the implementation of health protocols in East Java is relatively low, and 2) The health policies related to the way of handling this outbreak in East Java are weak. This shows that the people’s disobedient behaviors are too difficult to be changed. It is also supported by the government’s attitude that is not persuasive and decisive. The number of people who disobey the rule of using a mask while having outdoor activities in East Java reached 70%.

While the number of people who disobey the rule of physical distance when doing outdoor activities were 62% (Isfandiar, 2020). It aligned with the statement of the head of District Health Office Sidoarjo, Syaf Satriawan (2020) which said that the use of Personal Protective Equipment must be evaluated. It may happen that The Personal Protective Equipment is great. However, the medical personals’ behaviors are poor. For example, they often having lunch together when opening their masks.

This indirectly indicates low risk awareness & failure in managing risk. The Covid-19 case should be anticipated because it has already happened in several countries. However, unfortunately, most of the people do not know about risk culture. That is why they cannot overcome the pandemic.

By writing this paper, the writer wants to give advice related to the importance of risk culture in facing Covid-19 pandemic. The writer wants to increase the people’s, especially leaders’ awareness in utilizing risk culture to face Covid-19 pandemic.

Kamus Besar Bahasa Indonesia or KBBI (Indonesian Dictionary) mentions risk as an unpleasant result (detrimental to the company or dangerous) which is caused by actions. While Business Dictionary defines risk as a probability or threat of damage, injury, liability, loss, or any other negative occurrence that is caused by external or internal vulnerabilities, and that may be avoided through preemptive action. Based on those definitions, it can be concluded that risk is negative effects which are caused by an action, but can be avoided by prevention.

Most of us believes that risks will always be negative. However, ISO 31000:2018 explains that risk is effects of uncertainty on objectives. The effects are deviation from the expected. It can be positive, negative, or both, and can address, create, or result in opportunity and threats. So, based on ISO 31000:2018, risks that are managed incorrectly will result in losses, while risks that are managed properly will have the potential to provide benefits (gain).

Unfortunately, many companies/organizations have not been able to manage risk properly. As we know, in general, most of organizations or companies already have a Risk Management
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Unit, but why does it still fail? It is maybe because risk management has not been carried out effectively. Based on ISO 31000: 2018 about Risk Management Systems, it is stated that Risk Management must involve leadership and commitment; consider the scope, criteria and context of application (internal & external); and consider human and cultural factors. Thus, if the company only relies on the team in the Risk Management Unit, the results will not be optimal.

In this case, Covid-19 pandemic is one of risks that must be faced by companies/organizations as well as the countries. As we know, so far, the pandemic has not been stopped. It indirectly shows that the implementation of risk management is not optimal yet. The writer believes that risk management should be understood and done by everyone. Moreover, it should become a habit or even a culture which is shared by everybody. Risk culture may become one of the best weapons used to face Covid-19 Pandemic. However, when the risk management has not been developed well, of course the awareness related to the risks is also not develop well.

Respond to that problem, the writer decided to write this paper which will explain more about these questions: 1) Why do we need risk culture to face Covid-19 Pandemic? And 2) How to develop and nurture Risk Culture well?

METHODS

The paper was written based on study literatures. The writer read, studied, and interpreted opinions from various sources of news, books, journals, reports or agency documents relating to the topic of the paper. Those information then were analyzed by using Hermeneutic Study, which means that they were analyzed by examining other people’s understandings toward the assumptions and the contexts which surround and influence the problem of Covid-19 Pandemic (Habibah in Soleh, 2012).

Moreover, the information related to Covid-19 Pandemic and Risk Culture are abundantly available. Therefore, the writer believes that Hermeneutic Study is the most effective method which can be used to analyze those data or information.

The paper supposed to be read by all parties who include in overcoming covid-19 Pandemic. For the countries, they must be community, government, and medical personnel. While for the organizations/companies, they may be risk management, transformational leader, and change management.

RESULTS AND DISCUSSION

Based on the study literature and hermeneutic study that had been done, the writer found out that risk culture may become one of the best weapons that can be used to face Covid-19 Pandemic. There are at least four reasons related to why we need a risk culture to face Covid-19 Pandemic.

