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The Role of Internal Audit, Leadership Effectiveness, and Organizational Culture in Risk Management Effectiveness

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Purpose: To determine the extent to which the role of internal audit, leadership effectiveness, and organizational culture influence the effectiveness of risk management.

Design/Method/Approach: This study uses an explanatory research method with a quantitative approach.

Findings: The results of this study explain that effectiveness of risk management is needed in organizations to achieve organizational goals, especially those related to the role of internal audit, leadership effectiveness, and organizational culture.

Theoretical Implications: This study concludes that to improve the effectiveness of risk management, it can be seen from the role of internal audit, leadership effectiveness, and organizational culture. All variables are measured through the dimensions and indicators of the existing theory.

Practical Implications: This study obtained the results which show that internal audit, leadership effectiveness, and organizational culture have a significant effect on the effectiveness of risk management.

Originality/Value: The originality of this research lies in the dimensions and indicators used to make research questionnaires which were distributed to respondents.

Research Limitations/Future Research: The data collection technique used a survey method at private universities in Bandung and Cimahi which were registered in the List of Higher Education Region IV only.

Paper type: Empirical

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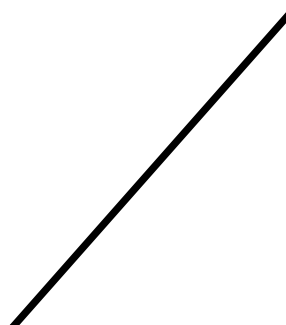
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Роль внутрішнього аудиту, ефективності лідерства та організаційної культури в ефективності управління ризиками



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Мета роботи: Визначити, якою мірою роль внутрішнього аудиту, ефективність керівництва та організаційна культура впливають на ефективність управління ризиками.

Дизайн / Метод / Підхід дослідження: У цьому дослідженні використовується пояснювальний метод дослідження з кількісним підходом.

Результати дослідження: Результати цього дослідження пояснюють, що ефективність управління ризиками необхідна організаціям для досягнення організаційних цілей, особливо тих, що стосуються ролі внутрішнього аудиту, ефективності керівництва та організаційної культури.

Теоретична цінність дослідження: У цьому дослідженні робиться висновок, що підвищити ефективність управління ризиками можна за рахунок внутрішнього аудиту, ефективності керівництва та організаційної культури. Усі змінні вимірюються через виміри та показники існуючої теорії.

Практична цінність дослідження: Результати дослідження показують, що внутрішній аудит, ефективність лідерства та організаційна культура мають значний вплив на ефективність управління ризиками.

Оригінальність / Цінність дослідження: Оригінальність цього дослідження полягає в розмірах та показниках, використаних для складання опитувальників дослідження, які були роздані респондентам.

Обмеження дослідження / Майбутні дослідження: У техніці збору даних використовувався метод опитування в приватних університетах у Бандунгу та Сімахі, які були зареєстровані лише у Списку вищих навчальних закладів регіону IV.

Тип статті: Емпіричний

Ключові слова: внутрішній аудит, ефективність лідерства, організаційна культура, ефективність управління ризиками.

1. Introduction

Every organization has a purpose. However, in the process of achieving these goals, the organization has uncertainty constraints called risks that can hinder the achievement of organizational goals. Effective risk management is needed to minimize the risks that occur so that organizational goals can be achieved optimally. There are still many organizations that have not carried out risk management effectively and do not even fully understand what the function of risk management itself is, so they are forced to face risks that can have an impact on achieving organizational goals that can be minimized or even avoided. According to *Hidayat (2020)*, Education Observer, the procurement of learning by educational institutions or managers during the COVID-19 pandemic has faced serious challenges, especially private schools that must be financially independent.

This is different from state schools, where technical instructions for using funds from the Government to assist schools throughout Indonesia should already cover the issue of financing online communication for education during this pandemic. "The problem is that private schools have to support themselves" in terms of finances, as stated by the Chairman of the Association of Indonesian Private Universities, *Putra (2020)*; universities, especially private universities (PTS) are higher education institutions that feel the most impact because most of the income of private universities comes from student funds. The financial difficulties of most of students' parents in the midst of the pandemic were the cause of the late payment.

