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### Strengthening Corporate Risk Management through the Integration of Potential Loss, Financial Risk Measurement, and Organizational Culture

*Penguatan Manajemen Risiko Korporasi melalui Integrasi Kerugian Potensial, Pengukuran Risiko Finansial, dan Budaya Organisasi*

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#### Abstract

Corporate risk management requires an integrated approach capable of identifying, measuring, and managing potential losses to strengthen organizational resilience in increasingly uncertain business environments. This study aims to analyze the role of potential loss in mapping corporate risk exposures, evaluate the effectiveness of the Market Value and Replacement Cost approaches in financial risk measurement, and examine the influence of organizational culture on corporate risk management implementation. This study employed a qualitative library research approach through critical analysis and conceptual synthesis of relevant scholarly literature. The findings indicate that potential loss functions as a multidimensional risk mapping instrument capable of integrating both direct loss and hidden losses within a comprehensive risk management framework. Financial measurement based on the Replacement Cost approach provides more realistic recovery estimates than the Market Value approach, while silo mentality and blame culture reduce the quality of risk information and weaken organizational decision-making. The study concludes that the effectiveness of potential loss depends on the integration of comprehensive risk mapping, realistic financial measurement, and organizational governance that promotes transparency and cross-functional collaboration.

**Keywords:** Potential Loss; Risk Mapping; Replacement Cost; Silo Mentality; Corporate Risk Management

#### Abstrak

Manajemen risiko perusahaan memerlukan pendekatan terintegrasi yang mampu mengidentifikasi, mengukur, dan mengelola potensi kerugian guna memperkuat ketahanan organisasi dalam lingkungan bisnis yang semakin tidak pasti. Penelitian ini bertujuan untuk menganalisis peran potensi kerugian dalam pemetaan paparan risiko perusahaan, mengevaluasi efektivitas pendekatan Nilai Pasar dan Biaya Penggantian dalam pengukuran risiko keuangan, serta menelaah pengaruh budaya organisasi terhadap implementasi manajemen risiko perusahaan. Penelitian ini menggunakan pendekatan penelitian pustaka kualitatif melalui analisis kritis dan sintesis konseptual terhadap literatur ilmiah yang relevan. Temuan menunjukkan bahwa potensi kerugian berfungsi sebagai instrumen pemetaan risiko multidimensi yang mampu mengintegrasikan baik kerugian langsung maupun kerugian tersembunyi dalam kerangka kerja manajemen risiko yang komprehensif. Pengukuran keuangan berdasarkan pendekatan Biaya Penggantian memberikan perkiraan pemulihan yang lebih realistis dibandingkan pendekatan Nilai Pasar, sementara mentalitas silo dan budaya saling menyalahkan menurunkan kualitas informasi risiko serta melemahkan pengambilan keputusan organisasi. Penelitian ini menyimpulkan bahwa efektivitas potensi kerugian bergantung pada integrasi pemetaan risiko yang komprehensif, pengukuran keuangan yang realistis, serta tata kelola organisasi yang mendorong transparansi dan kolaborasi lintas fungsi.

**Kata Kunci:** Kerugian Potensial; Pemetaan Risiko; Biaya Penggantian; Mentalitas Silo; Manajemen Risiko Perusahaan



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## INTRODUCTION

The contemporary business environment is characterized by increasingly complex and interconnected risks that significantly challenge corporate sustainability. Business digitalization, global supply chain integration, economic volatility, regulatory changes, and the rapid emergence of cyber threats have transformed corporate risk from isolated operational issues into multidimensional challenges capable of disrupting organizational performance.<sup>1</sup> Under these circumstances, risk management has evolved beyond a merely administrative function into a strategic component of corporate governance that supports organizational resilience and long-term decision-making.<sup>2</sup> The ISO 31000 framework emphasizes that risk management should be systematically integrated into every organizational activity, enabling continuous risk identification, assessment, evaluation, and treatment to enhance corporate adaptability and ensure sustainable business performance amid an increasingly uncertain environment.<sup>3</sup>

In practice, effective risk management depends not only on an organization's ability to identify losses that have already occurred but also on its capability to recognize potential losses before they materialize into actual financial damage.<sup>4</sup> The concept of *potential loss* serves as an essential instrument for identifying hidden sources of risk that may significantly affect operational continuity and financial stability.<sup>5</sup> This approach shifts the orientation of corporate risk management from a reactive response toward proactive prevention by emphasizing early risk identification as the foundation for mitigation strategies. Consequently, organizations are encouraged to anticipate possible future losses rather than merely responding to realized events, allowing management to develop more comprehensive and structured risk mapping processes that strengthen organizational preparedness against uncertainty.<sup>6</sup>

