

**Risk leadership in a South
African provincial government
department**

KT Majola



orcid.org/0000-0002-7339-1677

Mini-dissertation accepted in fulfilment of the
requirements for the degree *Master of Commerce in
Applied Risk Management*
at the North-West University

Supervisor: Dr Emmanuel Mulambya

Graduation: May 2022

Student number: 21162344

NOTES TO EXAMINERS

- The mini-dissertation should demonstrate that the student has the ability to:
 - Do research
 - Constructively criticise own and others' research
 - Report the research results clearly, accurately and concisely with enough information to allow others to evaluate, and perform a similar study, should they wish to do so.
- This study represents the student's learning during a nine-month research project at master's degree level. It is therefore not necessary that the results represent a substantial contribution to the academic knowledge of the field.
- The mini-dissertation was written in article format and consists of three sections: Research project overview, Article and Reflection. The focus of the mini-dissertation is on the article written by the student.
- The research project overview section should provide a high-level introduction to the research project that adequately prepares the reader to understand how the study fit into the Centre for Applied Risk Management (UARM)'s research projects.
- The potential journal selected by the student is intended as an academic learning experience for the student. If suitable, a reworked version of the article may be submitted to the selected journal post examination.
- The reflection section should provide a critical evaluation of the study, and also gives the student the opportunity to reflect on her/his personal learning during the project.
- The student should provide a study-specific summary of the literature related to the specific study in the article and is not expected to provide a separate chapter containing a risk culture literature review in the mini-dissertation, as this has been covered and assessed as part of the examined assignment for the Behavioural Risk Management module that forms part of this master's degree.
- The maximum word count for the article is 8000 words. This maximum word count includes words used in tables and figures, and excludes the article abstract, references and appendices. The maximum word count for the abstract is 300.
- The additional information in the appendices should be considered when evaluating the content of the three main sections of the dissertation.
- The role of the supervisors was to provide guidance and assistance on project conceptualisation, data analysis, interpretation and writing skills. The student carried the major responsibility for conceptualising, setting up, executing and writing up the research project.
- Turnitin was used to assist with plagiarism checking before the student was allowed to submit for examination.

PREFACE

This mini-dissertation is the final deliverable for the Master of Commerce (MCom) in Applied Risk Management. The mini-dissertation was written in article format and consists of three sections: Research project overview; Article; and Reflection.

This mini-dissertation is the student's work. The student was responsible for the final concept, set up, execution of the research project and writing of the mini-dissertation. The members of the supervisory team contributed in an advisory and technical support capacity to the study's conception and design, analysis and interpretation of data, and critical revision of the manuscript. The mini-dissertation was language edited before submission for examination. However, the student is responsible for doing these edits, and for the grammatical correctness of the document before hand-in.

The main study supervisor gave the student permission to submit this mini-dissertation for examination.

ABSTRACT

This exploratory qualitative study focuses on risk leadership as a specified and important part of the leadership required within a South African provincial treasury department. This is a particularly topical issue given observed public sector failures and the expectation for treasury departments to provide leadership over equitable allocation and optimal utilisation of provincial resources. The study sought to explore risk leadership in a South African provincial treasury government department as reflected in annual reporting. This was done through a literature review, from which an initial thematic codebook was derived to provide the basis for the study design. Next, a document analysis was completed of audited annual reports of the selected provincial treasury department, focusing on the period 2017–2019. The study provides a baseline for risk leadership in a South African provincial treasury department before the National State of Disaster was pronounced to counter the COVID-19 pandemic. Twelve codes were generated from the literature review and compared to the codes extracted from the document analysis of the annual reports. The findings portray a dichotomy of risk leadership provided by the provincial treasury environment. This two-sided risk leadership phenomenon relates to internal risk leadership, within the treasury itself, and external risk leadership offered to the public sector institutions overseen by the treasury. A more critical question that follows this main finding is whether the treasury is sufficiently well-positioned and capacitated to execute its external risk leadership mandate effectively. The study also offers a useful reference point for conceptualising future academic studies on risk leadership, and an invitation for scholars and risk professionals to make further contributions in the crucial area of risk leadership in the public sector context.

Keywords: Tone from the top, risk leadership, decision-making, oversight, public sector, performance

ACKNOWLEDGEMENTS

To God who sits enthroned in and out of seasons, all glory and honour belongs to Almighty God. I am grateful for the grace to start and finish this project under extremely difficult circumstances. It can only be God's righteous right hand that kept me.

To my husband, Simphiwe Majola, my pillar, my support and cheerleader, thank you for always pushing me and believing in me. You are instrumental in my career and academic life; may you remain blessed beyond all measure.

To my children, Nosipho, Lonwabo and Bogolo, thank you for your patience and discipline during the two years of this study. I am so proud of you.

To my supervisor, Dr Emmanuel Mulambya, I could not have done this without you. You are a persuasive man of wisdom, and yet so humble and patient; yours is a character like no other. Thank you.

To the UARM academic team, thank you for pushing me, at times to my very limits. This study was a journey of remarkable growth.

To the Kerlick Team, in particular Elisabeth, my dedicated editor for this study. Your love for writing encouraged me to strive to master and perfect the skill of writing for an academic audience.

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RESEARCH PROJECT OVERVIEW

Context of the research project

In this qualitative study, I examined the extent to which a South African provincial treasury government department reflects on risk leadership in its annual reports. The study sought to explore the representation of either a poor or a good reflection of risk leadership as illustrated in the annual reports of the treasury department. The codes were analysed against an initial thematic codebook derived from the literature.

This paper is structured as follows. The abstract provides a summary of the study. In the introduction section, I present the role of the provincial treasury as well as challenges observed in the South African public sector. This is followed by the study aim and research question. The background section then provides a review of the literature on risk leadership. Thereafter, I describe the study method of inquiry, which entailed a review of the literature, the development of an initial codebook, and document analysis of audited annual reports of the government department under study. The findings on how risk leadership is reflected in the audited annual reports and recommendations on the way forward are then reported.

Those charged with leadership may inculcate common attitudes and behaviors related to risk within the organisation. This can be cultivated to avoid individual risk attitudes overpowering desired behaviors (Osman & Lew, 2020). In this context, risk culture may be interpreted as the understanding and beliefs about risk, shared by leaders and employees of an organisation who have a common intended purpose. Various authors propose that understanding the risk culture is vital for risk management and for addressing failure. Hence, efforts to manage risk without an enabling and supportive culture may not yield the desired results.

The relevance and usefulness of the Risk Culture Model (RIDC) by Zaiman et al. (2021: In progress), in practice, was demonstrated from both the literature review and the document analysis, and further confirmed by the study findings, where seven of the RIDC indicators were found to be linked to the tone from the top indicator. Both the literature and the annual reports of the treasury department under study reflected these indicators as management, executive, governance committees or governing body responsibilities. These role players represent the most senior people in an organisation and bear the leadership responsibilities.

My interest in risk leadership was founded on my experience as a leader and seeing how risk competency is often overlooked. The observed deficiencies within the public sector and a curiosity

to understand which oversight government department was best placed and mandated to make a risk leadership impact on the various provincial public sector institutions propelled the study focus.

In addition, this study provided me, as a researcher, with the opportunity to learn how to conduct an applied research project and to demonstrate mastery of research at master's degree level in a research team context. The responsibilities of the different role players in this research project are described in Table 1.

Table 1. Role players in this risk leadership study

#	Team Member	Role
1	Researcher: Ms K.T. Majola	Responsible for study conceptualisation, data collection, analysis, and presentation.
2	Supervisor: Dr E. Mulambya	Provided direction and guidance throughout the study.
3	Editor: Dr E. Lickindorf	Advised during article writing workshops and conducted a pre-final grammar-only edit of the mini-dissertation.

Audience Analysis

The study is intended for both academic and non-academic audiences. The academic audience includes risk culture scholars as well as researchers whose focus is on the public sector. The risk management fraternity in its entirety and public sector leaders may also find the study useful.

Journal Selection

I considered it appropriate to publish my research paper in the *Journal of Risk Research*. This is a peer-reviewed academic journal covering risk-related topics, including risk analysis, management, communication, treatment, risk culture, and decision-making. The journal seeks to publish the latest theoretical and empirical research and commentaries on risk management. I selected the option to publish open access in this journal so that my paper may be free to access online on publication, as this will increase the visibility of the study.

Given this study's findings, together with the global interest in risk culture, I believe that risk leadership studies are important. This is specially the case during times of uncertainty, where both the public and private sectors may require risk leaders to steer through storms that bring a plethora of threats. Such studies can be beneficial for the private and public sectors, as well as for academics.

The SCImago Journal Rank (SJR) indicator indicates the scientific influence of academic journals according to the number of citations received by a journal as well as the importance of the journals where the citations come from. The selected journal has an SJR metric of 0.665 (2020)

(SCImago, 2020) and an impact factor (IF) of 2.583 (2020). I realise that more work may be needed on this paper for it to be accepted by the journal.

The guide for authors is available at: [Submit to Journal of Risk Research \(tandfonline.com\)](https://tandfonline.com).