Previously there were several researchers who had conducted research on management effectiveness related to the role of an internal audit, leadership effectiveness, and organizational culture. *Coetzee and Lubbe (2011)* in their research show that chief audit executives are still not sure what to expect from an internal audit in relation to risk management and the incorporation of risk into internal audit activities. The reason could be due to differences in terminology and methodology used by organizations (those in Standard IIA and those used in the literature); these differences are confusing to some people. This can be seen from the fact that the role of an internal audit in the risk management framework is not properly discussed in the IIA guidelines, therefore, the role of an internal audit related to risk issues must be researched and defined more clearly. *Campbell (2013)* found that the effectiveness of risk management, in the perspective of the national government, is largely driven by 2 (two) latent factors, namely leadership and governance. Furthermore, the research conducted by *Cooper, Faseruk, and Khan (2013)* found a significant relationship between the elements of risk management and organizational culture.

Therefore, this study aims to determine how big the role of an internal audit, leadership effectiveness, and organizational culture in risk management effectiveness is.

2. Theoretical background

Internal Audit Role

IIA (*The Institute of Internal Auditor's*) (2013) defines an internal audit as an independent objective consulting and assessment function within an organization. This function is designed to provide added value to improving the company's operations to evaluate the effectiveness of risk management and control, as well as corporate governance processes in accordance with the company's vision and mission with a systematic approach (*Pickett, 2013: 313*). Meanwhile, according to *Anderson et al., (2017: 2)* an internal audit is a driver to improve the efficiency and activities of an organization by providing recommendations and knowledge based on assessment and analysis of data and business processes. *Johnstone-Zehms, Gramling, and Rittenberg (2015: 9)* argue that the function of an internal audit is to provide assurance to management regarding internal control and reporting.

According to *Pickett (2013: 315)*, the audit role will be between these two dimensions:

1. Ensure, first, the board, audit committee, and senior management about the state of risk management;
2. Consult business management to help them make appropriate improvements (*Pickett, 2013 : 315*)

Leadership Effectiveness

Effective leadership is needed in organizations. *Hewison and Holden (2015)* define effective leadership as the ability to combine verbal (oral) power with practical innovation to: 1) create a sustainable, resilient, and well-networked organization, 2) be able to grow its own capacity for action, and 3) deliver high quality results for customers, staff and funders. Situational leadership theories have grown out of the realization that there is no one "best" leadership style. The situational theory states that the effectiveness of a particular leader's behavioral style depends on the situation, and the oldest situational theory was developed by Fred Fiedler (*Kinicki & Fugate, 2016: 454*).

According to *Lussier and Achua (2015: 112)*, Fiedler's contingency model shows that leader effectiveness depends on how well the leader's style fits the work context used to determine whether a person's leadership style is a task or relationship oriented, or the situation, namely:

1. Leader-member relations, reflecting the extent to which the leader has the support, loyalty, and trust of the work group.
2. The task structure is related to the number of structures contained in the tasks carried out by the working group.
3. Position power refers to the extent to which the leader has formal power to reward, punish, or obtain compliance from employees.

Organizational Culture

Organizational culture, according to *Harrington (2018: 34)*, is a basis that encourages loyalty, decision making, how to do work, creativity, leadership, communication, and collaboration between people in the organization. This is one of the main impacts that has a direct bearing on how organizations are affected by change. According to *Robbins and Coulter (2018: 262)*, organizational culture is described as the principles, shared values, ways, and traditions of doing things that have an influence on the way organizational members act and that distinguish the organization from other organizations. *Kaila (2005: 458)* states the seven main characteristics of organizational culture, as follows:

1. Innovation and risk taking. The level of employees who are encouraged to be innovative and take risks.
2. Attention to detail. The degree to which employees are expected to demonstrate accuracy, analysis, and attention to detail.
3. Result orientation. The degree to which management focuses on results or outcomes rather than on the techniques and processes used to achieve those results.
4. People orientation. The degree to which management decisions consider the impact of outcomes on people in the organization.
5. Team orientation. The degree to which work activities are organized around teams rather than individuals.
6. Aggressiveness. The degree to which people are aggressive and competitive rather than relaxed.
7. Stability. The extent to which organizational activities emphasize and maintain the status quo is different from growth.