Potential loss mapping encompasses multiple dimensions of corporate exposure, including property exposures, liability exposures, and personnel exposures.<sup>7</sup> These dimensions demonstrate that organizational losses extend beyond visible physical asset damage and include implicit consequences such as business interruption, productivity decline, reputational deterioration, and the loss of intellectual capital resulting from employee turnover or workforce disruption. Such hidden losses are frequently overlooked because they are not adequately

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- 1 Muhammad Shujaat Mubarak and Sharfuddin Ahmed Khan, "Future of Digital Supply Chain Management," in *The Theory, Methods and Application of Managing Digital Supply Chains* (Emerald Publishing Limited, 2024), 163–78, <https://doi.org/10.1108/978-1-80455-968-020241011>.
  - 2 Pratama, Muhammad Yusuf, Luthfan Nursyamsul Ahfi, Alfin Isy Ini'mah, Naqiyatuz Zakia, Muhammad Nabil Amjad, Khusnul Mariah, Hardiansyah Tri Bima, and Mutma'inah, "Revitalization of Beach Tourism Area Through Integrated Waste Cleanup Movement for Environmental Sustainability, Case Study: Tirang Island." *MIMBAR INTEGRITAS : Jurnal Pengabdian* 4, no. 1 (2025): 235-245, <https://doi.org/10.36841/mimbarintegritas.v4i1.5686>.
  - 3 Svana Helen Björnsdóttir et al., "The Importance of Risk Management: What Is Missing in ISO Standards?," *Risk Analysis* 42, no. 4 (April 5, 2022): 659–91, <https://doi.org/10.1111/risa.13803>.
  - 4 In Lee, "Cybersecurity: Risk Management Framework and Investment Cost Analysis," *Business Horizons* 64, no. 5 (September 2021): 659–71, <https://doi.org/10.1016/j.bushor.2021.02.022>.
  - 5 Susanne Durst and Malgorzata Zieba, "Mapping Knowledge Risks: Towards a Better Understanding of Knowledge Management," *Knowledge Management Research & Practice* 17, no. 1 (January 2, 2019): 1–13, <https://doi.org/10.1080/14778238.2018.1538603>.
  - 6 Andrew Waguih Ishak and Elizabeth Ann Williams, "A Dynamic Model of Organizational Resilience: Adaptive and Anchored Approaches," *Corporate Communications: An International Journal* 23, no. 2 (April 3, 2018): 180–96, <https://doi.org/10.1108/CCIJ-04-2017-0037>.
  - 7 Zeinab Amin, "A Practical Road Map for Assessing Cyber Risk," *Journal of Risk Research* 22, no. 1 (January 2, 2019): 32–43, <https://doi.org/10.1080/13669877.2017.1351467>.

represented within conventional accounting systems or financial statements.<sup>8</sup> As a result, management may underestimate the organization's actual risk profile when making strategic decisions. Therefore, identifying potential loss exposures constitutes a fundamental element of an integrated corporate risk management framework capable of capturing both tangible and intangible sources of organizational vulnerability.

Beyond risk identification, measuring the financial value of potential losses represents a critical stage in determining the effectiveness of corporate risk financing strategies. Asset valuation is commonly conducted using the *Market Value* approach, which reflects the depreciated economic value of assets over time.<sup>9</sup> However, this method often underestimates the actual financial resources required to restore operational capacity following catastrophic damage. Alternatively, the *Replacement Cost* approach estimates the current cost of replacing damaged assets with equivalent functionality, thereby providing a more realistic basis for financial recovery planning.<sup>10</sup> The distinction between these valuation methods directly influences the adequacy of insurance coverage, reserve allocation, and organizational resilience, making asset valuation methodology a decisive factor in maintaining business continuity after major disruptions.

