

## Implementation of Risk Management at Balai Jasa Konstruksi Wilayah VI Makassar: An ISO 31000:2018 Perspective

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### ABSTRACT

*This study examines the implementation of risk management at Balai Jasa Konstruksi Wilayah VI Makassar (BJKW VI Makassar), a public sector agency under the Ministry of Public Works, using the ISO 31000:2018 framework. The research employs a qualitative case study approach to analyze the patterns of risk management implementation, identify key success factors, explore challenges, and evaluate the impact on organizational performance. Data were collected through semi-structured interviews, direct observations, and document analysis involving key stakeholders. The findings show that BJKW VI Makassar has adopted risk management practices in line with ISO 31000:2018 principles, including risk identification, assessment, treatment, and monitoring. Key success factors include strong leadership commitment, adequate resources, effective communication, and a supportive organizational structure. However, challenges such as employee resistance, limited risk-awareness culture, and procedural gaps persist. The study concludes that while the implementation of risk management has led to improvements in operational efficiency and enhanced stakeholder trust, further efforts are needed. These efforts should focus on cultivating a robust risk-aware culture across all organizational levels, updating outdated standard operating procedures, and improving human resource competency to enable more effective risk management. This study contributes to the understanding of ISO 31000:2018's application in the public sector and offers practical insights for improving risk management practices in similar organizations.*

**Keywords:** Risk management, ISO 31000:2018, public sector, construction services, organizational performance.

### INTRODUCTION

Risk management has become a strategic element for organizations, including the public sector, to manage uncertainty and achieve objectives (Hopkin, 2018). ISO 31000:2018 provides a comprehensive framework for risk management, emphasizing integration, structured processes, and continuous improvement (International Organization for Standardization, 2018). The adoption of standardized risk management frameworks, such as ISO 31000:2018, is crucial for public organizations aiming to improve their operational performance, transparency, and accountability. In Indonesia, the implementation of risk management practices has gained significant attention, as evidenced by various regulations such as *Peraturan Pemerintah* No. 60 of 2008 concerning the *Sistem Pengendalian Intern Pemerintah (SPIP)* and *Peraturan Presiden* No. 39 of 2023 on *Manajemen Risiko Pembangunan Nasional*. These regulations reflect the government's commitment to improving risk management practices across public institutions, ensuring that potential risks are identified, assessed, and mitigated effectively. Despite these regulations, many government organizations still face challenges in applying risk management in practice, often due to limitations in resources, understanding, and the complexity of organizational structures.

This study focuses on *Balai Jasa Konstruksi Wilayah VI Makassar (BJKW VI Makassar)*, a government agency under the Ministry of Public Works, to explore how risk management is applied

in its operations. Despite exceeding performance targets in 2024, *BJKW VI Makassar* encountered issues such as delayed certification issuance, highlighting gaps in risk mitigation.

**Table 1. Performance Achievements of the Makassar Region VI Construction Service Center in 2024**

Performance Agreement (PK) 2024	Performance Achievements 2024	SKK that is not published in 2024
4980	6091	37

Source : LAKIP Construction Services Center Region VI Makassar 2024

As seen in Table 1, in terms of performance, the performance of the *Balai Jasa Konstruksi Wilayah VI Makassar* in 2024 exceeded the target by reaching 122.30%, namely 6,091 certified workers. However, of this certification achievement, there were several *Sertifikat Kompetensi Kerja (SKK)*, totaling 37, that were not issued because one of the Center's partner *Lembaga Sertifikasi Profesi (LSP)* was suspended by the *Badan Nasional Sertifikasi Profesi (BNSP)* on December 31, 2024. This problem has serious consequences for the *Balai Jasa Konstruksi Wilayah VI Makassar*, both internally—namely, loss of time, energy, and finances—and externally, particularly regarding the organization's reputation among related stakeholders.