Covid-19 Pandemic is one of the risks which needs to be overcome well, so that the loss will be minimized. Based on Kamus Besar Bahasa Indonesia or KBBI (Indonesian Dictionary), risk as an unpleasant result (detrimental to the company or dangerous) which is caused by actions. Then, Business Dictionary defines risk as a probability or threat of damage, injury, liability, loss, or any other negative occurrence that is caused by external or internal vulnerabilities, and that may be avoided through preemptive action. Moreover, ISO 31000:2018 explains that risk is effects of uncertainty on objectives. The effects are deviations from the expected. It can be positive, negative, or both, and can address, create, or result in opportunity and threats. Therefore, risk can be defined as the effect of uncertainty on the objective. Mostly, the effect is in the form
of unpleasant result, such as detrimental to the company, damage, injury, liability, loss, or any other negative occurrence. However, the effects can be positive when it is managed well. Based on the definition, it is clear that Covid-19 Pandemic is an example of risk. It occurred unexpectedly. Then, it gives unpleasant effect such as companies’ losses, economic instability, and even deaths. However, if it is still possible to be overcome. So, it is clear that Covid-19 Pandemic is a risk. As we know, risk culture is one of the best solutions in managing risk. So, it can be said that risk culture is needed to face Covid-19 Pandemic.

Risk culture develops the ability of the organization and employees to identify risks and effectively and efficiently manage them, to implement preventive activities and increase the likelihood of achieving the set goals. Each individual has their own perception of risk and their own moral values and behavior, which they bring with them into the organization (Luburic, 2017). So, risk culture will make people more aware with any risks behind their actions. People with risk culture will be more aware with any risk behind their actions. Therefore, they will accustom to consider any risks while doing something else. In this case, the people who have risk culture will follow the government regulation regarding of the implementation of health protocols voluntarily because they realize that by following those health protocols, they will be safe, and the Covid-19 Pandemic can be defeated.

People with risk culture will become more aware with VUCA situation. VUCA is a situation which is Volatile, Uncertain, Complex, and Ambigu (Ancok & Soleh, 2019). VUCA is a huge risk in which If the company/organization fails to deal with VUCA, they may suffer losses. Covid-19 Pandemic can be classified as VUCA because it meets the criteria which are mentioned by Ancok & Soleh (2019) on their book, “Strategic Talent Development”, such as: 1) Change quickly and unexpectedly. 2) Its nature is uncertain. 3) The surrounding factors have the potential to cause chaos. and 4) People are not fully aware to deal with it. Therefore, when the risk culture can be used to face VUCA, it also can be used to face Covid-19 as well.

People with risk culture will not surprise when the risk recurs. They will not surprise because they always learn from the risks which happened before. Therefore, they already have mitigation plan to overcome it. As we know, before reaching Indonesia, Covid-19 Pandemic had already happened in several countries. People with risk culture will observe the situation and learn from those cases so that they have already prepared the mitigation plan to control the impacts.

Based on those reasons, the writer concludes that risk culture can be used to face Covid-19 Pandemic. However, risk culture cannot occur instantly. A long process is needed in order to develop a risk culture. Before developing risk culture, we have to understand factors that affect risk culture. There are at least four factors, such as:

1. Awareness: Risk culture will be occurred when all people are aware with the importance of risk management. In order to create the awareness, the people should have sufficient knowledge and competence regarding risk management and its benefits.

2. Risk Leadership: The ability to manage risk is the crucible of a leader’s effectiveness. Failure to manage risk and to develop risk culture will sink the company and the CEO (Gandz & Sejts, 2013). So, Risk culture will be developed well when the organizations have leaders who give sufficient support and can become a role model for all the employees, especially in implementing the integrated risk management.
3. Environment: Risk Culture will be developed well when it is in a supportive environment. It will be called as supportive environment when all the parties collaborate in managing risk.