The successful implementation of potential loss instruments is also strongly influenced by organizational culture and interdepartmental coordination.<sup>11</sup> Organizational barriers such as *silo mentality* frequently prevent effective information sharing among business units, limiting the comprehensiveness of risk identification and reducing the accuracy of corporate risk assessments. This challenge is further intensified by the existence of *blame culture*, where employees and managers tend to conceal potential risks or near-miss incidents due to concerns about performance evaluation, career consequences, or financial incentives.<sup>12</sup> Consequently, incomplete and distorted risk information weakens managerial decision-making and undermines the reliability of enterprise risk management systems. These conditions indicate that successful corporate risk management depends not only on appropriate identification and measurement techniques but also on organizational cultures that encourage transparency, collaboration, and continuous risk communication.

Researchers have examined corporate risk management from the perspectives of risk identification, ISO 31000-based governance, and corporate risk financing strategies. Previous studies have demonstrated that systematic risk mapping improves organizational mitigation capabilities; however, they have not comprehensively explored the relationship between

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8 Baruch Lev, "The Deteriorating Usefulness of Financial Report Information and How to Reverse It," *Accounting and Business Research* 48, no. 5 (July 29, 2018): 465–93, <https://doi.org/10.1080/00014788.2018.1470138>.

9 Francesco Tajani et al., "Property Valuation: The Market Approach Optimised by a Weighted Appraisal Model," *Journal of Property Investment & Finance* 38, no. 5 (August 5, 2020): 399–418, <https://doi.org/10.1108/JPIF-07-2019-0094>.

10 Vitor Silva et al., "Development of a Global Seismic Risk Model," *Earthquake Spectra* 36, no. 1S (October 2, 2020): 372–94, <https://doi.org/10.1177/8755293019899953>.

11 Fanani, Ahmad Farid, Ahmad Nabil Annuha, and Muhammad Yusuf Pratama. "The relevance of the Ternak Uang financial strategy to the principles of Maqāṣid al-Sharī'ah and Al-Ghazali's ethics of wealth." *Indonesian Journal of Islamic Economics Research* 7, no. 1 (2025): 41-54, <https://doi.org/10.18326/ijer.v7i1.4764>.

12 Safa ElKhider and Barbara M. Savage, "Missing Chances to Learn: A Case Study of Barriers to near-Miss Reporting in a Hospital," *Business Process Management Journal* 26, no. 3 (October 16, 2019): 721–35, <https://doi.org/10.1108/BPMJ-03-2019-0110>.

potential loss identification and financial measurement based on the *Replacement Cost* approach.<sup>13</sup> Other studies have shown that organizational culture, particularly *silo mentality* and *blame culture*, significantly influences the effectiveness of risk management implementation.<sup>14</sup> Nevertheless, these studies have not integrated organizational culture with potential loss mapping and financial measurement into a unified conceptual framework. This research gap highlights the need for a more comprehensive analysis that connects these three dimensions to strengthen the theoretical and practical understanding of potential loss as an integrated instrument of corporate risk management.

Based on these considerations, this study aims to analyze the role of the *potential loss* instrument in mapping corporate risk exposures, evaluate the effectiveness of the *Market Value* and *Replacement Cost* approaches in measuring financial losses, and examine the influence of *silo mentality* and *blame culture* on corporate risk management implementation. This study is expected to provide a conceptual contribution by synthesizing risk mapping, financial measurement, and organizational culture into an integrated analytical framework. Furthermore, the findings are expected to enrich the development of corporate risk management theory while providing practical guidance for organizations in designing more comprehensive, adaptive, and sustainable risk management systems capable of responding effectively to increasingly complex business environments.

## Method

This study employed a qualitative library research approach to develop a conceptual synthesis of *potential loss* in corporate risk management.<sup>15</sup> This approach was selected because the study emphasizes conceptual analysis and theoretical integration rather than empirical testing of relationships among variables. The data consisted exclusively of secondary sources obtained through literature searches in Google Scholar, Scopus, and ScienceDirect using the keywords *potential loss*, *corporate risk management*, *risk mapping*, *replacement cost*, *market value*, and *organizational risk culture*. The selected literature included peer-reviewed journal articles, academic books, international standards, and other scholarly publications chosen based on their relevance to the research objectives, source credibility, and contribution to the development of the study.

Data analysis was conducted through four sequential stages: literature identification, thematic classification, critical evaluation, and conceptual synthesis.<sup>16</sup> During the identification stage, all retrieved publications were screened according to their relevance to the research topic. The selected literature was subsequently classified into four principal themes: *enterprise risk management*, *potential loss exposure*, financial risk measurement using the *Market Value* and *Replacement Cost* approaches, and organizational culture in risk management implementation. The critical evaluation stage involved comparing the similarities, differences, and theoretical developments presented across the selected literature. Finally, conceptual synthesis was performed to construct an integrated understanding of the relationship between potential loss mapping, financial risk measurement, and organizational culture as a conceptual foundation for strengthening corporate risk management.