Risk Management Effectiveness

IIA defines risk management as a process to assess, identify, manage, and control situations or events to provide reasonable assurance regarding the control of organizational objectives. According to *Fraser, Simkins, and Narvaez (2014: 238)*, risk

management is the responsibility of everyone in the organization, from the board and executive management to individual employees to ensure that risk management is effective and becomes a core business competency, as well as measuring performance in facilitating the tracking of that level of competence exactly achieved. According to ISO 31000:2018, the purpose of risk management is the creation and protection of value. It supports goal attainment, improves performance, and drives innovation. Effective risk management requires characteristics that can be further described as follows:

1. Integrated. Risk management is an integral part of all organizational activities.
2. Structured and comprehensive. A comprehensive and structured approach to risk management contributes to comparable and consistent results.
3. Customized. The risk management process and framework are proportionate and adapted to the organization's internal and external context in relation to its objectives.
4. Inclusive. Timely and appropriate stakeholder engagement allows their perceptions, views and knowledge to be taken into account. This results in increased risk management information and awareness.
5. Dynamic. Risks can arise, disappear or change as the external and internal context of the organization changes. Risk management detects, anticipates, responds to and recognizes such changes and events in a timely and appropriate manner.
6. The best information is available. Inputs to risk management are based on historical and current information, as well as future expectations. Explicitly, risk management takes into account any uncertainties and limitations associated with such information and expectations. Information must be clear, timely and available to relevant stakeholders.
7. Human and cultural factors. Human culture and behavior significantly influence all aspects of risk management at every level.
8. Continuous improvement. Risk management implements continuous improvement based on learning and experience.

2.1. The Influence of the Role of Internal Audit on the Effectiveness of Risk Management

According to Pickett (2013: 1), the internal audit activity should assist the organization by evaluating and identifying significant risk exposures and contributing to the improvement of control systems and risk management. Vallabhaneni (2015: 192) explained that the board of directors has a supervisory role so that the proper risk management process already exists, and that this process is adequate and effective. In this role, they can direct internal audit activities to assist them by recommending, examining, reporting, and/or evaluating the increased adequacy and effectiveness of management risk processes.

The relationship between the two has been proven by several studies, namely the research conducted by Ojo (2019) showing that there is a significant relationship between an internal audit and risk management, and that internal audits have a role to play in the risk control and risk financing of an organization, which therefore, confirms that internal audit activities have a significant impact on risk management. Supporting this, the research conducted by Coetzee and Lubbe (2011) shows that the relationship between the role of an internal audit and risk management is getting increases. Drogalas, Eleftheriadis, Pazariskis, and Anagnostopoulou (2014) found that risk-based internal audits, internal auditor involvement in risk management, and top management support contribute positively to effective risk management. Based on the explanation above, the following hypothesis can be drawn:

H1: The role of internal audits has a positive effect on the effectiveness of risk management.

2.2. The Effect of Leadership Effectiveness on The Effectiveness of Risk Management

Opkin (2017: 41) stated that strong leadership exists because of relationships with organizations that embed risk management into strategies, tactics, operations and compliance. Furthermore, Campbell (2013: 17) stated that the effectiveness of national government risk management is largely driven by two latent factors: good leadership and governance. The relationship between the two variables has been proven by several studies, one of which is the research conducted by Inayah and Balqiah (2017) which states that strong leadership will be needed for success in risk management. This means the leader must be involved in several activities such as identifying, assessing, and actively responding to risks, also monitoring the elements of supervision and culture that will support risk management activities. This statement is also supported by the research conducted by Syahwani (2019) where the results of the study show that facing an external environment that can increase company risk requires entrepreneurial leaders who provide direction and motivation to employees. The same thing was also found in the research conducted by Debele and Birbirs (2019) which show that a leadership style significantly affects the company's risk management. Based on the explanation above, the following hypothesis can be drawn:

H2: Leadership effectiveness has a positive effect on the effectiveness of risk management.