4. Experience: Mostly, risk culture occur when the organizations had bad experiences related to risk management. Those experiences become a good lesson which are used by all parties to improve their ability in managing risk.

Those factors encourage all the parties to develop risk awareness. Therefore, their attitude will be influenced by their awareness toward risk. When this attitude is done continuously, it becomes such kind of behavior. The Risk behaviors which are done systemic & continuously then become a culture– risk culture. Here is the process described above.

![Risk Culture Process Diagram]

When we want to develop a risk culture in companies/organizations/countries, we have to change the culture in that companies/organizations/countries to be a culture which is done based on risk awareness. However, in order to develop and nurturing that culture, we need other parties such as change sponsor, change agent, and change target.

Change Sponsor: People who initiate the change management program. In order to face Covid-19 Pandemic, the change sponsor can be WHO, government, and medical team.

Change Agent: People who do the change management program. Change agents must consist of individuals or groups who agree to change and commit to building companies/organizations/countries. It will be better if the agents of change are selected from various levels so that they can spread the urgency of change to all levels in the companies/organizations/countries.

Change Target: People who participate in implementing the process of change management. To persuade the change target, we can use emphatic listening skill (Bodie, 2012). Emphatic listening skill can be done by listening and understanding their needs based on their perspective.

However, not all of those parties will be interested in join the risk culture program. There must be resistance from some of them. Based on Robbins (2017), basically the resistances come from the person him/herself and communities or organizations. Luckily, Andersons (2010) found out that there are 8 key points that need to be fully understood to design and lead change effort that generates parties’ commitment. They are: (1) resistance is caused when a person’s core needs are triggered, and their ego perceives that their needs will not be met; (2) resistance is unconsciously generated by the ego; resistance is seldom an intentional ploy by stakeholders to sabotage your change effort; (3) stakeholder resistance is not to be feared but expected; (4) emotional transitions are natural, predictable, and manageable, and drops in performance are normal during these transitions; (5) you have key responsibilities as a conscious change leader to
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design change strategies that minimize the threat to stakeholders’ core needs and to support people through their emotional transitions when they are triggered; (6) there is a tipping point, a moment when people make an internal “shift” out of resistance and into a neutral state of acceptance. Making this shift is a requirement of their developing commitment. Supporting the shift is a primary responsibility of all conscious change leaders; (7) conscious change leaders are not responsible for “overcoming” resistance. Rather, their job is to hold an accepting space for others to express their resistance into so it can be fully felt and resolved by them; and (8) commitment is developed as a natural outcome when people come to accurately see the value of a change effort and are engaged in solving its challenges to ensure success. By knowing these key points, we can learn more about how to overcome the resistance, and change it to be commitment.

Companies/organizations which commit to realize a strong Risk Culture and Integrated Risk Management when facing VUCA conditions such as the Covid-19 pandemic, the economy, and current global competition must always try to develop organizational management, one of which is by improving those parties as human resources for the company/organization. HR improvement begins with revamping the competencies needed in carrying out Integrated Risk Management in realizing Risk Culture.

This step is started by identifying the competencies needed in every important process in the organization/company. Furthermore, the competency directory becomes the basis in building competency management systems, HR development programs, competency assessment programs, HR planning procedures and competency-based recruitment, promotion and evaluation procedures for career paths as well as compensation procedures for mastering these competencies.

Effective competency has characteristics such as wide, deep, difference, and long term. Wide means that the competencies can be implemented in a broad area; depth means that each area of competence requires a very technical and specific depth; different means that the form of development is intersection with different proficiency levels; and long term means that the competence need to be defined and develop gradually.

The competencies available in this directory already include definitions and levels of proficiency that show various expressions of competence. In general, the level of proficiency has five levels. Each level is explained as an indicator of behavior (key action behavior).

Behavior at each level of proficiency is defined definitively, some of them are completed with examples of possible behavior. Each level of proficiency is cumulative, which means that behavior from the lower levels is not repeated at higher levels, but it still applies.

This competence directory can be used for various purposes, especially recruitment, evaluation (assessment), career development, training education, and performance management. For each job, competencies and proficiency levels of the most important and appropriate are chosen as a reflection of the excellence performance.