ARTICLE

Risk leadership in a South African government department

Abstract

This exploratory qualitative study focuses on risk leadership as a specified and important part of the leadership required within a South African provincial treasury department. This is a particularly topical issue given observed public sector failures and the expectation for treasury departments to provide leadership over equitable allocation and optimal utilisation of provincial resources. The study sought to explore risk leadership in a South African provincial treasury government department as reflected in annual reporting. This was done through a literature review, from which an initial thematic codebook was derived to provide the basis for the study design. Next, a document analysis was completed of audited annual reports of the selected provincial treasury department, focusing on the period 2017–2019. The study provides a baseline for risk leadership in a South African provincial treasury department before the National State of Disaster was pronounced to counter the COVID-19 pandemic. Twelve codes were generated from the literature review and compared to the codes extracted from the document analysis of the annual reports. The findings portray a dichotomy of risk leadership provided by the provincial treasury environment. This two-sided risk leadership phenomenon relates to internal risk leadership, within the treasury itself, and external risk leadership offered to the public sector institutions overseen by the treasury. A more critical question that follows this main finding is whether the treasury is sufficiently well-positioned and capacitated to execute its external risk leadership mandate effectively. The study also offers a useful reference point for conceptualising future academic studies on risk leadership, and an invitation for scholars and risk professionals to make further contributions in the crucial area of risk leadership in the public sector context.

Keywords: Tone from the top, risk leadership, decision-making, oversight, public sector, performance

Introduction

A treasury department can be referred to as the "ministry of finance" whose head is known as the finance minister. Some countries have a treasury department that is detached from the Ministry of Finance, such as the Australian government where a treasurer and a finance minister co-exist (Hawke, 2007). The Australian Treasury Department has several responsibilities which include drafting the government budget, some economic policies, market regulation, and revenue policy (Hawke, 2007). The finance minister, who manages the department of finance and deregulation, is responsible for budget management, government expenditure, and market deregulation. The South African National Treasury department is materially different: here, the treasurer and finance minister roles are consolidated into one position. South Africa's National Treasury regulates financial management in both the national government and provincial government institutions by focusing on areas such as revenue, expenditure, assets, and liabilities in bodies that include government departments, municipalities, and public entities (National Treasury Strategic Plan, South Africa, 2020/25).

In a way that is similar to the South African National Treasury Department, South African provincial treasury government departments are responsible for the equitable allocation and optimal utilisation of resources at provincial levels (National Treasury Strategic Plan, South Africa, 2020/25). To this end, the provincial treasury government departments are expected to provide leadership over these resources. A South African provincial treasury government department does not directly offer services to members of the public; its role is to support the service delivery institutions in the province. This support may be attained through capacity-building initiatives, setting provincial norms and standards, monitoring of the application of the legislative prescripts, and enforcing legislation (South African National Treasury Public Sector Risk Management Framework, 2010).

One of the priorities of the provincial treasury government department is to monitor the alignment between provincial budgets and the priorities of socio-economic transformation. This is done by improving the application of the various policy instructions and systems (National Treasury Strategic Plan, South Africa, 2020/25). Masuku and Jili (2019) postulate that the treasury's role can be deemed fundamental for the effectiveness and efficiency of public sector institutions whose work has been marred through underperformance, maladministration, allegations of corruption, and weak governance and internal controls. Accompanying these weaknesses are the pervasive challenges that South Africa faces as a result (Masuku & Jili, 2019).

In the light of these factors, the principles of good governance, as well as improved service delivery, are required to improve the trajectory of a coherent and coordinated public sector. This is

underpinned by the treasury's ability to provide quality advice and support, as well as effective monitoring and enforcement of compliance and resource utilisation (Public Finance Management Amendment Act, South Africa, No. 29 of 1999).

As explained earlier, provincial treasury government departments are expected to provide leadership over resources allocated to provinces. In this study, I focused on risk leadership. Literature on risk leadership is available, with particular emphasis on the private sector, and specifically the banking industry (Sheedy & Griffin, 2018, Osman & Lew, 2020, Gontarek, 2016 and Djaparov, 2017). However, no risk leadership literature could be found in the setting of government departments, nor specifically in the context of South African government departments.

The purpose of this study was to explore risk leadership in a South African provincial government department. The research question was: How is risk leadership reflected in a South African provincial government department based on the audited annual reports of these departments? To explore this question, the present qualitative study conducted a literature review and document analysis of audited annual reports of the selected provincial treasury government department.

The paper is structured as follows. In the background section, I provide a review of academic journal articles, the King IV Report on Corporate Governance (2016) and the South African National Treasury Public Sector Risk Management Framework (2010), with a focus on risk leadership. Thereafter, I describe the study method of inquiry, which entailed a review of the literature, the development of a codebook based on the literature, and a codebook based on the document analysis of audited annual reports of the government department under study. Finally, I present and discuss the findings on how risk leadership is reflected in the audited annual reports and suggest recommendations for the way forward.

Background

The Role of a South African provincial treasury government department

A provincial treasury government department has various responsibilities which include enhancing sound governance and institutionalising business processes. These responsibilities are underpinned by prescribing and customising various frameworks to suit the dynamics of each province, as well as building capacity, monitoring, and enforcing legislation (South African National Treasury Public Sector Risk Management Framework, 2010).

With this in sight, the provincial treasury department can be instrumental in highlighting red flags in a timely manner through their monitoring and oversight functions and provide recommendations to provincial public sector institutions.

The audit of public institutions is a practice to which most countries conform. This practice is meant to improve government's accountability by auditing and reporting on operations of public sector institutions. For example, the Australian government has put in place the Australian National Audit Office (ANAO), an institution charged with auditor responsibility for both the country's parliament and government (Ryan & Wanna, 2003). Similarly, the South African government, through the Auditor-General South Africa Constitutional and Legislative Mandate, has established the Auditor-General South Africa (AGSA) for this purpose. It audits public sector institutions annually, including state departments, public entities, municipalities, and other public institutions. The AGSA may report and consolidate audit outcomes for tabling to parliament, provincial legislatures, or municipal councils.

The AGSA's 2019/20 Audit Outcomes Report highlighted how slow implementation of risk action plans, internal audit recommendations, and AGSA action plans have been contributors to negative audit outcomes. Treasury departments are key to managing various risks, from an advisory and oversight perspective, which can address some of the challenges facing the South African public sector.

Synopsis of South African Public Sector Challenges

Curristine (2005) postulates that governments are required to address challenges – some of which are complex, and others simple – relating to service delivery. These challenges can significantly impact a country's ability to attract investment and grow its economy (Fourie David & Poggenpoel, 2017). Instead of looking at each challenge in isolation, the challenges facing the South African public sector may require a multifaceted approach. The South African National Development Plan (2013) highlights the extent to which the country continues to struggle with difficulties such as high

rates of unemployment, unavailability of housing, increased incidents of crime, the deteriorating standard of education, poverty, corruption, the state of healthcare, poor infrastructure and the state of internal controls. Healthcare, education, and poor infrastructure are further expanded on below.

The continued decline in the quality of public healthcare has come under particular scrutiny and elevated distrust in the government's ability to deliver effective and efficient healthcare systems (Maphumulo Winnie & Bhengu Busisiwe, 2019). Similarly, the South African education system has been criticised for overcrowded classrooms owing to inadequate and deteriorating infrastructure and for relatively poor educational outcomes (Gibberd, 2007).

Furthermore, South African communities depend on complex networked infrastructure that is managed by both public and private institutions (Tyanai et al., 2019). Given its poor condition in many parts of the country, the government is under tremendous pressure to meet infrastructure expectations where these are not being satisfied. This concern is echoed by the AGSA's 2019/2020 Audit Outcomes Report, which emphasised the fact that financial resources and highly competent employees are necessary, as these are key enablers for an effective state. The challenges to delivering basic services have caused enormous hardship to the country's citizens and have had adverse effects on social and economic development (Masuku & Jili, 2019).

The State of Internal Controls

Internal controls are defined as procedures that are applied by those responsible for governance, management, and personnel to ensure the attainment of set objectives and goals (COSO, 2013; Hwang et al., 2021). The South African National Treasury Technical Competency Dictionary (2010) demonstrates how internal control systems can be embedded in South African public sector institutions.

The National and Provincial Audit Outcomes 2019/2020, which tested the adequacy of controls, depicted a worsening trend in audit outcomes across the various spheres of government. Contributing to these outcomes are observed maladministration, mismanagement of public finances, fraud and corruption, and a breakdown in internal controls. The scourge of corruption and mismanagement within government institutions requires treasury institutions to enhance the fulfilment of their monitoring and oversight role.

Paramount is the government's ability to strengthen the institutions that enforce accountability of public resources as pronounced in the South African National Treasury Strategic Plan 2020/25. To this end, treasury departments can be expected to demonstrate an ability to provide and report on the extent of risk leadership provided to stakeholders. Sound risk culture can therefore be vital for avoiding failures (Gendron et al., 2016).

Risk Culture

The concept of risk culture gained substantial interest after the 2007–2009 global financial crisis, particularly in the financial services sector, where regulators and leaders began to pay attention to this element of risk management (Palermo et al., 2017). This focus came at a time when the crisis at hand was to some extent attributed to human behaviour and attitudes (FSB, 2014; Lam, 2009; Bushman et al., 2018).

Ring, Bryce, McKinney, and Webb (2016) define risk culture, as values, beliefs, and understanding regarding risk, shared by a group of individuals with a common intended purpose, particularly leaders and employees of an organisation.

While various risk culture models have been suggested by different authors, this study was anchored on a model proposed by Zaiman et al. (2021: In progress). Table 2 alphabetically lists 10 risk culture indicators as proposed by this risk culture model.