2.3. The Influence of Organizational Culture on Risk Management

Woods (2008: 135) states that risk management is embedded into organizational culture, with members and managers at all levels recognizing that risk management is part of their job. In line with that, Pickett (2013: 1) said that risk management discusses changing organizational culture to make people accept their responsibilities because they realize that it will help them overcome problems and can encourage businesses to achieve the desired goals. The research conducted by Cooper et al. (2013) also found a significant relationship between the elements of risk management and organizational culture. Mir (2014) in his research found that organizational culture has an influence on risk management. In line with that, Aslam and Jamil (2017) in their empirical study found a significant relationship between the elements of risk management and organizational culture because organizational culture has a strong relationship with the implementation of Enterprise Risk Management. Based on the explanation above, the following hypothesis can be drawn:

H3: Organizational culture positively affects the effectiveness of risk management.

The research model is shown in Fig.1.

3. Research Hypothesis

The formulation of the problems in this study is as follows:

1. How big is the influence of internal audits on the effectiveness of risk management?
2. How much does leadership effectiveness influence the effectiveness of risk management?
3. How big is the influence organizational culture has on the effectiveness of risk management?

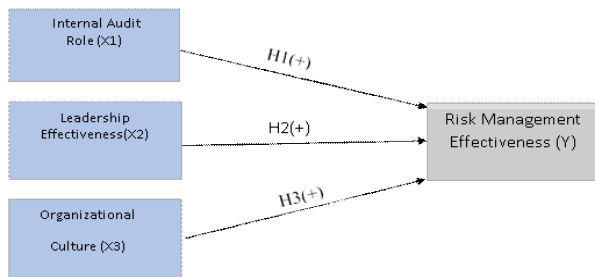


Figure 1. Framework Model

Source: developed by the authors

4. Data and methods

The type of research used in this study is explanatory. Explanatory is a type of research that explains the cause of the problem (phenomenon) studied. According to its method, the survey method was used in this study to obtain data from certain places that are natural (not artificial), but researchers perform treatment in data collection, for example by circulating questionnaires, tests, structured interviews, and so on (Sugiyono 2013: 6). The research method used in this study is quantitative with the aim to test a predetermined hypothesis (Sugiyono, 2013: 8). The population in this study is Private Universities in Bandung and Cimahi as many as 112 private universities registered in higher education service institutions (LLDIKTI) region IV. The sampling technique used in this study is nonprobability sampling (purposive sampling: judgement sampling). The following is the criteria for selecting a sample of research:

1. Private university accredited at least C
2. Private university willing to participate in research
3. Private university conducts internal audits.

Universities that do not have the criteria as above will be selected or subtracted from the population, so that a sample will be produced that can be studied according to the criteria that have been determined. The independent variables used in the study are the role of internal auditing (X1), leadership effectiveness (X2), and organizational culture (X3). The dependent variable used in this study is the effectiveness of risk management (Y). The data source used in this study is the primary source. The data collection technique in this study used a closed questionnaire, where respondents just chose the answers that had been provided. Thus, the answers selected by respondents will be in accordance with the needs in the research. This study uses the Rating Scale to scale its measurements in the form of statements. In this study, the observation unit is the head of the university (rector, vice rector, director, deputy director, dean, chairman of the study program, chairman of the Internal Quality Assurance Institution, internal audit, or at least equivalent manager) in Private Universities in Bandung and Cimahi registered in LLDIKTI Region IV in 2021. This study used a technical data analysis with a Structural Equation Modeling (SEM) model, namely Partial Least Square (PLS) using smartPLS program 3.2.9.

5. Results

The total population and sample are shown in Tab. 1.