Therefore, this research will explore how risk management practices are applied within this public sector organization and analyze them from the perspective of the ISO 31000:2018 framework, identifying key success factors and challenges in its application. Additionally, the study seeks to evaluate the impacts of risk management practices on the organization's operational performance and stakeholder trust.

The usefulness of this research lies in its contribution both in theoretical and practical terms. Theoretically, this study enriches the understanding of the application of ISO 31000:2018 in public sector organizations, especially in Indonesia. Practically, it provides valuable insights to improve risk management practices at the *Balai Jasa Konstruksi Wilayah VI Makassar*, as well as offers recommendations to address existing challenges and enhance organizational performance. These findings can also serve as a guide for other government agencies in adopting and improving risk management strategies.

Risk management is fundamentally defined by ISO 31000:2018 as coordinating activities to direct and control an organization regarding risk, emphasizing both positive and negative outcomes of uncertainty (International Organization for Standardization, 2018). While COSO (2017) frames risk management as an integrated strategic process for identifying potential events and managing risks within tolerance levels, research highlights persistent implementation challenges in the public sector—including bureaucratic complexity, human resource limitations, and low risk awareness (Priyarsono, 2020; Vientiany et al., 2024). ISO 31000:2018 addresses these through a flexible framework (Alijoyo, 2021) that operationalizes six key phases: (1) communication/consultation, (2) scope/context establishment, (3) risk assessment, (4) risk treatment, (5) monitoring/review, and (6) documentation/reporting. This systematic approach, supported by principles of stakeholder engagement and continuous improvement, enables organizations to align risk management with strategic objectives while navigating regulatory requirements like Indonesia's *Peraturan Pemerintah* No. 60/2008 and *Peraturan Presiden* No. 39/2023. Effective implementation thus hinges on transcending compliance to embed risk-aware cultures across operational hierarchies.

## METHODOLOGY

This study employs a qualitative descriptive case study approach to thoroughly examine risk management implementation at *Balai Jasa Konstruksi Wilayah VI Makassar*, utilizing three primary data sources: (1) in-depth semi-structured interviews with three internal stakeholders (*Risk Owner, Risk Manager, Staf Manajemen Risiko*) and one external partner selected through purposive sampling; (2) direct observations capturing non-verbal cues, interaction patterns, and organizational dynamics (Yin, 2018); and (3) organizational documents, including policy papers, risk management reports, and related materials. This methodology enables a detailed exploration of risk management practices within this public organization, providing rich contextual insights through triangulation of interview responses, behavioral observations, and documentary analysis to construct a comprehensive understanding of current implementations, challenges, and operational realities in their specific institutional setting.

## RESULTS

### Implementation Pattern

BJKW VI Makassar is guided by the Circular Letter of the Minister of Public Works and Public Housing Number 12/SE/M/2024 concerning Guidelines for the Implementation of Risk Management. This guideline is in line with ISO 31000:2018 where the risk management process is carried out as follows (Table 2).

**Table 2. The Risk Management Process of the Makassar Region VI Construction Service Center Seen from the Perspective of ISO 31000:2018**

No. ISO 31000:2018	Explanation	Balai Jasa Konstruksi Wilayah VI Makassar
1	<p><b>Communication and Consultation</b></p> <ul style="list-style-type: none"> <li>· Communication aims to increase risk awareness and understanding.</li> <li>· Consultation involves obtaining feedback and information to support decision-making.</li> </ul>	<ul style="list-style-type: none"> <li>· Internal communication with all employees is conducted monthly.</li> <li>· Consultation takes the form of regular meetings, incidental meetings, and other communication media, especially with the Internal Compliance Unit (UKI).</li> </ul>
2	<p><b>Scope, Context, and Criteria</b></p> <ul style="list-style-type: none"> <li>· The scope must define the extent of risk management activities.</li> <li>· Context defines the external and internal parameters for managing risk, considering organizational objectives.</li> <li>· Establishing risk criteria must determine the amount and type of risk that may not be taken, relative to organizational objectives.</li> </ul>	<ul style="list-style-type: none"> <li>· The scope is determined top-down based on the primary objectives of T-1.</li> <li>· Context is determined based on the Performance Agreement.</li> <li>· Criteria are determined based on SE Minister of Public Works and Housing Number 12 Year 2024.</li> </ul>
3	<p><b>Risk Assessment</b></p> <p>Risk Assessment includes:</p> <ul style="list-style-type: none"> <li>· Risk identification is finding, recognizing, and describing risks that can help or prevent the organization from achieving its objectives.</li> </ul>	<ul style="list-style-type: none"> <li>· Risk identification is conducted bottom-up for each business process that supports the achievement of performance targets.</li> <li>· Risk analysis is carried out by establishing criteria for likelihood, risk</li> </ul>