Table 2: Risk culture indicators

No.	Risk culture indicator
1	Decision dynamics
2	Risk accountability
3	Risk-based incentives
4	Risk challenge
5	Risk communication
6	Risk information
7	Risk leadership – tone
8	Risk management framework
9	Risk role
10	Risk understanding

Source: Zaaiman et al. (2021: In progress).

Risk Leadership

Table 2 reveals risk leadership as one of the 10 risk culture indicators (Zaaiman et al., 2021: In progress). Risk leadership can be defined as the risk tone of the organisation, which determines implicit risk-related messages sent by the decision-based behaviour of the leaders in the organisation (FSB, 2014).

For Djaparov (2017), risk leadership is instrumental to the establishment of effective risk culture. The tone from the top is a key component of risk culture, where individuals in strategic positions are accountable for strategic decision-making (Yihui et al., 2017). Harrison and Pelletier (1995) proposed that strategic decisions are taken at the top of the organisation, which then translates into decisions and actions taken at more operational levels. Organisations are therefore affected by the way leaders behave, and this includes their risk preferences (Yihui et al., 2017). This view is supported by Osman and Lew (2020), who highlight the fact that leadership is a crucial element of a business, as leaders should 'practice what they preach'.

Suardini et al. (2018) suggest that risk culture can be built through leadership, understanding, and commitment. Constant direction at leadership level is foundational, as this would include and enhance communication of strategy, risk appetite thresholds, and values of the organisation in its entirety (Suardini et al., 2018). The responsibility of leaders may translate into a greater oversight role, which can promote stakeholder accountability and monitoring of outcomes. Osman and Lew (2020) support this idea by postulating that leaders should ask thought-provoking questions and ultimately take advantage of opportunities and mitigating risks effectively.

Gontarek (2016) advocates for risk governance features, culture and conduct, which expand to areas such as strategy setting, ethical behaviour, incentives and rewards, and recruitment. In

addition, training, communication, accountability, data quality, decision-making, governance structures, policy frameworks, and performance are presented as fundamental. This view is reinforced by Sheedy (2016) and Ruchi and Sanjay (2018), who emphasise the importance of recruiting a Chief Risk Officer, with access to the board of directors, who has an independent risk management function, setting risk appetite statements, training programmes, remuneration and performance measurement systems as well as better integrated risk management systems. These areas might provide a foundational reference when one is exploring risk leadership in an organisation.

Power (2004) proposed that public sector risk appetite thresholds cannot be set without thoroughly consulting stakeholders. The application of this view for the South African public sector is explicated by the South African National Treasury Public Sector Risk Management Framework (2010), which suggests that those in leadership should set appetite and tolerance thresholds. Leaders within government institutions can further be expected to account to stakeholders on their performance, as reported and contained in audited annual reports.

The measurement of performance in the public sector can be seen as a practice applied by most governments. For instance, public sector performance measurement has gained mounting interest in England (Akira et al., 2010). Annual reports contain a comprehensive overview of an institution's activities throughout a financial year and can be used as a tool to report on measured performance of the preceding year (Adèle, 2012). To this end, the South African government has adopted the use of annual reports to reflect the financial position, performance against predetermined objectives, and overall governance of government institutions (Adèle, 2012). To provide stakeholders with assurance regarding the credibility of reported information, annual reports are structured in a way that includes the independent auditor's report (Moloi, 2016).

Stakeholders can rely on annual reports to obtain an overview of the state of affairs in government institutions. The reports may be viewed as an alternative to the integrated report as prescribed by the South African Companies Act 71 of 2008 and King IV report on Corporate Governance South Africa (2016) for private sector institutions. The King Report is a governance guideline for companies operating in South Africa. It advocates that corporate governance and leadership can be construed as important subjects in both the South African public and private sectors. Notwithstanding the availability of literature pertaining to leadership and the role played by leaders in the South African public sector (Mario & Daniel, 2003; Gilson et al., 2014), risk leadership has not been explored as a leadership requirement in this context.

The present study explores risk leadership in a South African provincial treasury government department as reflected in its annual reports. A thematic codebook on risk leadership was developed based on the literature, the King IV Report on Corporate Governance South Africa (2016), and the South African National Treasury Public Sector Risk Management Framework (2010). A total of 12 risk leadership themes were extracted from the literature and are presented in Table 3.

Table 3: Codebook of risk leadership themes derived from the literature

No	Code	Code description	Code indicators	Examples from literature	Sources
1	Tone from the top	Tone from the top of the organisation is determined by the implicit risk-related messages sent by the decision-based behaviour of the leaders in the organisation.	<ul style="list-style-type: none"> • Strategy setting, policymaking and directing • Setting risk tolerance and appetite levels • Recruitment and retention of competent employees • Assigning risk resources, • Providing ethical leadership and eradicating fraud • Promoting efficient use of resources • Creating an enabling environment/ culture of risk management • Promotion of diversity and inclusion 	<ul style="list-style-type: none"> • "Importance of risk culture is strategic decision-making". • "The articulation of board-approved risk appetite statements (RAS)". • "Leaders who set the tone". 	FSB (2014); King IV Report on Corporate Governance South Africa (2016); National Treasury Public Sector Risk Management Framework (2010); Gontarek (2016); Djaparov (2017); Yihui, Siegel, & Yue (2017); Sheedy & Griffin (2018); Suardini, Rahmatunnisa, Setiabudi & Wibowo (2018); Osman & Lew (2020); (FSB, 2014); (BCBS, 2015)
2	Risk communication	Risk communication refers to providing and receiving verbal, written, and non-verbal risk-related information; in this case, the information needed to be able to include risk when decisions are made.	<ul style="list-style-type: none"> • Empowerment of employees • Policy communication • Quality of information • Timely communication 	<ul style="list-style-type: none"> • "Improved communication and sharing risk information". • "Sustain the adequate level of risk information communication". • "There must also be ongoing communication, buy-in, and consultation". 	FSB (2014); National Treasury Public Sector Risk Management Framework (2010); (Salamah & Wijanarko, 2020); Gontarek (2016); (Osman & Lew, 2020)
3	Risk accountability	Risk accountability refers to perceived and actual accountability for taking risk into account effectively when making decisions; this will directly affect the risk culture of the organisation.	<ul style="list-style-type: none"> • Managing performance • Overseeing risk response strategies • Correlation between risk and performance • Reward and punishment 	<ul style="list-style-type: none"> • "Allow for transparency and accountability". • "Key elements of risk governance include board-level risk committees, empowered chief risk officers". • "Rely on a separate risk committee to provide oversight". 	FSB (2014); National Treasury Public Sector Risk Management Framework (2010); Gontarek (2016); Djaparov (2017); Yihui, Siegel, & Yue (2017); Sheedy & Griffin (2018); Osman & Lew (2020)
4	Behaviours, values, and ethos	Behaviours, values, and ethos refer to practices, rituals, heroes, and symbols within an organisational context.	<ul style="list-style-type: none"> • Prescribe ethos and value systems • Provide a supportive culture, discipline and structure • Management practices that embrace delegation of authority and personal responsibility • Ensure that the organisation is and is perceived to be a responsible corporate citizen • Core purpose should create value • Govern compliance with applicable laws, guidelines and regulations 	<ul style="list-style-type: none"> • "The board encourages communication of the importance of ethical behaviour". • "My manager is an excellent role model of desirable behaviour". • "Past experiences that guide individuals 'attitudes and behaviours'". 	National Treasury Risk Management Framework (2010); Gontarek (2016); Djaparov (2017); Yihui, Siegel & Yue (2017); Sheedy, & Griffin (2018); Osman & Lew (2020)

No	Code	Code description	Code indicators	Examples from literature	Sources
5	Risk information :	Risk information refers to the quality of available risk information available for use in decision-making.	<ul style="list-style-type: none"> Weaknesses found during risk assessment raised with management Monitoring of risks to identify and communicate new or emerging risks Data integrity 	<ul style="list-style-type: none"> “Automated tools for capturing, organising, storing and interrogating data, as well as communicating and tracking information”. “Decision-making is linked to information flows in the sense that it seeks to confirm risk decisions are informed decisions”. 	National Treasury Public Sector Risk Management Framework (2010); Djaparov (2017); Sheedy & Griffin (2018); Suardini, Rahmatunnisa, Setiabudi & Wibowo (2018); Osman & Lew (2020)
6	Risk understanding	Risk understanding refers to a shared understanding of risk, the value of risk to the organisation, and the risk management framework of the organisation promotes appropriate and effective inclusion of risk when decisions are made.	<ul style="list-style-type: none"> Training interventions at all levels to promote shared risk understanding Employees’ shared understanding of expected conduct 	<ul style="list-style-type: none"> “To enhance the user’s understanding of the Framework and to facilitate its implementation”. “Understanding current practices by individuals”. “The rethinking of the frequency, form, and content of the training will promote a shared understanding of risk”. 	National Treasury Public Sector Risk Management Framework (2010); Osman & Lew (2020); (Djaparov, 2017)
7	Risk management framework (RMF)	The RMF contains the organisation’s risk strategy, risk appetite framework (including risk limits), processes (e.g., internal controls), data, and functions intended to support the execution of the organisation’s business strategy. It provides the formal symbolic structure within which risk decisions are made by providing tools, resources, and information to do risk management.	<ul style="list-style-type: none"> Risk management policy, strategy and implementation plan Fraud Prevention Policy and plan and Whistle Blowing policy 	<ul style="list-style-type: none"> “The requisite number of people with the right skills is fundamental to implementing the risk management strategy”. “Having a defined and sustainable business strategy; governance; relevance of portfolios; training of employees; risk strategy”. “Board and management establish the firm’s strategy, articulate and monitor adherence to risk appetite and risk limits, and identify, measure and manage risks”. 	FSB (2014); National Treasury Public Sector Risk Management Framework (2010); Gontarek (2016); Osman & Lew (2020)
8.	Risk role	The risk role means that each board, management, and other staff members must have a clear and shared view and understanding of their role in managing risk in the organisation, including how and when risk should be included when decisions are made. This is informed by the RMF and influenced by the risk culture in the organisation.	<ul style="list-style-type: none"> Delegation of responsibilities for risk management Roles responsible for designing, implementing, monitoring and integrating risk management into day-to-day activities Establishment of risk structures which include the audit, governance and risk committees Clearly defined roles and responsibilities for employees, management and the board 	<ul style="list-style-type: none"> “The Risk Champion should not assume the role of the Risk Owner but should assist the Risk Owner to resolve problems”. “Accounting officer should ensure that the control environment supports the effective functioning of risk management”. “Informants represented diverse companies and positions with different role-specific decision-making requirements”. 	FSB (2014); King IV Report on Corporate Governance South Africa (2016); National Treasury Public Sector Risk Management Framework (2010); Osman & Lew (2020)