Based on Tab. 1, the obtained results show that the population in this study is 112 Private Colleges consisting of Universities, Institutes, Colleges, Academies, and Polytechnics. Selection of the population was carried out by several criteria as outlined in table 1 above. Based on the selection, the population of 112 private universities was reduced by the number of private universities that were not accredited at least C amounted to 37 private universities so that the number of questionnaires distributed was as many as 75 questionnaires. The readmitted questionnaires were 52 (69.3%) of the total 75 (100%) questionnaires distributed because there were 23 private colleges that were not willing to participate in the study. Furthermore, from the questionnaires that were received

back, there are 2 respondents who did not apply an internal audit so that a sample of 50 (96.15%) was obtained which is a sample that can be processed according to the criteria determined in this study.

Table 1: Research Sample Selection Results

No.	Criteria	Total
1.	The number of Private Universities in Bandung and Cimahi registered in LLDIKTI Region IV in 2021.	112
2.	The number of Private Universities that is not accredited is at least C.	37
3.	The number of Private Universities that were not willing to participate in the study.	23
4.	Private Universities that do not conduct internal audits	2
Samples collected		50

Source: Research results, 2021

Descriptive Analysis

Descriptive analysis focuses on analyzing the identity of respondents, such as gender, job title, and length of work. Based on data processing, Tab. 2 shows the information of respondents who participated in this study.

Table 2: Sample Statistics

Description	Frequency	Percentage
Gender:		
Male	33	66%
Female	17	34%
Total	50	100%
Length of work:		
< 1 year	1	2%
1-3 years	1	2%
3-5 years	4	8%
> 5 years	44	88%
Total	50	100%
Job title:		
Rector	4	8%
Vice Rector	20	40%
Director	5	10%
Deputy Director	1	2%
Dean	5	10%
Chairman of the Internal Quality Assurance Agency	6	12%
Internal auditor	5	10%
Chairman of the Study Program	1	2%
Manager	3	6%
Total	50	100%

Source: Primary Data processed, 2021

Based on Tab. 2, there are the results regarding gender, length of work, and positions of respondents. Regarding the gender, it was obtained that female respondents numbered 17 (34%) and male respondents numbered 33 (66%), meaning that male respondents were more than female respondents. Regarding the length of work, it was obtained that respondents who worked less than 1 (one) year amounted to 1 (2%) respondents, respondents who worked 1-3 (one to three) years amounted to 1 (2%) respondents, respondents who worked 3-5 (three to five) years amounted to 4 (8%) respondents, then it can be seen that the majority of the respondents have more than 5 years of experience, which amounted to 44 (88%) respondents. Furthermore, regarding the positions of respondents, it was obtained that respondents with a rector position amounted to 4 (8%) respondents, the vice-chancellor amounted to 20 (40%) respondents, the director amounted to 5 (10%) respondents, the deputy director amounted to 1 (2%) respondent, deans are 5 (10%) respondents, heads of internal quality assurance institutions are 6 (12%) respondents, internal auditors are 5 (10%) respondents, heads of study programs

are 1 (2%) respondent, and managers are 3 (6%) respondents. Thus, it can be seen that respondents with vice-chancellor positions are the most respondents in this study, which is a number of 20 (40%) respondents.

The results show that the majority of the respondents are people who are able to analyze the organization under their leadership and are careful in knowing the environment well and understanding the conditions of the organization in which they work. This is related to the length of work experience and position held by the respondent so that the respondent is considered competent because it is in accordance with the needs in this study to test the effectiveness of higher education risk management.

Structural Model Evaluation

This study uses the analysis of an R-Square value of the associated endogenous variable (Y) to test the structural model (inner model). If the R-Square value > .67, this indicates that the model is strong (Ghozali, 2015:81). The endogenous variable in this study is the effectiveness of risk management (Y). Based on data processing using SmartPLS 3.2.9 program, the R-Square value is obtained as follows (Tab. 3).