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13 Safi Ullah et al., "A Systematic Literature Review on Knowledge Mapping for Project Risk Management in the Construction Industry," *Frontiers in Built Environment* 11 (January 27, 2026), <https://doi.org/10.3389/fbuil.2025.1677904>.

14 Susila Cahyono, Aurik Gustomo, and Achmad Ghazali, "How Can Knowledge Management Transform Organizational Culture to Enhance Data Security?," *Knowledge and Process Management*, March 3, 2026, <https://doi.org/10.1002/kpm.70048>.

15 Mestika Zed, *Metode Penelitian Perpustakaan* (Yayasan Pustaka Obor Indonesia, 2008).

16 Miles and Huberman, *Analisis Data Kualitatif* (Jakarta: Universitas Indonesia Press, 1992).

## RESULTS AND DISCUSSION

### Potential Loss as a Strategic Instrument for Corporate Risk Mapping

The effectiveness of corporate risk management is determined by an organization's ability to recognize potential losses before risks evolve into actual losses. This perspective shifts risk management from a reactive approach toward a preventive one by positioning *potential loss* as the foundation of corporate risk mapping. Hanafi argues that uncertainty must be transformed into identifiable and measurable risks to enable organizations to formulate systematic mitigation strategies.<sup>17</sup> This view is consistent with the ISO 31000 framework, which considers risk identification an integral component of organizational governance, ensuring that strategic decisions are based on a comprehensive understanding of potential risk sources.<sup>18</sup> Accordingly, *potential loss* functions not merely as a risk identification tool but as a strategic instrument that supports managerial decision-making by providing early information on potential threats that may disrupt organizational sustainability.

Potential loss mapping begins with identifying all risk exposures that may generate corporate losses. Kasidi classifies these exposures into three primary dimensions: *property exposures*, *liability exposures*, and *personnel exposures*.<sup>19</sup> These dimensions should not be viewed independently because they interact throughout organizational operations. Damage to production facilities, for instance, does not only reduce the value of physical assets but may also interrupt production processes, delay product distribution, hinder contractual obligations, and increase the likelihood of legal disputes. Such interrelationships indicate that corporate risks develop as an interconnected system rather than as isolated events. Consequently, effective risk mapping requires organizations to evaluate the relationships among various risk exposures rather than focusing exclusively on individual assets or specific sources of loss.

This classification broadens the understanding of corporate losses beyond the conventional emphasis on *direct loss*. Djojosoedarso distinguishes *direct loss*, which refers to physical damage to assets, from *indirect loss*, which emerges as a subsequent consequence of a risk event.<sup>20</sup> This distinction suggests that corporate losses extend beyond immediately observable damage and often develop into *hidden losses*, including *business interruption*, *opportunity loss*, increased operational costs, and declining organizational productivity. In many circumstances, these implicit losses generate greater economic consequences than the physical damage itself. Therefore, restricting risk identification solely to *actual loss* may produce an incomplete assessment of the organization's overall risk profile and reduce the effectiveness of mitigation strategies.

The existence of *hidden losses* demonstrates that corporate risks follow interconnected escalation pathways. Damage to a single production asset may trigger operational disruptions, reduce the organization's ability to satisfy market demand, decrease revenue generation, and ultimately weaken customer confidence. These cascading effects illustrate that corporate risks are not linear but evolve through complex cause-and-effect relationships that continue to expand if they are not identified at an early stage.<sup>21</sup> Therefore, potential loss mapping should not merely

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17 Mamduh M Hanafi, *Manajemen Risiko* (Yogyakarta: UPP STIM YKPN, 2006).

18 Charles R Vorst, D S Priyarsono, and Arif Budiman, "Manajemen Risiko Berbasis SNI ISO 31000" (Jakarta Pusat: Badan Standardisasi Nasional, 2024).

