

Risk Management Policy Implementation in Local Government: An Analysis Based on George C. Edward III Theory

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Abstract. Risk management has become a fundamental component of contemporary public governance, particularly in promoting accountability, organizational performance, and sustainable public service delivery. Despite the establishment of regulatory frameworks, the implementation of risk management policies in Indonesian local governments remains inconsistent due to various institutional and organizational constraints. This study aims to analyze the determinants influencing risk management policy implementation by employing George C. Edward III's policy implementation framework, which emphasizes four interrelated dimensions: communication, resources, implementers' disposition, and bureaucratic structure. The study adopts a Systematic Literature Review (SLR) approach following the PRISMA 2020 guidelines. Relevant literature published between 2020 and 2025 was identified through Scopus and Google Scholar databases, resulting in 17 eligible studies for thematic synthesis. The findings reveal that all four dimensions significantly influence the effectiveness of risk management implementation. Resource capacity, particularly the availability of competent human resources, technical expertise, budget allocation, and information systems, emerged as the most critical determinant. In addition, ineffective policy communication, limited commitment among implementing actors, and fragmented bureaucratic structures hinder the institutionalization of risk management practices. The analysis further demonstrates that these dimensions interact dynamically, indicating that isolated policy interventions are insufficient to achieve sustainable implementation. Therefore, strengthening communication strategies, enhancing organizational capacity, fostering leadership commitment, and improving bureaucratic coordination are essential for advancing risk management implementation in local governments. This study contributes an integrated analytical perspective that enriches the literature on public policy implementation while providing practical recommendations for strengthening governance and public sector risk management in Indonesia.

Keywords: Risk Management; Policy Implementation; Local Government

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INTRODUCTION

The development of the New Public Management (NPM) paradigm over the past three decades has driven fundamental transformations in governance in various countries, including Indonesia. NPM emphasizes efficiency, performance measurement, accountability, and the responsiveness of public organizations to the needs of society (Hood, 1991; Osborne & Gaebler, 1992). As a consequence of this performance orientation, governments are required to focus not only on procedural compliance, but also on achieving results that can be measured through clear performance indicators (McLaughlin, 2024).

In this context, risk management becomes relevant as an instrument of modern governance. Public development and service objectives are always faced with uncertainty,

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ranging from policy changes, economic dynamics, disasters, fiscal constraints, to program failure risks. Without systematic risk management, planning has the potential to become a wish list that does not take into account the real obstacles in the field. As a result, performance targets are not achieved, budgets become ineffective, and the quality of public services does not improve significantly.

In Indonesia, the application of risk management in local government is normatively attached to the Government Internal Control System (SPIP) as regulated in Government Regulation Number 60 of 2008, which places risk assessment as one of the main elements of government internal control. This framework was then reinforced through Presidential Regulation No. 39 of 2023 on National Development Risk Management, which encourages the integrated application of risk management in development planning and implementation. However, evaluation data from the Financial and Development Supervisory Agency (BPKP) in 2023 shows that 67.13% of 508 regencies/cities are still at level 2 in the Risk Management Index (MRI), indicating that implementation in the field is still far from optimal.

The problem of risk management implementation cannot be understood solely as a policy failure or regulatory weakness. Instead, this condition needs to be seen as an issue of implementation capacity, namely the extent to which actors and organizations can translate policies into effective and consistent practices. To systematically explore these factors, this article uses III's (1980) policy implementation theoretical framework, which covers four main dimensions: communication, resources, implementer disposition, and bureaucratic structure. This article is expected to be an academic contribution that fills the literature gap on risk management policy implementation from the perspective of actor capacity in the context of local government in Indonesia.

Although the growing body of literature has extensively discussed public sector risk management, previous studies have predominantly focused on the technical aspects of Enterprise Risk Management (ERM), internal control systems, governance quality, and organizational performance. Other studies have examined specific factors such as leadership commitment, organizational culture, and institutional capacity as isolated determinants of implementation. While these studies provide valuable empirical insights, they rarely employ a comprehensive policy implementation perspective capable of explaining why formally established risk management regulations are translated into uneven implementation outcomes across local governments. Moreover, empirical research integrating George C. Edward III's policy implementation theory with the context of public sector risk management in Indonesian local

governments remains limited, particularly studies synthesizing recent evidence through a systematic literature review. This represents an important analytical gap because implementation effectiveness is shaped not only by regulatory design but also by the interaction between communication, resources, implementers' disposition, and bureaucratic structure. Accordingly, this study offers a novel contribution by developing an integrative analytical framework that systematically maps contemporary evidence on local government risk management implementation through Edward III's four-dimensional implementation model. By positioning risk management as a policy implementation issue rather than merely a technical governance instrument, this study provides a broader theoretical perspective and practical recommendations for strengthening implementation capacity within Indonesian local governments.