Table 3: R-Square Value

Variable	R-Square Value
Effectiveness of risk management	.721

Source: Primary Data processed, 2021

The PLS evaluation model in Fig. 2 is based on predictive measurements that have non-parametric properties. The outer model or measurement model with indicators with reflective indicators is evaluated with composite reliability for the indicator block as well as discriminant and convergent validity of the indicators. Meanwhile, the outer model with formative indicators is evaluated based on its substantive content, namely by comparing the significance of the size of the weight and the relative magnitude of the weight. The inner model or structural model is evaluated by looking at the percentage of variance described, namely by looking at R2 for the dependent latent construct by looking at the magnitude of the structural path coefficient.

Significance Test

This study tested the hypothesis based on the T-Statistics value > 1.96 and the P-Value < .05. The following are the results of the T-Statistics and P-Value tests (Tab. 4).

Based on Tab. 4 the following explanation of the research hypothesis:

H1: *The Influence of Internal Audit (X1) on Risk Management Effectiveness (Y)*

Based on the results of hypothesis testing, the role of an internal audit has an influence on the effectiveness of risk management. The hypothesis testing is described through statistics, as follows:

1. H0: $\gamma_{1.1} = 0$, "The role of an Internal Audit does not positively affect the effectiveness of risk management"
2. Ha: $\gamma_{1.1} \neq 0$, "The role of an Internal Audit positively affects the effectiveness of risk management"

If the t-value counts > t table, then H0 is rejected. The results of the hypothesis testing showed a relationship between the two variables, namely that the value of t calculated 2.214 > t table 5% of 1.96. The original sample estimate value is positive at .474 which indicates that the direction of the internal audit role relationship towards the effectiveness of risk management is positive. Thus, Ha is accepted, meaning that the role of an internal audit with its

indicators has a positive effect on the latent variable effectiveness of risk management significantly.

Table 4: Hypothesis test

Relationships Between Variables	Original Sample Estimate (O)	T-Statistics (T-Value)	P-Value	Relationship Analysis
Influence of Internal Audit (X1) on Risk Management Effectiveness	.474	2.214	.002	Positive influence
Effectiveness of Risk Management (X2) on Risk Management Effectiveness	.249	2.146	.032	Positive influence
Organizational Culture (X3) on the Effectiveness of Risk Management	.309	3.087	.027	Positive influence

Source: Primary Data processed, 2021

H2: *Leadership Effectiveness (X2) on Risk Management Effectiveness (Y)*

Based on hypothesis testing results, leadership effectiveness has an influence on the effectiveness of risk management. The hypothesis testing is described through statistics, as follows:

1. H0: $\gamma_{1.2} = 0$, "Leadership effectiveness does not positively affect the effectiveness of risk management"
2. Ha: $\gamma_{1.2} \neq 0$, "Leadership effectiveness positively affects the effectiveness of risk management"

If the value of t counts > t table, then H0 is rejected. The results of the hypothesis testing showed a relationship between the two variables, namely that the value of t counts 2,146 > t table 5% of 1.96. The original sample estimate is positive at .249, indicating that the direction of leadership effectiveness relationship to risk management effectiveness is positive. Thus, Ha is accepted, meaning that the leadership effectiveness variable with its indicators has a positive effect on the latent variables of risk management effectiveness significantly.

H3: *Organizational Culture (X3) on Risk Management Effectiveness (Y)*

Based on the results of hypothesis testing, organizational culture has an influence on the effectiveness of risk management. The hypothesis testing is described through statistics, as follows:

1. H0: $\gamma_{1.3} = 0$, "Organizational Culture does not positively affect the effectiveness of risk management"
2. Ha: $\gamma_{1.3} \neq 0$, "Organizational culture positively affects the effectiveness of risk management"

If the value of t counts > t table, then H0 is rejected. The results of the hypothesis testing showed a relationship between the two variables, namely that the value t counts 3.087 > t table 5% of 1.96. The original sample estimate is positive at .309, indicating that the direction of an organization's cultural relationship to the effectiveness of risk management is positive. Thus, Ha is accepted, meaning that the organizational culture variable with its indicators has a positive effect on the latent variables of risk management effectiveness significantly.