19 M Kasidi, *Manajemen Risiko* (Jakarta: Ghalia Indonesia, 2010).

20 Soeisno Djojosoedarso, *Prinsip-Prinsip Manajemen Risiko Dan Asuransi* (Jakarta: Salemba Empat, 2018).

21 Ananya Sheth and Joseph V. Sinfield, "Advancing the Complex Adaptive Systems Approach to Enterprise Risk Management with Quantified Risk Networks (QRNs)," *Scientific Reports* 14, no. 1 (September 27, 2024): 22312, <https://doi.org/10.1038/s41598-024-71764-x>.

compile lists of possible risks but should also explain how one risk exposure influences another, enabling organizations to recognize escalation pathways before they develop into broader organizational threats.

This perspective has important implications for corporate risk management decision-making. Understanding the interrelationships among different risk exposures enables organizations to prioritize mitigation strategies according to both the likelihood and the magnitude of potential consequences across operational systems. Furthermore, potential loss mapping provides a stronger basis for developing *business continuity planning*, allocating risk reserves, and designing more effective risk control policies.<sup>22</sup> By recognizing the interconnected nature of corporate risks, organizations are better equipped not only to respond to realized losses but also to anticipate secondary consequences that may threaten long-term organizational stability and resilience.

Based on this discussion, this study argues that *potential loss* should be positioned as a multidimensional corporate risk mapping instrument rather than merely a checklist of potential losses. Integrating risk exposure identification, *hidden loss* recognition, and analysis of interrelated risk pathways provides a more comprehensive understanding of corporate risk profiles than approaches focusing exclusively on actual losses. This perspective extends the role of *potential loss* from a simple identification tool to a conceptual foundation for developing adaptive and preventive mitigation strategies. The more comprehensively organizations understand the relationships among risk exposures, the greater their capacity to establish resilient, responsive, and sustainable corporate risk management systems in increasingly dynamic business environments.

## **Integrating Financial Risk Measurement and Organizational Culture in Strengthening Corporate Risk Management**

The effectiveness of *potential loss* mapping depends not only on the successful identification of risk exposures but also on the ability to measure their financial consequences accurately.<sup>23</sup> Risk mapping identifies where potential losses may arise, whereas risk measurement determines the financial resources required to mitigate and recover from those losses. These two processes are inseparable because risk mapping without measurement merely produces a list of potential threats, while financial measurement without comprehensive risk mapping may generate inaccurate estimates of organizational vulnerability. Therefore, integrating risk identification and financial measurement provides a stronger foundation for corporate decision-making by enabling organizations to allocate resources, establish appropriate risk financing strategies, and improve business continuity planning.

A critical issue in financial risk measurement concerns the selection of asset valuation methods. The *Market Value* approach estimates asset values after accounting for depreciation, whereas the *Replacement Cost* approach measures the actual expenditure required to restore an asset with equivalent capacity and functionality. The difference between these approaches becomes particularly significant when organizations experience catastrophic asset losses. Production equipment that has substantially depreciated over time may possess a relatively low book value, yet replacing it under current market conditions often requires considerably higher financial

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22 Andreas Richter and Thomas C. Wilson, "Covid-19: Implications for Insurer Risk Management and the Insurability of Pandemic Risk," *The Geneva Risk and Insurance Review* 45, no. 2 (September 22, 2020): 171–99, <https://doi.org/10.1057/s10713-020-00054-z>.

23 Omid Rahmati et al., "Multi-Hazard Exposure Mapping Using Machine Learning Techniques: A Case Study from Iran," *Remote Sensing* 11, no. 16 (August 20, 2019): 1943, <https://doi.org/10.3390/rs11161943>.

resources.<sup>24</sup> Consequently, reliance on *Market Value* may underestimate the organization's actual recovery requirements and increase the likelihood of *under-insurance*, thereby limiting the organization's capacity to recover from major disruptions.

The consequences of inaccurate financial measurement extend far beyond asset valuation itself. Insufficient insurance coverage or inadequate contingency reserves may force organizations to finance recovery activities using operational cash flows, reducing financial flexibility during critical periods. Delays in replacing damaged assets may interrupt production processes, postpone product deliveries, hinder contractual fulfillment, and ultimately reduce customer confidence. As a result, errors in financial measurement can amplify the impact of *potential loss* that has already been successfully identified during the risk mapping stage. This relationship demonstrates that accurate financial valuation represents a fundamental prerequisite for maintaining operational resilience and organizational sustainability.

