

# Risk Management Culture in Organizations – Assessment and Good Practices

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**Abstract.** *In a dynamic and uncertain business environment, organizations are faced with increasing strategic, operational and reputational risks, which puts the culture of risk management in the focus of contemporary management research. This article examines the culture of risk management as a key factor for the sustainable development, adaptability and competitiveness of organizations.*

*The empirical part is based on a survey among employees of three companies in the trade sector in the Veliko Tarnovo region. Two questionnaires were used to assess the risk management culture: an adapted "Risk Management Culture Assessment" and a questionnaire for assessing the ability of organizations to monitor and develop risk culture through monitoring and training. The data were analyzed using a five-point Likert scale.*

**Keywords:** risk management culture, risk management, organizations.

## Introduction

Accelerated technological changes, globalization of markets and increasing uncertainty of the external environment create prerequisites for the emergence of various risks of a financial, operational, strategic and reputational nature. In this context, risk management is established as a key element of the management system of organizations and as a factor for their sustainability and long-term development. Along with formal processes, policies and risk management tools, the risk management culture is gaining increasing importance as a set of values, attitudes, behaviors and practices shared by the members of the organization. Within the framework of this study, it is assumed that risk management culture influences the processes of identifying, assessing and managing risks, as well as the willingness of employees to take responsibility and act proactively in conditions of uncertainty.

The aim of the study is to assess the risk management culture in selected companies from the Veliko Tarnovo region in Bulgaria.

The main tasks of the study include a review of theoretical statements on risk management culture, good practices and an analysis of employee attitudes towards risk management culture.

## Literature review

Culture plays an important role in shaping the attitudes of people within an organization and influences the way decisions are made. (Barnabei, 2008; Kimbrough, & Compton, 2015). Culture is a component that holds an organization together, strengthens the bond among its units, and reflects the norms that create the stability and future success of companies. It enables an organization to maintain its competitive advantage. (Drew, 2007; Cameron, & Quinn, 2011).

Risk culture is a behavioral system that provides the core values and behaviors adopted throughout the organization and supports decision-making about risk. (Lima & Castro, 2005). It can be categorized as visible and invisible through the promotion of values and continuous awareness of stakeholders within the organization through symbols, slogans, values, and a shared understanding of the organization. (Roeschmann, 2014).

Risk management culture is the formation of such an environment or atmosphere in the organization that will help to identify, assess and mitigate risks, as well as to create open communication about them. Without comprehensive development of a risk management culture, it is impossible to make the right decisions. The organization's risk management culture is assessed in the following areas: leadership style, information about risks, motivating employees to act in accordance with established rules; correct management decisions, relationships with partners, personnel selection. (Shikhverdiev, 2012).

## Methodology

For the purposes of this study, randomly selected companies with up to 9 employees are considered. In this regard, the study represents a case study for investigating risk management attitudes in randomly selected organizations.

In this study, a questionnaire based on the Riskacademy (2016) methodology is applied to study the risk management culture. The study covers three organizations from the business sector, specifically micro-firms from the "Trade" sector in the city of Veliko Tarnovo. Results are presented regarding the statements in each of the questionnaires for the opinions of the respondents. The study uses the five-point Likert scale method (1 - strongly disagree; 2 - disagree; 3 - neutral; 4 - agree; 5 - strongly agree). An average score is calculated for each statement on the specific questions. It is obtained by summing the individual results and dividing them by the number of respondents. This helps to understand the opinion of the respondents on the specific questionnaire and provides information about the attitudes and opinions of people.

## Results and discussions

According to data from the National Statistical Institute of Bulgaria (2025), we can track the relative share of non-financial enterprises in Veliko Tarnovo District with the predominant number of employees for the period 2020-2024. They are presented in Table 1.