No. ISO 31000:2018	Explanation	Balai Jasa Konstruksi Wilayah VI Makassar
	<ul style="list-style-type: none"> <li>· Risk analysis is understanding the nature of risk and its characteristics, as well as its level.</li> <li>· Risk evaluation involves comparing the results of risk analysis with established risk criteria to determine additional necessary actions.</li> </ul>	<ul style="list-style-type: none"> <li>impact, control, and effectiveness of implemented controls.</li> <li>· Risk evaluation identifies which risks require prioritization.</li> </ul>
4	Risk Treatment is establishing and implementing risk handling options.	Risk treatment is chosen based on the order of options: <ul style="list-style-type: none"> <li>- Reduce likelihood</li> <li>- Reduce risk impact</li> <li>- Share risk</li> <li>- Avoid risk</li> <li>- Accept risk</li> </ul>
5	Monitoring and Review ensure and improve the quality and effectiveness of the design, implementation, and output of the process.	<ul style="list-style-type: none"> <li>- Monitoring by the UPR is carried out at any time or as needed.</li> <li>- Semester monitoring and evaluation of the effectiveness of risk treatment by the UPR are documented in the Risk Management report and provide feedback on obstacles to implementing risk treatment.</li> </ul>
6	Risk management processes and outputs are documented and reported through appropriate mechanisms.	<ul style="list-style-type: none"> <li>- In 2024 and before, risk management recording and reporting still used manual or separate systems.</li> <li>- In 2025, an integrated digital-based information system, namely e-PU Risk and LED (Loss Event Database), will begin to be used.</li> </ul>

Source : Results of Researcher Analysis

### Key Success Factors

The successful implementation of risk management at Balai Jasa Konstruksi Wilayah VI Makassar is influenced by several key factors that support effective implementation, including:

1. **Leadership Commitment.** The leadership of BJKW VI Makassar is actively involved in every stage of risk management, from identification to evaluation, playing a crucial role in ensuring that the process runs according to established standards. This is reflected in the leadership's involvement in monitoring the implemented risk management system and in decision-making related to risk handling. Leadership support and commitment are necessary to build an effective risk culture and ensure the overall success of risk management practices (Selamat and Ibrahim, 2018).
2. **Resources.** Based on research findings, the successful implementation of risk management at Balai Jasa Konstruksi Wilayah VI Makassar heavily relies on trained and competent human resources (HR), as well as adequate infrastructure support. At Balai Jasa Konstruksi Wilayah VI Makassar, the risk management (RM) team consists of personnel selected based on their

competence and ability to handle existing risks. Nevertheless, there is still a need to internalize risk management knowledge to all employees, given the differences in understanding among different levels within the organization. Continuous training and HR competency development are essential to ensure consistency in risk management implementation. Infrastructure also includes clear policies, procedures, and governance to support the overall risk management process (Hasan et al., 2024).