METHODS

This article uses a Systematic Literature Review (SLR) approach with guidance from the Preferred Reporting Items for Systematic Reviews and Meta-Analysis (PRISMA) (Page et al., 2021). This method was chosen to present a transparent, comprehensive, and replicable literature review. The literature search was conducted through two major academic databases, Scopus and Google Scholar, using keywords that included the following combinations: "risk management implementation," "risk management," "policy implementation," "local government," "local government," "actor capacity," and "Edward III implementation theory," using Boolean operators (AND, OR) with a time limit of 2020–2025.

Literature selection was carried out in three stages, namely reviewing titles and keywords, evaluating abstracts, and reading the full articles to ensure relevance. Of the 515 articles found through the initial search, articles that were not in Indonesian or English, were not journal articles or proceedings, and were not relevant to the topic were excluded. After the screening stage, 17 articles that met the eligibility criteria were included in the systematic analysis. The data extraction process was carried out manually, recording information including research identity, objectives, methodology, findings related to institutional capacity, and relevance to the Indonesian context.

The findings were synthesized thematically by organizing the literature into three broad groups: (1) challenges and determinants of risk management implementation, (2) the relationship between risk management and government performance and governance, and (3) theoretical approaches to policy implementation and actor capacity. Edward III's theoretical framework was then used as an analytical lens to map these findings into four dimensions of policy implementation.

RESULTS AND DISCUSSION

Risk Management Policy Communication

Policy communication refers to the process of conveying and translating policies from policymakers to implementers. In the implementation of risk management policies, communication includes policy dissemination, clarity of objectives and procedures, and consistency of directives from leaders to regional apparatus. Unclear or inconsistent communication has the potential to cause misunderstandings and differing interpretations.

Findings from a literature review show that weak dissemination of risk management policies is a recurring problem in various local government contexts. Oktapiani et al., (2021) found that risk management implementation has not been carried out according to guidelines due to weak dissemination and understanding among regional officials. This condition is in line with the findings of Alijoyo & Fisabilillah (2021), which show that misconceptions about the concept of risk management are a major obstacle, as many officials still view risk management as synonymous with internal control or audit alone.

From a transmission perspective, communication problems in the implementation of risk management often occur in long bureaucratic chains. Information about risk management policies conveyed through various levels of bureaucracy is prone to distortion of meaning, especially when received by individuals with different levels of understanding. Consistency is also a challenge when there is a change in leadership or policy priorities, which causes risk management directives to be inconsistent over time. Thus, strengthening risk management policy communication needs to involve the use of various communication channels to public forums, digital media, and intensive training for officials so that a uniform and in-depth understanding can be formed at all levels of the bureaucracy.

Resources in Risk Management Implementation

The resource dimension is the aspect most consistently found as a major obstacle in all the literature reviewed. In the context of local government risk management, resources include the competence of officials in understanding the concept of risk management, adequate training, information system support, and the availability of budgets for policy implementation. Data from BPKP (2023) confirms that common obstacles to the implementation of risk management in local government include a lack of human resource capabilities, weak leadership commitment, and a lack of technical understanding of risk management. Cvetković et al. (2021) in a study on the capacity of local governments for disaster risk management, found that many local governments do not yet have adequate risk assessment documents, with institutional capacity being the main

obstacle. These findings reinforce the argument that the issue of resources is not only related to quantity, but also to the quality and relevance of the competencies possessed by officials.

Research by Tewu et al. (2024) provides a positive perspective by showing that interventions in the form of technical training in risk management and SPIP for sub-district officials resulted in a significant increase in understanding and competence. These findings confirm that human resource limitations are not a permanent obstacle. With appropriate and continuous investment in training, implementation capacity can be significantly improved. Harahap & Erlina (2024) add that information technology system support also contributes to improving the effectiveness of risk management, especially in integrating risk-based internal audit processes with overall risk management.

Actor Disposition in Risk Management Implementation

The disposition of implementers refers to the attitudes, commitment, and level of acceptance of actors towards the policies being implemented. In the context of risk management policies, disposition is reflected in the extent to which officials and leaders view risk management as a strategic necessity or merely an administrative obligation. This difference in perception greatly determines the quality and depth of implementation.