No	Code	Code description	Code indicators	Examples from literature	Sources
9	Norms and standards	Norms and standards refer to the uniform norms and standards which the provincial treasury should prescribe for government institutions.	<ul style="list-style-type: none"> • Prescribing and customising systems of risk management by adopting standard principles 	<ul style="list-style-type: none"> • "The Framework has been developed in terms of the prescripts". • "Institutions are expected to develop their systems of risk management by adopting the said principles and standards". 	South African National Treasury Public Sector Risk Management Framework (2010)
10	Monitoring and assessing	Monitoring and assessing entail that the provincial treasury should monitor and assess, among other things, the implementation of risk management, including any prescribed norms and standards.	<ul style="list-style-type: none"> • Monitor the realisation of organisational and industry objectives and goals • Effective monitoring of resource utilisation • Monitor compliance with applicable regulations • Establish systems of redress for stakeholders to monitor complaints • Assess application of best practices 	<ul style="list-style-type: none"> • "Monitor and assess, among other things, the implementation of risk management, including any prescribed norms and standards". 	South African National Treasury Public Sector Risk Management Framework (2010)
11	Capacity building	Capacity building refers to the efforts by the provincial treasury to assist and support provincial government institutions in, among other things, building their risk management and overall capacity.	<ul style="list-style-type: none"> • Assist provincial institutions to build their risk management capacity 	<ul style="list-style-type: none"> • "Assist provincial departments, provincial public entities, municipalities, and municipal entities, in, among other things, building their capacity for efficient, effective and transparent risk management". 	South African National Treasury Public Sector Risk Management Framework (2010)
12	Enforcement	Enforcement entails that the provincial treasury should impose the legislation and any prescribed norms and standards for, among other things, risk management.	<ul style="list-style-type: none"> • Enforce the legislation and any prescribed norms and standards in provincial institutions 	<ul style="list-style-type: none"> • "Enforce the legislation and any prescribed norms and standards for, among other things, risk management in provincial departments, provincial public entities, municipalities, and municipal entities". 	South African National Treasury Public Sector Risk Management Framework (2010)

Notes:

(1) Codes 1–8 are specific to internal risk leadership dynamics; codes 9–12 are specific to external risk leadership.

(2) The literature includes the South African National Treasury Public Sector Risk Management Framework (2010) and King IV Report on Corporate Governance South Africa (2016).

Method

Research design

This qualitative study was based on a literature review as well as a document analysis of three sets of audited annual reports prepared by a provincial treasury government department. The study began with the creation of an initial study-specific thematic codebook, whose themes the researcher derived from the three sources – the set of six anchor journal articles (Table 4), the King IV Report on Corporate Governance for South Africa (2016), and the South African National Treasury Public Sector Risk Management Framework (2010). Thereafter, these themes were compared to the themes derived from the document analysis of the annual reports.

Data collection and study sample

The researcher used two sets of documents downloaded from electronic platforms and databases for the purpose of conducting the literature review. These documents included, first, peer-reviewed English-language indexed academic journal articles on risk culture that focused on risk leadership. The search period was limited to the years 2002–2020, as this was the critical time for obtaining adequate relevant literature on the study topic. Second, the analysis involved formal guidelines relevant to the conduct of a South African government treasury department, namely, the King IV Report on Corporate Governance for South Africa (2016) and the South African National Treasury Public Sector Risk Management Framework (2010).

For the purpose of the document analysis, the study focused on audited annual reports of a South African provincial treasury government department over a period of three years (2017/18, 2018/19, and 2019/20). The scope of the study ended just before the National State of Disaster (pronounced on 26 March 2020), thus providing a baseline for assessing risk leadership in a South African provincial treasury department before any COVID-19 complications came into play.

Purposeful sampling, the method used in this study for selecting the relevant information-rich scholarly material for anchoring the project and for coding purposes, is commonly used in qualitative research to identify information sources related to the phenomenon of interest (Palinkas et al., 2015). This approach ensures informed selective inclusivity, which assists in distilling information that is most relevant for addressing the synthesis purpose (Russell & Kelly, 2002). The researcher first gained an understanding of what was available in the literature and extracted themes and standards which were used as a basis for the study. To enhance the relevance of the results, the NWU Google Scholar and Scopus databases were used for the search, which focused on the keywords “risk culture”, “risk tone” and “risk leadership”; these were then filtered to consider/further focus on at-risk decisions, tone from the top and decision-making. The subject

area was filtered to "business", "economic management", "social sciences". Articles covering the economic and management sciences field, as well as corporate culture, professional culture, business, and organisational culture, were selected for their relevance to the study.

The search yielded 31 risk culture related academic journal articles from which themes aligned to the keywords risk tone and risk leadership, risk decisions, tone from the top, and decision-making were used as selection criteria that yielded the six articles relating to risk leadership. These six articles served as anchor articles for the study (Table 4).

Table 4: Risk leadership anchor articles

No.	Article title	Sources
1	Risk governance of financial institutions: The growing importance of risk appetite and culture	Gontarek (2016)
2	Risk Culture in Bulgarian Banking Sector – A Vision for the Future	Djaparov (2017)
3	Corporate Risk Culture	Yihui, Siegel, & Yue (2017)
4	Risk governance, structures, culture, and behavior: A view from the inside	Sheedy & Griffin (2018)
5	The Existence of Risk Culture in Risk Management Implementation on the West Java Provincial Government.	Suardini, Rahmatunnisa, Setiabudi & Wibowo (2018)
6	Developing a framework of institutional risk culture for strategic decision-making	Osman & Lew (2020)

Data organisation and examination

Literature-based thematic codebook

A risk culture model by Zaiman et al. (2021: In progress), which proposes 10 risk culture indicators and relationships between them, was used to inform the search for essential elements in the literature.

A thematic codebook based on themes from the selected articles, the King IV Report on Corporate Governance for South Africa (2016), and the South African National Treasury Public Sector Risk Management Framework (2010) formed the basis of this study. This thematic codebook was used as a standard of comparison with the codebook derived from the audited annual reports for 2017/18, 2018/19, and 2019/20 of the provincial treasury government department under study. This comparison was intended as a starting point for assessing the extent to which reporting themes related to risk leadership in the annual reports aligned with the treatment of those themes in the literature.

Document analysis

Document analysis was considered the most suitable approach for this study. Yin (1994) points out how document analysis provides the possibility of broad coverage of events and settings over a period of time. Among its advantages, Bowen (2009) views document analysis as a non-reactive research method and explains that the use of documents provides mechanisms for tracking changes and developments as well as the opportunity to substantiate information from other sources. Cardno (2018) further describes document analysis as the most appropriate tool for exploring written positions or views of organisations.

The information in the annual reports selected for analysis was restricted to narrative information relating to policy, non-financial performance, and governance. Financial statements and appropriation statements were not regarded as directly relevant for the purpose of this study and were therefore excluded. The focus was limited to areas of association between the literature and annual report codes.

To make sense of the data from the annual reports for 2017/18, 2018/19 and 2019/20 financial years, the researcher engaged in the process of coding, which entailed developing a sequential strategy to structure the codebook in alignment to the codes from the literature review as presented in Table 4. Table 5 presents two annual report extracts linked to each code. Relationships between codes were closely observed and these codes were subsequently gathered together in terms of their relationships to determine their pattern so as to detect the most

dominating and the least dominating features and look for analytical explanations as postulated by (Saldaña, 2016).

The presentation in Table 6 looks at the appearance, non-appearance, or weaknesses observed in the annual report codes.

Ethical considerations

Braun and Clarke (2006) emphasise the importance of experienced researchers' guidance on qualitative data analysis, particularly when using thematic analysis, to ensure the credibility of results and conclusions. Hence the researcher was guided, trained, and overseen in this process by an appointed supervisor.

No human participants were involved in this document analysis study. All source documents used in this study were in the public domain and were downloaded from their respective websites, so no permission was required for their use in this study. The project was executed only after approval of the proposal was obtained from the Faculty of Economic and Management Sciences Research Ethics Committee (EMSREC) of the North-West University.