**Table 1. Non-financial enterprises in Veliko Tarnovo district**

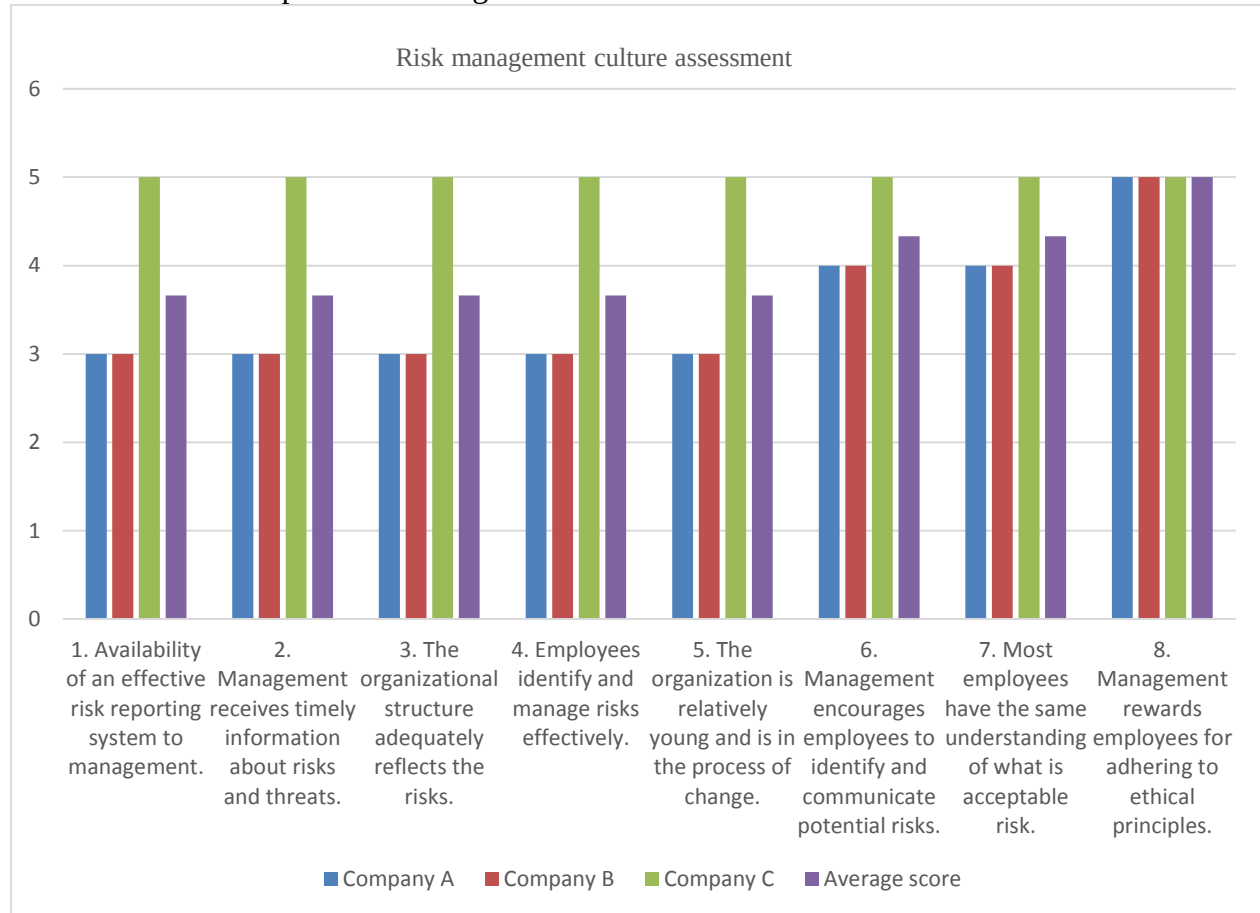
| Indicators                                                                                        | 2020    | 2021    | 2022    | 2023    | 2024      |
|---------------------------------------------------------------------------------------------------|---------|---------|---------|---------|-----------|
| Turnover (thousands of BGN)                                                                       | 5703208 | 6540270 | 8522293 | 8763934 | 9 032 494 |
| Production (thousands of BGN)                                                                     | 3708871 | 4247587 | 5871431 | 5704013 | 6 077 582 |
| Value added at factor costs (thousands of BGN)                                                    | 1385913 | 1413975 | 1806821 | 1728650 | 2 096 863 |
| Relative share of enterprises with up to 9 employees in the total number of enterprises (%)       | 92,4    | 92,2    | 92,8    | 92,9    | 92,9      |
| Relative share of enterprises with 10-49 employees in the total number of enterprises (%)         | 6,1     | 6,2     | 5,8     | 5,7     | 5,7       |
| Relative share of enterprises with 50-249 employees in the total number of enterprises (%)        | 1,3     | 1,4     | 1,2     | 1,2     | 1,3       |
| Relative share of enterprises with more than 250 employees in the total number of enterprises (%) | 0,2     | 0,2     | 0,2     | 0,2     | 0,1       |

Source: National Statistical Institute, Bulgaria, <https://www.nsi.bg/statistical-data/46/191>.

The table presents data on enterprises whose activity is production, other than financial activity. It is noteworthy that in the Veliko Tarnovo district, the relative share of enterprises with up to 9 employees in the total number of enterprises on average for the period 2020-2024 is about 92%. The relative share of enterprises with 10-49 employees in the total number of enterprises is on average 6%.

In this regard, it is established that the majority of enterprises have up to 9 employees.

Specifically, in this study, enterprises with up to 9 employees were selected. To identify the risk in enterprises, a questionnaire related to the study of organizational culture in relation to risk is applied. The questionnaire for assessing the risk management culture includes eight statements on which employees of the three companies express their opinions. A five-point Likert scale is used. The results are presented in Figure 1.



**Figure 1. Results of an assessment of the risk management culture in the surveyed companies**

Source: Author research results.

Risk management culture is seen as a key factor in effective risk management. It determines the extent to which risks are recognized and managed within the organization. Company A scores relatively lower than other companies in areas such as ethical standards, realistic goals, and employee competence. Based on the results presented in Table 1, the author derives a categorization of the risk level for the studied companies, presented in Table 2.

**Table 2. Results of risk categorization in companies**

| Company     | Average Rating | Range     |
|-------------|----------------|-----------|
| Company "A" | 3,66           | 3,6 – 5,0 |
| Company "B" | 3,66           | 3,6 – 5,0 |
| Company "C" | 5              | 3,6 – 5,0 |

Source: Author own analysis.

The results show significant differences in terms of risk management culture. Based on the average results obtained, it is established that company "A" and company B fall into the same category of average result in risk culture management. The highest values are observed in company C. This can be interpreted that risk management is supported by management.

A limitation of this article is that the data were not entered into SPSS and three companies were surveyed. This would be a topic for additional research to expand their scope.

## Conclusion

In each organization, risk management is due to the specifics of its activity, the existing management structure and the organizational culture. Applying experience and good practices in risk management would help to reflect the overall process of building an effective risk management system in the organization.

In this study, a survey was conducted among companies in the field of trade. The survey established the attitudes of the surveyed enterprises regarding the risk management culture. For this purpose, a 5-point Likert scale was used. This makes it possible to make data comparability and analysis. An average result of the responses from the assessments on the 5-point Likert scale was calculated.

The proposed study can be supplemented and further developed, and the prospects for subsequent development can be in the following direction: calculating the standard deviation and the coefficient of variation to reveal the relationship between the different data, and this provides a good basis for decision-making; covering a larger number of companies and a certain sector in a comparative aspect.

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