In the long run, the competency directory becomes the basis of competency development systems, training programs, HR planning procedures and recruitment related to competencies, promotion and evaluation procedures for career paths as well as compensation procedures for competency mastery.

Here are the list of Competencies needed in carrying out Integrated Risk Management & building Risk Culture.
1. **Risk Awareness.** The ability to be aware of any risks by paying attention to the implementation and ensuring each step of the work process and production activities as follows and align with the Standard Operating Procedure (SOP) and Work Instruction in order to minimize the risks.

2. **Risk Governance.** The ability to formulate, organize the system and implement risk management through policies, regulations and the rules of company/organization and its application and support.

3. **Risk Focus/Classification (Risk Appetite).** The ability to handle/manage risk by emphasizing the ability of the organization and resources that include public health and safety, environment, technology, finance, and any matters relating to the organization's business.

4. **Risk behaves Compensation.** The ability to support the risk implementation to organizations through the compensation or other rewards.

5. **Risk Maturity.** The ability to assess the maturity of risk management, which implement in a corporate/directorate.

6. **Risk Adjusted (Implementing Risk in setting up strategic plan).** The ability to develop, establish and implement risk management systems in each policy, strategic plan and business activity in any units and organizations.

7. **Integrated Risk Management framework Design.** The ability to design an integrated risk management framework, including the process of identifying, analyzing, evaluating, and managing risks to all stages of the organization's management and operating system processes.

8. **Integrated Risk Management Framework Implementation.** The ability to implement the framework of integrated risk management, including the process of identifying, analyze, planning, process, evaluates, improving and managing risks to all stages of the organization's management and operating system processes.

9. **Integrated Risk Management Framework monitoring & Evaluation.** The ability to monitoring-evaluating the implementation of integrated risk management framework, including the process of identifying, analyze, planning, process, evaluates, improving and managing risks to all stages of the organization's management and operating system processes.

10. **Define Scope, Context & Criteria Risk Management.** The ability to define the range area of risk management, such the environment, how to implement, which-what the criteria and the description to avoid misunderstanding nor misleading of the implementation each stages of risk management processes.

11. **Risk Identification.** The ability to collect data, analyze and categorize to identifying, analyzing, planning, evaluating, and managing risks to all stages of the organization's management and operational system processes.

12. **Risk Analysis.** The ability to identify, analyze, evaluate, and manage risks with all the data which were collected and make a comprehensive report.

13. **Risk Evaluation.** The ability to evaluate the integrated risk management implementation includes the process of identifying, analyzing, planning, processing, and managing risks.

14. **Risk Treatment.** The ability to choose the correct way or provide alternative step in each stage process to handle and manage the integrated risk management.
15. **Risk Monitoring & Review.** The ability to ensure implementation of the risk management process align with the planning, goals, and pre-calculation to make any evaluation and improvement.

16. **Risk Reporting Technique.** The ability to manage and establish comprehensive report about the risks.

17. **Transformational Leadership.** The ability to make continuous improvement in order to grab the opportunity to renew pattern or make a different approach to accomplish a task or solve a problem.

18. **Communication Skill.** The ability to clearly convey information and feedback to help others strengthen specific knowledge/skill areas needed to accomplish a task or solve a problem.

Besides of having adequate competencies those parties must also be involved in every stage of change management toward risk culture. There are two stages which need to be passed in order to develop and nurture risk. The first stage is developed and nurture the risk culture at the individual level, and then at the company/organization level. Here is the illustration of those stages.

![Diagram of Risk Culture](image)

To foster the risk culture at the individual level, there are at least 4 stages, namely:

1. **Knowledge:** The earliest stage is having knowledge or understanding. In order to make them understand and want to carry out a risk culture, the first thing to do is to let them know what risk culture is. When they know information related to risk culture, such as what is risk?; why is risk culture important?; what are the benefits of a risk culture for the company/organization?; what are the benefits of risk culture for them?; What happen if the company does not have a risk culture?; etc.