Results and Discussion

Results

The 12 codes derived from the literature are provided in Table 3. These codes were compared to codes derived from document analysis of annual reports for the period 2017–2019 for the provincial treasury government department under study. Table 5 provides a mapping of risk leadership themes derived from annual reports. Table 6 further presents indicative areas of agreement and disagreement between codes derived from the literature and codes derived from the annual reports.

The findings depict that a provincial treasury environment provides internal risk leadership within the treasury itself, and external risk leadership to the public sector institutions overseen by the provincial treasury. This two-sided phenomenon of risk leadership presents increased complexity because one must consider both the internal risk leadership architecture and the external risk leadership expectation of the provincial treasury under study. Both categories are presented in this study.

The frequency of eight codes, namely, risk tone, communication, behaviours, risk accountability, risk information, risk understanding, risk management framework, and risk roles was observed in the internal risk leadership themes of the provincial treasury. These codes were not observed in the external risk leadership assumptions of the provincial treasury, that is, oversight that the provincial treasury provides to public sector institutions. The eight internal risk leadership codes aligned well with the academic journal articles and the King IV Report on Corporate Governance South Africa (2016). The four external risk leadership codes, namely, norms and standards, capacity-building, monitoring and assessing, and enforcement aligned well with the South African National Treasury Public Sector Risk Management Framework, 2010.

The results reveal areas of strengths and weaknesses in the way in which risk management is conducted in the treasury department under study, as discussed in this section, theme by theme. The implications of findings from the comparison of codebooks derived from the literature and from annual reports are discussed.

Based on the information provided in Tables 5 and 6, Table 5 presents two examples of quotations from annual reports linked to each code. Table 6 illustrates the appearance and non-appearance, or weaknesses observed in the codes derived from annual reports in comparison to codes derived from the literature.

Table 5: Codebook of risk leadership themes derived from annual reports

No.	Code	Code Description	Examples from annual reports (citations in Year 1 or 2 or 3)		
			Year 1 (2017/18)	Year 2 (2018/19)	Year 3 (2019/20)
1	Tone from the top	Tone from the top of the organisation is determined by the implicit risk-related messages sent by the decision-based behaviour of the leaders in the organisation.	<ul style="list-style-type: none"> “Addressing issues causing high staff turnover and reduced vacancy rate/turnover rate”. “Seek permission from the Executive Authority before any remunerative work outside their employment in the Public Service was performed”. 	<ul style="list-style-type: none"> “During the year under review, ten (10) officials were appointed to act in higher positions”. “Provincial moratorium on the filling of posts was implemented during the financial year which affected the Provincial Treasury’s ability to meet its outputs effectively as the officials were overstretched due to staff shortages”. 	<ul style="list-style-type: none"> “Identified critical posts for filling and submitted a request to the Office of the Premier for approval. Whilst waiting for approval to fill the critical posts, 12 employees were appointed on acting positions with a view to ensuring consistent operations”. “For the period under review, four officials were granted permission to perform work outside the Public Service”
2	Risk communication	Risk communication refers to providing and receiving verbal, written, and non-verbal risk-related information, in this case, the information needed to be able to include risk when decisions are made.	<ul style="list-style-type: none"> “The Provincial Treasury continued its program on minimising conflict of interest by raising awareness amongst officials on the importance of disclosing their interests and placed emphasis especially on designated officials”. 	<ul style="list-style-type: none"> “The Provincial Treasury continued its program on minimising conflict of interest by raising awareness amongst officials on the importance of disclosing their interests and placed emphasis especially on designated officials”. 	<ul style="list-style-type: none"> “Minimising conflict of interest by raising awareness amongst officials on the importance of disclosing their interests and placed emphasis especially on designated officials”.
3	Risk accountability	Risk accountability refers to perceived and actual accountability for taking risk into account effectively when making decisions; this will directly affect the risk culture of the organisation.	<ul style="list-style-type: none"> “All members of the SMS must conclude and sign performance agreements within specific time frames”. “All Programmes are required to include the action plans to address high-risk areas in the annual performance plan”. 	<ul style="list-style-type: none"> “The Provincial Treasury conducts quarterly risk evaluation sessions to monitor the management of risks”. “All Programmes are required to include the action plans to address high-risk areas in the annual performance plan”. 	<ul style="list-style-type: none"> “All members of the SMS must conclude and sign performance agreements within specific timeframes”. “All Programmes are required to include the action plans to address high-risk areas in the annual performance plan”.
4	Behaviours, values, and ethos	Behaviours, values, and ethos refer to practices, rituals, heroes, and symbols within an organisational context.	<ul style="list-style-type: none"> “All SMS Members accordingly declared their financial interests through the e-disclosure system, including officials in the Office of the Chief Financial Officer”. “No officials were granted permission to perform work outside the Public Service”. 	<ul style="list-style-type: none"> “Provincial Treasury has incurred an irregular expenditure amounting to R3.5 million and an amount of R1.3 million relating to non-compliance with SCM legislation”. “No fraud case was reported via the hotline during the financial year”. 	<ul style="list-style-type: none"> “Did not incur any Unauthorised, Irregular, Fruitless, and Wasteful Expenditure during the year under”. “The Provincial Treasury has completed a Service Delivery Improvement Plan (SDIP)”.

No.	Code	Code Description	Examples from annual reports (citations in Year 1 or 2 or 3)		
			Year 1 (2017/18)	Year 2 (2018/19)	Year 3 (2019/20)
5	Risk information	Risk information refers to the quality of available risk information available for use in decision-making.	<ul style="list-style-type: none"> “Risk assessments conducted in the Provincial Treasury revealed certain weaknesses, which were raised with management”. “The Provincial Treasury managed to perform PERSAL clean-up process to improve data integrity”. 	<ul style="list-style-type: none"> “Risk assessments are conducted annually for all Programmes to identify risks that impact on the achievement of objectives”. “Progress made on identified risk areas are evaluated on a quarterly basis, the quarterly reviews would also identify new or emerging risks”. 	<ul style="list-style-type: none"> “Risk assessments are conducted annually for all Programmes to identify risks that impact on the achievement of objectives”. “Progress made on addressing identified risk areas are evaluated on a quarterly basis, and the quarterly reviews would also identify new or emerging risks to ensure that risks which were not covered during the Risk Assessment process are considered and monitored quarterly”.
6	Risk understanding	Risk understanding refers to a shared understanding of risk, the value of risk to the organisation, and the risk management framework of the organisation promotes appropriate and effective inclusion of risk when decisions are made	<ul style="list-style-type: none"> “Risk awareness workshops are conducted to create awareness of risk management to all levels in the Provincial Treasury”. “The Provincial Treasury continued to raise awareness amongst officials on the Code of Conduct through awareness workshops and including distributing the Code to newly appointed officials”. 	<ul style="list-style-type: none"> “Risk awareness workshops are conducted to create awareness of risk management to all levels in the Provincial Treasury”. “Workshops on code of conduct”. 	<ul style="list-style-type: none"> “Awareness sessions were conducted by the risk and ethics management on the policy, plan, and responsibilities of staff on fraud prevention as well as the reporting mechanisms”. “Continued to raise awareness amongst officials on adherence to the Code of Conduct as well as on grievance procedures, through awareness workshops”.
7	Risk management framework (RMF)	The RMF contains the organisation's risk strategy, risk appetite framework (including risk limits), processes (e.g., internal controls), data, and functions intended to support the execution of the organisation's business strategy. It provides the formal symbolic structure within which risk decisions are made by providing tools, resources, and information to do risk management.	<ul style="list-style-type: none"> The Provincial Treasury has an approved Risk Management Policy, Risk Management Committee Charter and Risk Management Strategy”. “The Provincial Treasury has an approved Fraud Prevention Policy and plan”. 	<ul style="list-style-type: none"> “An approved Whistle Blowing Policy is in place to guide staff on the processes to follow in reporting cases of suspected fraud and corruption”. “The Provincial Treasury has an approved Risk Management Policy, Risk and Ethics Management Committee Charter and Risk Management Strategy”. “Approved fraud prevention policy and plan”. 	<ul style="list-style-type: none"> “Has an approved Risk Management Policy, Risk and Ethics Management Committee Charter and Risk Management Strategy”. “Approved Fraud Prevention Policy and plan”