3. **Effective Communication within the Organization.** At Balai Jasa Konstruksi Wilayah VI Makassar, communication is carried out through regular meetings and routine internalizations to ensure that every employee understands the risk mitigation steps that must be taken. The consultation process involves external parties, such as the Internal Compliance Unit (UKI), which also plays a role in strengthening the effectiveness of risk management by providing a more objective and in-depth perspective related to risk management at the operational level. Olajiga et al (2024) stated in their research that the involvement of various parties in the communication process, including the public, regulators, and internal teams, is crucial to ensure risk messages are understood and accepted.
4. **Organizational Structure Supporting Risk Management Implementation.** A clear structure, with well-defined roles and responsibilities at every level, enables effective coordination in risk handling. The organizational structure designed to support risk management must be adapted to the entity's conditions and needs (Minghui, 2008). In this regard, determining the scope and risk criteria that align with organizational objectives becomes very important to ensure that all aspects of risk are managed systematically and integrally.

## Challenges

Based on the research findings, several obstacles include employee commitment, a lack of risk-aware culture, established work habits resistant to change, and the need for risk mitigation regarding failed certificate issuance. A bottom-up approach in the risk identification process has been implemented at the Balai, but this approach is often limited. The identification process conducted by the Risk Management (RM) team takes longer when each personnel member is required to identify risks in their respective tasks. Instead of a purely bottom-up approach, risk identification is more frequently carried out by the RM Team, who gather information from each stage of work. Dwi Putri Emilda (2023) concluded in her research that leadership commitment is also considered a key factor in ensuring that all staff, including implementing staff, adhere to policies established by leadership.

A risk-aware culture that is not yet deeply ingrained at every organizational level is a major impediment to effective risk management implementation. H. Weston et al. (2018) explained in their research that a risk-aware culture is a shared set of values and behaviors emphasizing the importance of recognizing, understanding, and managing risks throughout the organization, not merely as an administrative formality.

External risks such as the impending expiration of LSP licenses for partner LSPs selected as collaborators can disrupt certification implementation and potentially decrease partner satisfaction for the Balai. Risk mitigation for failed issuance of Work Competency Certificates (SKK) also needs to be further detailed in updates to the Certification Standard Operating Procedures (SOP). According to Tarigan and Mangani (2018), SOP updates are necessary to adapt to new risks or changes in the business environment, ensuring that mitigation remains relevant and effective.

## Organizational Impact

In an interview, the Risk Owner explained that implementing risk management has made them more aware of potential problems in the Balai's business processes that might have previously been difficult to detect. This statement indicates that with the Lost Event Database (LED), the Head of the

Balai can monitor existing issues more openly and systematically, allowing for more appropriate mitigation actions. Taarup-Esbensen (2018) concluded in their research that modern risk management is not only technical but also emphasizes "sensemaking" or the interpretation of risk by leadership.

In relation to external stakeholders, the Risk Manager mentioned that the organization's performance is improving, reflected in increased target achievement and external stakeholder satisfaction. This is measured through LAKIP and SAKIP, which show positive results, with performance indicator values exceeding 100 percent. Furthermore, satisfaction surveys regarding the services provided by the Balai to external stakeholders show excellent results, with clarification levels above 90% in the first and second semesters of 2024. Research by María Vélez et al. (2022) concluded that a high level of trust between an organization and external stakeholders, built through good risk management, contributes to more positive collaborative outcomes and reduces the risk of opportunistic behavior.

## CONCLUSION

The research concludes that risk management implementation at *Balai Jasa Konstruksi Wilayah VI Makassar* has been effectively conducted in accordance with ISO 31000:2018 guidelines, demonstrating structured processes from risk identification to monitoring. Key success factors include strong leadership commitment, competent human resources, and effective inter-unit communication, supported by technological tools such as the *Lost Event Database (LED)* and *e-PU Risk* system integration, which have enhanced transparency and accountability. However, challenges persist, particularly regarding employees' limited risk awareness culture and resistance to transitioning from informal work habits to standardized *SOP*-based approaches, highlighting the need for improved risk culture and systematic adaptation. While the study provides valuable insights into current risk management practices, it acknowledges limitations in assessing long-term impacts due to its present-focused data collection, suggesting the necessity for future research to evaluate sustained effects, especially in the complex public sector involving multiple stakeholders and external variables.

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