The findings of Aditya et al. (2024) empirically prove that organizational culture has a significant positive effect on the quality of risk management implementation. An organizational culture that supports transparency, learning from mistakes, and managing uncertainty will create an environment where risk management can be practiced substantively, not just as a formality. Rosmiati & Oktapiani (2021) in their study on risk management and good governance found that leadership disposition and inter-agency synergy are significant inhibiting factors. Gourbier et al. (2024) in their cross-country comparative analysis found that in many countries, risk is often understood as a mere compliance tool, rather than a strategic decision-making instrument. This phenomenon reflects the reactive and compliance-oriented disposition of actors, rather than a proactive and value-creation-oriented one. To change this disposition, interventions are needed that are not only technical but also cultural, such as developing narratives about the real benefits of risk management for organizational performance, as well as incentive mechanisms that encourage leadership commitment to supporting implementation.

Bureaucratic Structure and Risk Management Implementation

Bureaucratic structure encompasses the division of authority, operational procedures, and coordination mechanisms between units in policy implementation. In implementing risk management policies, a clear bureaucratic structure will ensure a clear division of roles between

leaders, regional apparatus, and internal oversight apparatus. Unclear structures can lead to centralized risk management in specific units and a lack of comprehensive implementation.

Bureaucratic fragmentation is a recurring structural challenge in the literature reviewed. Gournier et al. (2024) found that risk management integration in complex local government contexts is hampered by fragmented responsibilities between units. Irianto and Amirya (2024) identified regulatory misalignment as a key obstacle, reflecting problems with vertical coordination between national regulations and implementation at the regional level.

Bracci et al. (2024) specifically found that although risk management documents appear formally integrated with performance management documents, their operational practices remain separate. This gap between formal design and implementation practices reflects the problematic bureaucratic structure that does not support substantive integration. Qamariyyah et al. (2025) showed that a strong role of the Government Internal Supervisory Apparatus (APIP) within the bureaucratic structure has a significant positive impact on control effectiveness, which in turn supports more effective risk management implementation. Rahadian Bisma (2022) provides a concrete example of structural challenges in the context of local government IT asset risk management, where the identification of 261 high-risk assets demonstrates the urgency of having clear and structured SOPs. Without a supportive bureaucratic framework, including clear decrees for risk management teams at the city and regional government agencies (OPD) levels, the process of risk identification, analysis, and mitigation will remain sporadic and unsystematic.

Mapping Determinants of Implementation: Cross-Dimensional Synthesis

Based on a systematic review of 17 literature studies, it can be seen that the four dimensions of Edward III consistently emerge as determinants of the quality of risk management implementation in the public sector. However, the degree of influence of each dimension varies depending on the context. The resource dimension is the most discussed aspect throughout the literature (discussed in 15 of the 17 studies), followed by communication (12 studies), actor disposition (11 studies), and bureaucratic structure (11 studies). More important than frequency of occurrence is the interdependence between dimensions. Weak policy communication exacerbates resource constraints, as officials who do not fully understand the policy tend to allocate resources inefficiently. Low actor disposition, reflected in a compliance-oriented attitude, in turn weakens communication effectiveness, as uncommitted officials tend not to take socialization seriously. Meanwhile, fragmented bureaucratic structures can undermine even good communication capacity, resources, and disposition due to the lack of effective coordination to integrate these efforts. This interaction pattern has important implications for the design of

implementation strengthening strategies. Partial interventions targeting only one dimension are unlikely to produce sustainable change. A comprehensive approach is needed that simultaneously strengthens policy communication, increases resource capacity, builds actor commitment, and restructures the bureaucratic structure to support substantive risk management implementation.

CONCLUSION

This article demonstrates that the implementation of risk management policies in local governments is a complex and multidimensional phenomenon. Through a systematic review of 17 recent literature, it is evident that the four dimensions of Edward III's policy implementation theory communication, resources, implementer disposition, and bureaucratic structure consistently play a role as determinants of implementation quality. These four dimensions do not operate independently, but rather interact and reinforce each other. Practically, these findings have several policy implications. First, the central government and the Financial and Development Supervisory Agency (BPKP), as the SPIP supervisor, need to develop more comprehensive operational guidelines for risk management implementation, which address not only technical aspects but also provide guidance on communication strategies, human resource capacity development, and strengthening leadership commitment. Second, local governments need to invest more resources, both financial and time, in training personnel and developing risk management support systems. Third, efforts to build a risk-aware culture require long-term commitment from local leaders, not simply fulfilling administrative obligations. Academically, this article contributes to the development of public policy literature by offering an integrative analytical framework that combines Edward III's policy implementation theory with empirical studies of public sector risk management. This research also identified a literature gap that needs to be filled. Studies explicitly analyzing the four dimensions of Edward III simultaneously in the context of risk management implementation in Indonesian local governments are still very limited. Further empirical research, particularly using in-depth case studies or mixed methods approaches, is needed to confirm and deepen the findings of this systematic review.

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