No.	Code	Code Description	Examples from annual reports (citations in Year 1 or 2 or 3)		
			Year 1 (2017/18)	Year 2 (2018/19)	Year 3 (2019/20)
8	Risk role	The risk role means that each board, management, and other staff members must have a clear and shared view and understanding of their role in managing risk in the organisation, including how and when risk should be included when decisions are made. This is informed by the RMF and influenced by the risk culture in the organisation.	<ul style="list-style-type: none"> “The Audit Committee advises the Provincial Treasury on risk management and independently monitors the effectiveness of the system of risk management at Audit Committee meetings”. “A Risk Management Committee that advises management on the overall system of risk management has been appointed”. 	<ul style="list-style-type: none"> “A Risk and Ethics Management Committee that advises management on the overall system of risk management has been appointed”. “An external Chairperson was appointed to comply with the Provincial Risk Management Framework and to add value to risk management in the Provincial Treasury”. 	<ul style="list-style-type: none"> “The Internal Audit Unit conducts its activities as per the Internal Audit Plan that is based on the risk assessment and approved by the Audit Committee”. “Established governance structures such as the Audit Committee and Risk and Ethics Management Committee, which are tasked with a responsibility to ensure that risks are managed, internal controls are adequate and effective and governance principles are implemented”.
9	Norms and standards	Norms and standards refer to the uniform norms and standards which the provincial treasury should prescribe for government institutions.	<ul style="list-style-type: none"> “Drive the implementation of procurement reforms”. “Improving the utilisation of systems including i.e. IT capability”. 	<ul style="list-style-type: none"> “Implemented the Transversal contracts to reduce costs, promote economic empowerment and job creation.” “Ensure efficient and effective financial, transversal systems, ICT and corporate governance in the province”. 	<ul style="list-style-type: none"> “Implementation of financial recovery planning targeting the identified distressed municipalities”. “Coordinate the delivery of Infrastructure performance in the province”.
10	Monitoring and assessing	Monitoring and assessing entail that the provincial treasury should monitor and assess, among other things, the implementation of risk management, including any prescribed norms and standards.	<ul style="list-style-type: none"> “Monitor the realisation of the goal of a clean financial administration and inclusive economic development”. “Monitor the spending on Compensation of Employees and ensure that the percentage is decreased”. 	<ul style="list-style-type: none"> “Institutions surrender money due to slow spending”. “Monitor debt collection and revenue generation”. 	<ul style="list-style-type: none"> “Adhering to compliance on payment of suppliers within 30 days after receipt of an invoice”. “Monitored on implementation of procurement plans”.
11	Capacity building	Capacity building refers to the efforts by the provincial treasury to assist and support provincial government institutions in, among other things, building their risk management and overall capacity.	<ul style="list-style-type: none"> “Improve revenue generation and collection”. “The appointment of the Panel of specialists to assist municipalities must be fast-tracked”. 	<ul style="list-style-type: none"> “Support Local Economic Development (LED) structures, Forums, and strategies at a Municipal level”. “Support stakeholders to improve internal audit and risk management systems to ensure value add” 	<ul style="list-style-type: none"> “Support and coordination to the six infrastructure departments”. “Convened Supply Chain Management Indaba in the three districts to deepen understanding of the public procurement policy and opportunities”.
12	Enforcement	Enforcement entails that the provincial treasury should impose the legislation and any	<ul style="list-style-type: none"> No themes observed. 	<ul style="list-style-type: none"> “Enforce the payment of suppliers within 30 days after receipt of a valid invoice”. “Ensure consequence 	<ul style="list-style-type: none"> “Non-compliance letters were issued to the Accounting Officers”. Non-compliance by Accounting

No.	Code	Code Description	Examples from annual reports (citations in Year 1 or 2 or 3)		
			Year 1 (2017/18)	Year 2 (2018/19)	Year 3 (2019/20)
		prescribed norms and standards for, among other things, risk management.		management is implemented on departments that are not complying with the contract management framework".	Officers, escalation letters made to the Executive Authorities of those institutions that are non-compliant".

Notes:

(1) Codes 1–8 are specific to internal risk leadership dynamics; codes 9–12 are specific to external risk leadership.

(2) Literature includes the South African National Treasury Public Sector Risk Management Framework (2010) and King IV Report on Corporate Governance South Africa (2016).

Table 6 illustrates the appearance and non-appearance, or weaknesses observed in the codes derived from annual reports, compared to codes derived from the literature, and is a representation of either a poor or good reflection of code behaviours.

Table 6: Indicative areas of codes derived from the literature and codes derived from the annual reports

Code derived from the literature	Indicator of positive appearance in annual reports			Indicator of non-appearance / weakness		
	Year 1	Year 2	Year 3	Year 1	Year 2	Year 3
Tone from the top	x	x	x	x	x	x
Risk communication	x	x	x	x	x	
Risk accountability	x	x	x	x		x
Behaviours, values, and ethos	x	x	x	x	x	x
Risk information	x	x	x			
Risk understanding	x	x	x			
Risk management framework	x	x	x	x	x	x
Risk role	x	x	x	x	x	x
Norms and standards	x	x	x			
Monitoring and assessing	x	x	x			
Capacity building	x	x	x			
Enforcement		x	x	x		

Discussion

In summary the study findings indicate that, unlike other government departments, the provincial treasury is expected to provide and reflect on two sides of risk leadership: first, internal to the treasury itself and, second, to the public sector institutions overseen by the treasury. The study presents the perspective that the treasury should be measured on the impact of their risk leadership efforts towards the public sector institutions that they oversee.

Tone from the top

Table 6 shows that all three annual reports reflected themes connected with tone from the top, and the examples cited in Table 5 point to specific weaknesses in the key area of staffing. The Year 1 annual report revealed “high staff turnover and reduced vacancy rate”; the Year 2 report raised concerns that posts were being filled in an “acting” capacity, and that the provincial moratorium on the filling of posts resulted in staff shortages and “overstretched” officials, with adverse effects on the department’s “ability to meet its outputs effectively”. For Year 3, acting positions were reported again, as well as delays in approvals to fill "critical posts".

Government’s policy to manage the public sector wage bill by abolishing vacant posts had detrimental effects. High staff attrition was shown as weakening the department’s ability to function properly and to deliver on its mandate. Year-on-year reductions in the workforce contributed to the department’s continuing reports of employees under increasing pressure, with acting appointments made as an attempt to close the gaps. By their nature, acting appointments are stopgaps and, if they extend over time, can undermine stability (Siegel, 2020). Staff attrition, combined with extended temporary acting replacements as cause for concern is supported by the literature, which specifies recruitment and retention of suitable employees as key to a successful organisation (Osman & Lew, 2020; Sheedy, 2016).

The three annual reports indicate increasing challenges for the department, caused directly by staffing constraints, and the seriousness of the situation is reflected clearly in the rising call for permission to improve the staffing complement.

Another key feature that consistently emerged in all the annual reports is that the department’s risk appetite was not defined and performance against set levels was not measured. The literature frequently points to risk appetite levels as a theme related to risk tone. According to Sheedy (2016) and Ruchi and Sanjay (2018), setting risk appetite levels and stating them clearly is a pivotal exercise for promoting a shared understanding of the amount of risk an organisation is willing to accept. The absence of such statements in any of the annual reports, therefore, indicates the need for further attention to risk appetite by the departmental leadership team. Gontarek (2016) highlights the rising significance of risk appetite statements as among the most essential in the area of risk governance, and the point is supported by Osman and Lew (2020), who emphasise the

importance of managing risk within agreed risk appetite levels. Djaparov (2017) has noted the importance of communicating any changes to risk strategy or risk appetite, and Suardini et al. (2018) have shown that effective risk culture is associated with an environment where everyone in the organisation is aware of its risk appetite. Omissions in this area in the department's annual reports suggest that it could usefully focus on the specific tasks of setting and monitoring risk appetite thresholds.

Taking into account the complexity in the work of a provincial treasury as well as its instrumental role in contributing to the success of an entire provincial administration, themes relating to tone from the top in the department's annual report serve as indicators of a need to consider corrective risk management actions, particularly in the areas of staffing and risk appetite.

Risk communication

Risk communication themes appeared in all the annual reports, but in some areas the appearance revealed weaknesses, as indicated in Table 6. Although the treasury consistently "minimised conflict of interest by raising awareness amongst officials", signifying verbal risk-related communication which can be applied as a criterion for ethical conduct and embedded in various processes, the themes did not indicate clearly the manner in which the treasury provided verbal, written, and non-verbal risk-related information. The method of including risk information in decision-making was not reflected in all the annual reports. In particular, risk communication to operational employees did not appear in Years 1–3. Shefrin (2016), emphasises that the responsibility to integrate the risk management process into day-to-day activities rests with operational employees. As such, employees who occupy more operational roles should be familiar with the risk management process. The finding showed room for improvement in the provincial treasury's risk communication to enhance a shared risk-approach when employees carry out their respective roles.

Risk accountability

Although risk accountability themes were observed in the annual reports, the themes showed areas of weakness, which include inadequacies in holding employees accountable for mitigating risk. Employees should be held responsible for their actions, and this can be done through measurement tools such as performance appraisals (Salamah & Wijanarko, 2020). Such tools are simplified evaluation apparatuses designed to support supervisors and employees in meaningful performance management processes (Camilleri, 2021). This method heightens awareness of the cost that could be sustained should an employee fail to uphold their responsibility (FSB, 2014). Although senior managers signed performance contracts and agreed to various deliverables for all three financial years, their performance was not consistently assessed. The Year 1 annual report indicates that no senior management members of staff were assessed. The Year 2 report states that all senior management members were assessed. For Year 3, not all senior management members' performance was assessed. The treasury should consider consistently evaluating the execution of assigned responsibilities by monitoring the correlation between risk exposure reductions and overall departmental performance.

Behaviours, values, and ethos

The treasury developed, approved and communicated expectations with regard to expected behaviours, ethos and value systems consistently through the period under study. However, irregular expenditure relating to “non-compliance with supply chain management legislation” still incurred in Year 1, and two misconduct cases were observed in that financial year; three misconduct cases were observed in Year 2 and one case reported in Year 3. These instances contrast sharply with precepts in the literature that indicate the instrumental role culture plays in value creation and shaping of employee conduct. The right kind of shared behaviours and values contribute to creating trust and building a positive reputation among internal and external stakeholders (Gontarek, 2016), and the opposite is also true.

Reflecting irregular expenditure and misconduct cases in their annual reports can undermine the role that the treasury is supposed to play and pose a reputational risk to the department. The treasury could consider introducing organisation-specific initiatives to improve behaviours, values and ethos.