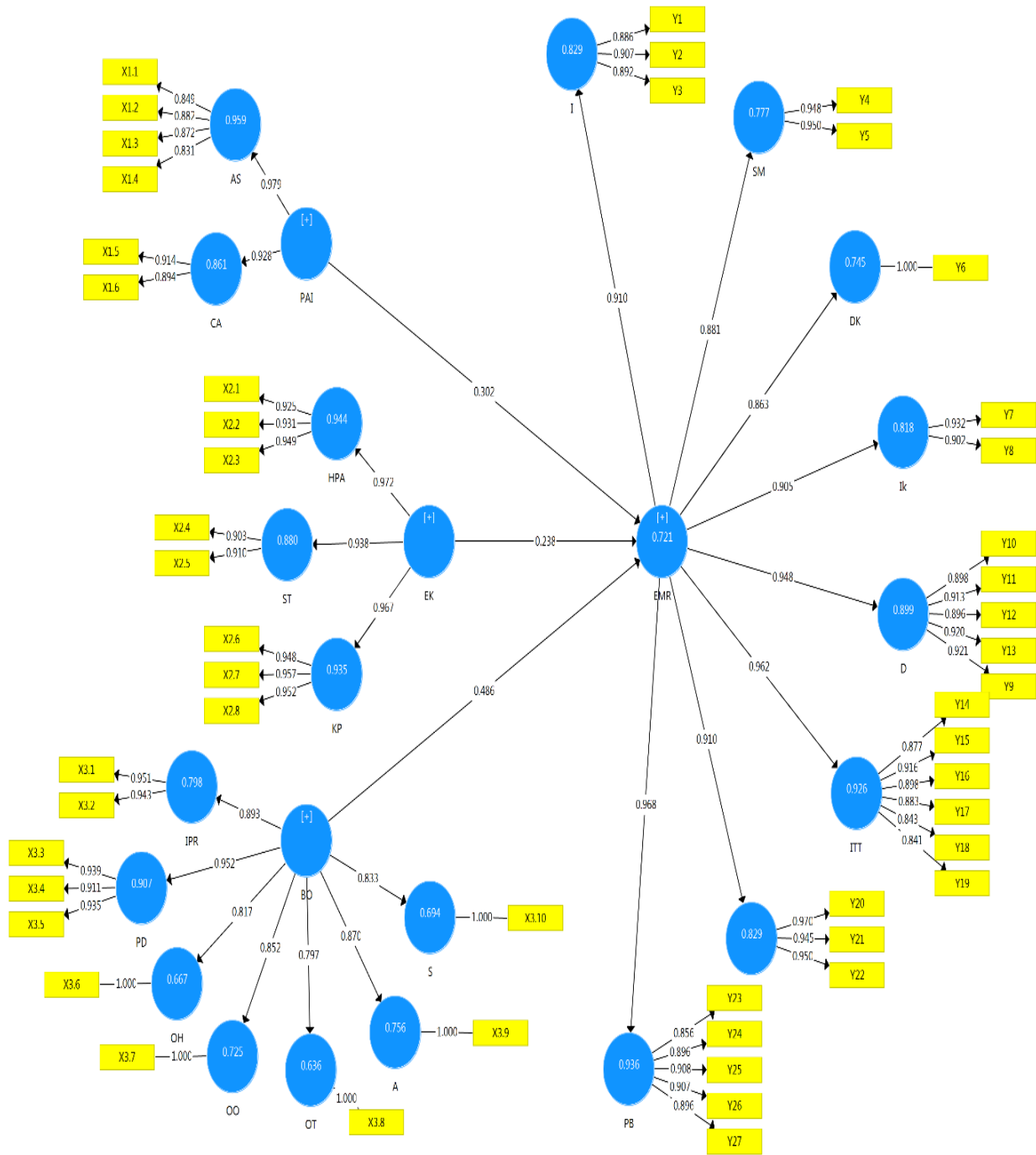


Figure 2. Research Model Processed with SEM PLS

Source: Primary Data processed, 2021

6. Discussion

6.1. The Role of Internal Audit in the Effectiveness of Risk Management

The results of this study support the theory which states that an internal audit is a very important part of an overall governance structure, where an internal audit team must assess risk and audit everything in the company, including ERM (Enterprise Risk Management). An internal audit must be able to review a process independently and reach conclusions relative to its efficiency and effectiveness for its intended purpose, which is to fulfill its mission to accurately identify, manage, and report in a timely manner on the status of all important risks in the company