2. **Awareness:** When the person already aware with the meaning, benefits, and other things related to risk culture, then s/he will automatically begin to realize that the risk culture really needs to be built. You can use this stage to start directing that person to run the risk culture. In addition, if you want to direct someone to run a risk culture, then you must be able to become a role model for that person. At this stage, the role of the role model is important because it can increase the person’s awareness of risk culture.

3. **Willingness:** Because of that knowledge, awareness will arise gradually. When the person already understands the importance of risk culture, the benefits which will be gained by
having a risk culture, and the disadvantages that might occur if the culture is not accustomed, then he will be encouraged to build a risk culture. Willingness is important because it is the basis of an action. In other words, people will do something when they want. So, someone will run the risk culture when s/he has the willingness to do that.

4. Ability: We have to realize that many people want to do something, but some of them feel unable. This inability can be caused by various factors, including facilities, environment, systems, etc. At this last stage, a risk culture can be built and developed when the person is able to carry out risk management properly. For this reason, at this last stage, a person is ready to enter a risk culture when he can find out what he needs to improve his ability to run a risk culture. For example, he needs training or special guidance related to risk culture. In response to this, companies/organizations should be able to provide appropriate training, which is training that can make people know, aware, willing, and able to implement a risk culture.

After the risk culture for individuals has been formed, then the next is to build a risk culture for companies/organizations. Basically, this will not be difficult if all relevant parties already have an awareness of the risk culture. However, because the real life show that not everyone will easily understand, aware, want, and able to implement a risk culture, the company/organization must also continue to support the growth and development of a risk culture in the company/organization. Some things that can be done by companies/organizations are as follows:

1. Governance Structure: In order to grow and develop the culture properly, the organizational structure and corporate governance must be managed properly. Moreover, the policies, risk management manuals, detailed guidelines, etc. must be clear. This is important because they are the basis or guidelines for implementing risk culture. If, the things mentioned are unclear and not well managed, then the implementation will also not be good.

2. Socialization: Next, organizational structure, governance, policies, risk management manuals, detailed guidelines, etc. must be socialized so that it is known by company employees. If necessary, socialization can be carried out to all employees at various levels because the risk culture is not only intended for company leaders, but also for other parties involved in its implementation, including work units and company employees, even external parties who have a relationship with the company/organization should also get this socialization.

3. Reward and Punishment: To support the implementation of a risk culture, companies/organizations can implement reward and punishment. It will help companies to discipline employees or parties involved in implementing risk culture. In this system, rewards are given to those who have succeeded in implementing a risk culture. On the other hand, punishments are given to those who fail to practice a risk culture. Success or failure can be seen from their KPI.

4. Support and Resources: The company/organization must also provide support and resources which are needed to implement the risk culture. For example, if employees have difficulty in understanding the risk culture, the company can provide special guidance or provide training for these employees.
5. Training: The training provided can be risk management training, risk culture training, risk leader training, or integration of all of them. The company must choose good trainings that can create and improve people’s knowledge, awareness, willingness, and ability to carry out a risk culture. This will greatly support the growth of risk culture in companies/organizations, and can even accelerate the development of that culture.

CONCLUSION

Based on the study literature and hermeneutic study that had been done, the writer found out that risk culture may become one of the best weapons that can be used to face Covid-19 Pandemic because of these reasons: 1) Covid-19 Pandemic is one of the risks which needs to be overcome well so that the loss will be minimized; 2) Risk culture will make people more aware with any risks behind their actions; 3) People with risk culture will become more aware with VUCA situation, such as Covid-19 Pandemic; and 4) People with risk culture will not be surprised when the risk recurs.

Then to develop and nurturing risk culture, the writer stated that: 1) We have to understand factors that affecting risk culture, such as awareness, risk leadership, environment, and experience; 2) We have to decide all the parties which are going to involve in the risk culture implementation, such as change sponsors, change agents, and change targets; 3) We have to create a good competency directory related to risk culture management; 4) We have to involve all the parties in the stages of change management toward risk culture.

REFERENCES


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