Risk information

Although risk information is gathered through a risk assessment process, no themes were observed that illustrated how risk intelligence was included in decision-making. The IRM (2012) recommends that the inclusion of risk information in key documents enables senior management to make timely informed decisions. Disclosure of risk information, which includes but is not limited to a change in risk limits or introduction of new risk approaches, shapes risk culture and improves governance (Djaparov, 2017). Those in leadership bear the ultimate responsibility for the credibility, quality and timely sharing of risk information with all employees. Providing this information promotes alignment with organisational risk philosophy, and presents employees with actionable data as they perform their day-to-day duties (Osman & Lew, 2020).

It is on this basis that structured efforts are recommended to improve this area. This can be done either by analysing whether the observed weakness is attributed to the treasury's failure to include risk information in decision-making, or whether there was a reporting omission in the annual reports. Nevertheless, corrective action should be considered.

Risk understanding

Although risk understanding was consistently reflected in the reports, some weaknesses were observed. The treasury did not explicitly indicate how shared risk understanding, the value of risk to the department, and the risk management framework promote inclusion of risk in decision-making. For Hillson (2013), the value of shared risk understanding is highlighted in defining culture as the values, knowledge and understanding, shared by a group of people with a common purpose.

Risk Management Frameworks

A framework for risk management can be defined as a set of documented principles that form structure and approach relating to an organisation's risk management process (Moraru & Băbut, 2010). Guidelines of this kind can be regarded as a leadership responsibility as they provide direction for organisational risk management.

Risk management framework themes were consistently observed. The reports illustrated that the provincial treasury department approved various risk management guiding documents. The annual reports from Years 1–3 exemplify how a "risk management strategy", an "approved risk management policy" and a "risk management committee charter" were central to the treasury's risk management environment. This finding aligns with the literature. The leadership of an organisation is ultimately responsible for the institution's risk management framework and bears responsibility for the oversight of its operation by management (Sheedy, 2016). This view is shared by the South African National Treasury Public Sector Risk Management Framework (2010) and supported by

Gontarek (2016) and Osman and Lew (2020). No recommendations for further improvement emerged from analysis of this area as the treasury's annual reports were aligned to the principles in the literature.

Risk roles

The risk role themes observed highlighted how the "appointment of risk and governance committees" promoted oversight over risk governance. Sheedy (2016) finds that the success of risk management hinges on employees fully appreciating their role in the risk management process and the behaviour that is expected of them. She further suggests that favourable risk outcomes are linked to effective risk structures which are complemented by the risk culture of the organisation. Risk and governance committees are important elements of risk management (FSB, 2014; Gontarek, 2016; Djaparov, 2017; Yihui, Siegel, & Yue, 2017).

Although risk roles for management and risk structures were explicit in the annual reports, there were observed weaknesses as no mention was made of the role of an operational and risk champion as suggested by the South African National Treasury Public Sector Risk Management Framework (2010). To this end the treasury department could consider whether the finding is due to the high-level nature of an annual report, which may not include operational dynamics, or whether such roles have not been defined, communicated and monitored. In the latter case, a recommendation is made to clearly define, communicate and monitor risk roles across the treasury.

Norms and standards

Although themes relating to norms and standards were observed in the annual reports, these were minimal in all three annual reports, as distinct from themes of capacity building and monitoring, and assessing. The commitment to "drive the implementation of procurement reforms" was demonstrated in Year 1. This further surfaced in Year 2, where the treasury endeavoured to "implement the transversal contracts to reduce costs, promote economic empowerment and job creation". These statements are underpinned by the treasury's responsibility to optimise resource utilisation and assist reduce expenditure on non-essential goods and services, ultimately redirecting available resources to core services (National Treasury Strategic Plan, South Africa, 2020/25).

While the South African government has a specified supply chain philosophy, its application may only be achieved when public sector institutions implement procurement reforms that are enforced by the treasury. "Improving the utilisation of systems including IT capability" was a consistent theme in all three years. Fischer et al. (2021) focus on the impact of digitisation in the public sector and emphasise how automation can be used as an instrumental tool for efficiency and performance.

The treasury may need to endeavor to enhance sound governance and institutionalise business processes by prescribing and customising various frameworks to suit the dynamics of the province. This promotion of uniformity in understanding and application of frameworks may be instrumental in achieving optimal risk maturity levels and achieving the government's governance goals.

Capacity building

The treasury invested a great effort in building capacity within public sector institutions. A significant number of codes under this theme were observed in Year 1. A similar trend was observed for Year 2, where the frequency of capacity-building themes is substantially higher than monitoring and assessing implementation. In Year 3, more effort to monitor and assess implementation was noted, followed by capacity building, norms and standards, and, last, enforcement.

Public sector policies require a capable government to implement them, and this is central for the success of the public sector. Capacity-building programmes seek to improve performance and service delivery in the public sector by optimally aligning resources with pragmatic activities (Farazmand 2009; Fukuyama 2013; Rothstein 2015). Therefore, no recommendations for improvement in this area are suggested, as the codes in the annual reports align clearly with the literature.

Monitoring and assessments

Monitoring and assessment themes were consistently observed in the annual reports, thus showing a strong presence throughout the period under study. The treasury highlighted the various areas, monitored, and assessed, in all three years. Year 1 in particular emphasised areas such as "monitoring the realisation of the goal of a clean financial administration and inclusive economic development." This is a critical area in which the treasury can provide risk leadership to improve the state of internal controls in public sector institutions.

Another area that was accentuated in Year 1 was "monitoring the spending on compensation of employees and ensuring that the percentage is decreased". The government's wage-bill reduction policy was discussed earlier, under the tone from the top theme, where the year-on-year workforce reduction was observed to have dire consequences for the treasury's implementation of their mandate as expected. This result may be applicable to other public sector institutions in the province where employees may be "stretched" and unable to achieve service deliverables as desired. The treasury should consider performing a province-wide analysis of the impact of workforce reduction. There are however, no recommendations for improvement in relation to this code given the observed alignment between the annual reports and the literature.

Enforcement

No enforcement themes were detected in the annual report in Year 1 for the treasury department. Year 2 showed a focus on "enforcing the payment of suppliers within 30 days after receipt of a valid invoice". Year 3 reported "non-compliance letters being issued to the Accounting Officers", followed by the issuing of escalation letters for "non-compliance by Accounting Officers to the Executive Authorities". However, all three annual reports did not illustrate which were the non-compliance areas and how many non-compliance letters were issued to Accounting Officers and Executive Authorities, respectively.

Government failure to ensure policy implementation perpetuates a state where rules are promulgated yet remain unapplied and ineffective, which leads to governance collapses and undesirably impact on the citizenry (Huisman, 2019). To avoid such situations, the treasury is advised to consider more efforts to enforce legislation; by so doing the department can positively impact the overseen public sector institutions from a risk leadership perspective. Such efforts may also contribute to improvements in the state of public institutions and perhaps assist in addressing some of the challenges observed in the public sector.

Conclusion

This qualitative study explored risk leadership in a South African provincial treasury department, prompted by a curiosity to better understand challenges observed in the public sector and the role that the treasury department plays. The research provided an outline of the risk leadership of a South African provincial treasury department as reflected in audited annual reports.

The South African provincial treasury department under study presented a two-sided risk leadership phenomenon, with internal responsibilities as well as external ones. This does not only complicate the type of risk leadership the treasury should exemplify and reflect in the annual reports but also illustrates the complexity of the treasury's work.

The study showed accord between the literature and internal risk leadership themes within the treasury, which may be a potential contributor to the treasury having obtained and maintained a clean audit opinion from the Auditor-General for the period under study. Although this alignment was reflected, certain weaknesses were observed.

The external risk leadership themes indicated that the treasury had invested effort to build a capable state by assisting, supporting and training government institutions as well as monitoring regulations and guidelines. The evidence from the literature suggests that this is partially in line with the treasury's risk leadership role relating to public sector institutions overseen by the treasury. The treasury could, however, consider increasing efforts to enforce guidelines and legislation, as shortcomings in this area were consistently found in the document analysis for the period under study.

As with all research studies, this one has limitations. The use of thematic analysis, which may affect the credibility of the study results and conclusions, has been identified as a constraint. This risk was mitigated by regular reviews from the study supervisor, who is an experienced researcher. Data comparability is another potential limitation to be considered when drawing conclusions from the study results, as the various South African provincial treasury departments may reflect on risk leadership in different ways in their audited annual reports. This issue could be explored further.

The present exploratory study does, however, offer an overview of specific risk leadership issues and insights generated from documents in the public domain. It also offers a useful reference point for conceptualising future academic studies on risk leadership, and an invitation for scholars and risk professionals to make further contributions in the crucial area of risk leadership in the public sector context.

A more critical question that arises from the findings, however, is whether the treasury is sufficiently well-positioned and capacitated to enforce legislation, as this emerged as a shortcoming of the external risk leadership to public sector institutions. A future academic study could possibly provide the answer to this question.

Number of words:

Abstract: 289 (max: 300 words)

Article: 6949 (max 8,000, excluding abstract, tables and references)

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REFLECTION

In this qualitative study, I explored risk leadership in a South African provincial treasury government department as reflected in its annual reports. The study sought to establish the appearance or non-appearance of risk leadership themes in these annual reports in terms of those derived from the literature, as well as weaknesses and strengths illustrated in the reports during the years under study.

My curiosity about the topic hinged on an interest of the risk role that a South African provincial treasury government department should play in public sector institutions that are overseen by that treasury. The past nine months have been very insightful, as I managed to grasp the complexities within a provincial treasury department as well as the enormous responsibility that this oversight department is charged with.