(Duckert, 2011: 264). This research proves that an internal audit has a significant positive influence on the effectiveness of risk management. There are several things that can cause the role of an internal audit to have a positive effect on risk management at private universities in Bandung and Cimahi, namely because of the assurance service function and control activity in its internal audit role where the role of an internal audit is independent or impartial in collecting and evaluating evidence, and reporting the results to management, and carrying out its role to provide advice, suggestions, facilitation, and training to add value. Furthermore, to improve organizational governance by not assuming management responsibilities so that the risk management of private universities in Bandung and Cimahi becomes more effective as the role of an internal audit in higher education organizations goes.

6.2. Effect of Leadership Effectiveness on The Effectiveness of Risk Management

The results of this study support the theory which states that strong leadership will be associated with organizations that embed risk management, which is related to strategies, tactics, operations, and compliance (Hopkin, 2017: 41). The effectiveness of risk management is largely driven by two latent factors, namely good leadership and governance (Campbell, 2013: 17).

This study proves that leadership effectiveness has a positive effect on the effectiveness of risk management. There are several things that support the effectiveness of leadership influencing risk management at private universities in Bandung and Cimahi, namely the relationship between leaders and members of an organization. Leaders who have the support, loyalty, and trust of members of the private higher education organization they lead will influence the risk management of an organization. Risk management in private universities is becoming more effective because it is influenced by organizational leaders who are able to reward and punish employees so that they become obedient.

6.3. Influence of Organizational Culture on The Effectiveness of Risk Management

The results of this study support the theory that risk management can change organizational culture to make people accept responsibility because they realize that it will help them overcome problems (Pickett, 2013: 1). Risk management is embedded into organizational culture, where organizational members and leaders recognize that risk management is part of their work (Woods, Kajuter, & Linsley, 2007: 135).

This research proves that organizational culture influences the effectiveness of risk management. Several things that can support the statement that organizational culture has an effect on risk management at private universities in Bandung and Cimahi are because in private universities where respondents work, they know the culture of innovation and risk taking within the organization. Private universities in Bandung and Cimahi pay attention to detail with a focus on the best quality that is always an important thing the organization wants to achieve. Furthermore, the organization has results orientation where the ultimate goal of the organization is a successful project and is even required to exceed the results that have been targeted. Private universities in Bandung and Cimahi also have people orientation where they realize that the organization is made up of people and it is these people who make the project successful, and realize that the people who make the project successful are extraordinary people. They also realize that their organization has team orientation where the organization considers that organizational members are part of a team that results in loyalty and trust, aggressiveness where there is one person who can make a difference, and the stability of organizational culture in the organization where they believe that their organization is stable and will remain in the future. Thus, if the things mentioned above continue to be done better in the organizational culture of private universities in Bandung and Cimahi, the risk management will be more effective.

7. Conclusions

Based on the explanation of the determination coefficient value in this study, it can be concluded that the role of an internal audit, leadership effectiveness, and organizational culture has an effect of 73.1% on the effectiveness of risk management at Private Universities in Bandung and Cimahi. Then, 26.9% was influenced by other variables that were not studied in this study. It is recommended for further research to develop and expand a research sample area and utilize existing technology systematically and carry out planning so that it does not take a long

time to collect the distributed questionnaires. The unit of analysis can be extended and not limited to private universities, such as banking organizations, insurance organizations and others.

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9. Competing interests

The authors declare that they have no competing interests.

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