Despite the treasury department under study achieving clean audit outcomes, and relatively high agreement between the literature and the internal risk leadership expectations, the study also found certain weaknesses in this area. Strengths and weaknesses were also observed with regard to the external risk leadership that the treasury provides to public sector institutions. These insights can be beneficial for the South African treasury department, at both national and provincial levels.

The relevance and usefulness of the Risk Culture Model (RIDC) in practice was also observed in both the literature review and document analysis, and supported by insights observed from the codes, where seven other RIDC model indicators were linked to the tone from the top indicator. Both the literature and the annual reports of the treasury department under study reflected these indicators as either management, executive, governance committees, or governing body responsibilities. These role players are the most senior in any organisation.

On a personal level, the current research was challenging, especially because studies focusing on similar problem statements were not available. Second, the challenges brought about by the COVID-19 pandemic presented many curved balls. However, the journey was immensely interesting and fulfilling. Examining the annual reports and completing the research tested my discipline, focus, knowledge, and experience of the public sector. It was rewarding to better understand the treasury and its challenges.

The knowledge gained during 2020, the first year of the two-year applied risk management programme, played an immeasurable role in my preparedness to execute the study. The support and encouragement of the North-West University UARM academic team was also instrumental in getting me to the level of producing such a study. This has been amplified by the backing provided by my study supervisor, who has been helpful in finalising this academic paper. The guidance from my supervisor continually created a level of self-awareness and skill in me that I will carry throughout my writing and my professional career.

I am grateful for the opportunity afforded to me to participate in this course. The course itself has allowed me to grow my interest in creating new ways to build and measure risk culture. I believe the lessons and challenges of the past two years have exposed me to what is already out there in literature and how I can apply such insights in my career. Last, this dissertation ends with a reflexive journal of this study (Table 7) and a summary dashboard as appendices.

APPENDICES

Table 7: Reflexive journal for risk leadership in a South African provincial government department

Item	Experience / insight	Action
The research proposal process	<p>Having to submit my research proposal for approval by the UARM Optentia Committee and the FEMS ethics committee meant I had to work on various areas simultaneously. These included the concept outline, methods section and proposal. The burden was slightly lifted by the structured MARM programme and support by my supervisor. The research proposal process was also well supported by the UARM and Kerlick teams, which was fairly smooth. Nevertheless, my proposal was not unanimously approved the first time around as one reviewer returned the documents with comments and clarity seeking questions. The reviewer's comments assisted to further enhance and solidify the proposal. The proposal process required constant communication with my research supervisor. In summary, the following is noted regarding the research proposal submitted and approved by the Optentia Scientific and Faculty of Economic and Management Sciences Research Ethics Committee (EMSREC):</p> <ul style="list-style-type: none"> • Topic: Risk leadership in a South African provincial government department • How is risk leadership reflected in a South African provincial government department based on the audited annual reports of these departments? 	<p>I had to constantly engage my research supervisor to refine the topic, concept, approach and method. Resubmission of research proposal meant that I had to catch up to the rest of my class mates.</p>
Background	<p>I set out to look at risk leadership, the role of a South African provincial treasury department and challenges in the South African public sector. The story line focused on what risk leadership role the treasury as a public sector oversight department plays and how that role can address observed challenges in the public sector. Several issues were encountered during the</p>	<p>The following actions were taken:</p> <ul style="list-style-type: none"> • First, I had to look at the literature covering risk culture to properly define risk leadership in order to be able to define it for myself and for the study.

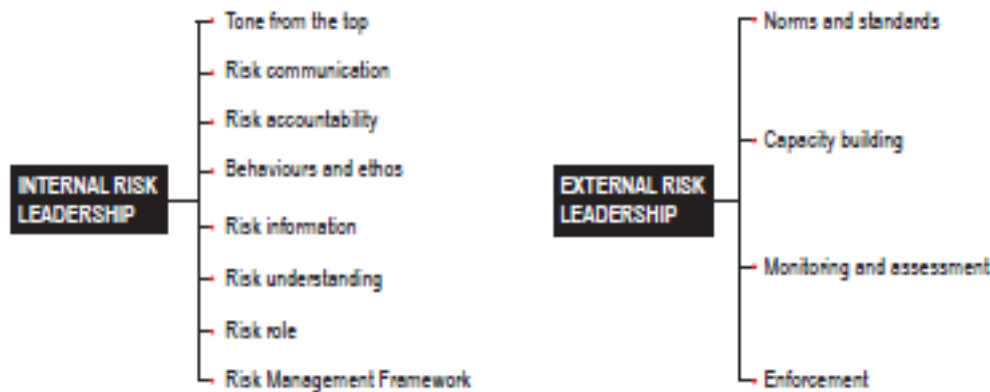
Item	Experience / insight	Action
	<p>literature review process which are:</p> <ul style="list-style-type: none"> • My main concern at first was the alignment between the publication of the literature, which in this case was risk leadership academic journal articles, the King IV Report on Corporate Governance South Africa (2016) and the South African National Treasury Public Sector Risk Management Framework (2010). This had a potential to derail the study should material changes be observed in the academic literature and King IV Report on Corporate Governance South Africa (2016). The concern was eased during the literature review where the changes were not material. • There was also no academic research paper that discussed risk leadership in a public sector institution. Majority of the articles were mainly focused on risk culture and slightly touched on risk leadership. These articles were predominately in the private sector and non were public sector inclined. • The study was anchored on the researcher-developed initial thematic codebook. This process took most of my time and the codebook became the back-bone of the study, making interpretation relatively easier. 	<ul style="list-style-type: none"> • Second, for the South African context, I looked at the King IV Report on Corporate Governance South Africa (2016) and the South African National Treasury Public Sector Risk Management Framework (2010)
Data collection process	The plan was to do a detailed review and analysis of the non-financial sections of the audited annual reports as published by the treasury. This was due to the fact that other sections of the annual report did not provide value to this study in particular.	I analysed annual reports of the treasury as this would allow me to intimately engage with the material. This analysis enabled me to evaluate the information included in the annual reports against the key themes from the initial codebook developed during in the background section.
Thematic coding and data analysis	The coding process was tedious as essentially, I had to first develop a codebook from the literature, which included three sources namely,	I analysed the annual reports of the treasury as this would allow me to intimately engage with the material.

Item	Experience / insight	Action
Results and discussions	<p>academic journal articles, King IV report on Corporate Governance South Africa (2016) and the South African National Treasury Public Sector Risk Management Framework (2010). We had initially planned to compile one codebook from the literature and compare it to the audited annual reports but as the study advanced 2 codebooks were developed. One from the literature and another from the audited annual reports. I was lost and overwhelmed by the magnificent data coding process, sifting through information to find similarities and differences. The coding process was continually overseen and reviewed by my research supervisor, who advised on categorising and the structure of the codebook.</p>	<p>This analysis enabled me to evaluate the information included in the audited annual reports against the key themes developed during in the background section.</p>
	<p>The method employed compared the two codebooks to each other in order to establish whether the themes from literature appeared or did not appear on the annual reports' codebook. This was followed by further analysis of whether the appearance reflected a weakness or strength, which was based on literature. We decided that instead of observing frequencies of codes, we would rather look at appearance or non-appearance as well as strengths or weaknesses.</p>	<p>Comparison of the two codebooks to observe appearance or non-appearance as well as strengths or weaknesses</p>

Study Dashboard

RISK LEADERSHIP IN A PROVINCIAL GOVERNMENT DEPARTMENT

Study details: Qualitative research- Treasury Annual Reports (2017/18, 2018/19, and 2019/20) compared against themes from 6 anchor journal articles, the King IV Report on Corporate Governance for South Africa (2016), and the South African National Treasury Public Sector Risk Management Framework (2010).



Norms and standards

Although themes relating to norms and standards were observed in the annual reports, these were minimal in all three annual reports.

Capacity building

Treasury invested a great effort in building capacity within public sector institutions

External risk leadership

Monitoring and assessment

Monitoring and assessment themes were consistently observed in the annual reports, thus showing a strong presence

Enforcement

Few themes observed. Treasury to consider more efforts to enforce legislation. This may also contribute to improvements in the state of public institutions and perhaps assist in addressing some of the challenges observed in the public sector.

Internal risk leadership theme	Poor appearance/ weaknesses	Internal risk leadership theme	Poor appearance/ weaknesses
Tone from the top	<ul style="list-style-type: none"> High staff attrition – acting appointments Ability to meet outputs effectively Risk appetite statements and measurements 	Risk information	<ul style="list-style-type: none"> No themes were observed that illustrated how risk intelligence was included in decision-making
Risk communication	<ul style="list-style-type: none"> No indication of verbal, written, and non-verbal risk-related information No method of including risk information in decision-making No indication of risk communication to operational employees 	Risk understanding	<ul style="list-style-type: none"> No explicit indication how shared risk understanding, the value of risk to the department, and the risk management framework promote inclusion of risk in decision-making
Risk accountability	<ul style="list-style-type: none"> Inadequacies in holding employees accountable for mitigating risk. Senior management performance not consistently assessed 	Risk role	<ul style="list-style-type: none"> No mention was made of the role of an operational and risk champion
Behaviours, values and ethos	<ul style="list-style-type: none"> Presence of irregular expenditure relating to non-compliance with 	Risk management framework	<ul style="list-style-type: none"> No weaknesses observed