Nevertheless, selecting an appropriate valuation method alone cannot guarantee effective corporate risk management. Financial measurement depends heavily on the quality, completeness, and consistency of information obtained from different organizational units.<sup>25</sup> Data concerning asset conditions, equipment failures, operational disruptions, legal disputes, and employee turnover are frequently managed independently by different departments without systematic integration. Consequently, financial evaluations are often performed using fragmented information that fails to represent the organization's actual risk profile. The greater the information gap among organizational units, the greater the possibility that *potential loss* estimates will become biased and fail to support effective managerial decision-making.

These challenges become increasingly significant when organizations operate under a *silo mentality*. Individual departments frequently prioritize their own operational objectives while treating organizational information as internal resources rather than shared strategic assets. Production departments may possess detailed maintenance records, legal divisions maintain documentation concerning contractual disputes, and human resource departments collect information regarding employee turnover and workforce capability.<sup>26</sup> However, when these datasets remain isolated, organizations fail to recognize the interrelationships among operational disruptions, legal liabilities, and human resource risks. As a result, *potential loss* mapping becomes fragmented and is unable to capture the multidimensional nature of corporate risk.

Another important obstacle is the persistence of a *blame culture* within organizational environments. When reporting operational failures or *near-miss* incidents is associated with poor individual performance, managers and employees become reluctant to disclose potential risks openly.<sup>27</sup> This behavior reduces the availability of reliable information required to update corporate risk maps and evaluate financial exposure accurately. Consequently, the primary weakness of corporate risk management no longer lies in the technical limitations of risk identification or financial measurement but in the disruption of organizational information flows. Under such circumstances, even sophisticated valuation methods cannot produce reliable estimates because they depend fundamentally on incomplete or distorted risk information. The

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24 Nick French and Laura Gabrielli, "Pricing to Market," *Journal of Property Investment & Finance* 36, no. 4 (July 2, 2018): 391–96, <https://doi.org/10.1108/JPIF-05-2018-0033>.

25 Soňa Karkošková, "Data Governance Model To Enhance Data Quality In Financial Institutions," *Information Systems Management* 40, no. 1 (January 2, 2023): 90–110, <https://doi.org/10.1080/10580530.2022.2042628>.

26 Chen Wang et al., "Knowledge Modelling for Contract Disputes and Change Control," *Production Planning & Control* 30, no. 8 (June 11, 2019): 650–64, <https://doi.org/10.1080/09537287.2019.1572247>.

27 Husam Almansour, "Barriers Preventing the Reporting of Incidents and Near Misses Among Healthcare Professionals," *Journal of Health Management* 26, no. 1 (February 10, 2024): 78–84, <https://doi.org/10.1177/09720634231167031>.

relationship between financial risk measurement approaches, implementation barriers, and their implications for corporate risk management is presented in Table 1.

**Table 1.** Integration of Financial Risk Measurement and Implementation Barriers in Corporate Risk Management

Aspect	Analytical Findings	Implications for Corporate Risk Management
Market Value Approach	Asset valuation is based on depreciated book value, which frequently underestimates actual financial losses.	Increases the likelihood of <i>under-insurance</i> and insufficient financial resources for post-disaster recovery.
Replacement Cost Approach	Asset valuation reflects the current cost required to replace damaged assets with equivalent functionality.	Provides more realistic financial estimates and strengthens <i>business continuity</i> planning.
Silo Mentality	Risk-related information remains dispersed across organizational units without effective integration.	Produces fragmented <i>potential loss</i> mapping and weakens the identification of interconnected risks.
Blame Culture	Employees and managers hesitate to report risks and <i>near-miss</i> incidents due to performance-related concerns.	Reduces data quality and weakens the accuracy of financial risk measurement and mitigation planning.
Integration of Financial Measurement and Organizational Culture	Accurate financial measurement requires reliable valuation methods supported by transparent organizational information.	Strengthens <i>potential loss</i> as a strategic basis for corporate decision-making and organizational resilience.

Source: Author (2026)

Table 1 demonstrates that the effectiveness of *potential loss* extends beyond the selection of an appropriate financial valuation method. Accurate measurement depends equally on the availability of reliable organizational information generated through collaboration, transparency, and effective communication across departments. Therefore, strengthening corporate risk management requires integrating realistic financial measurement with organizational practices that encourage information sharing and proactive risk reporting.<sup>28</sup>

Based on this discussion, this study argues that the effectiveness of *potential loss* is determined not only by comprehensive risk mapping or appropriate financial valuation but also by organizational governance capable of ensuring transparent information flows. *Replacement Cost* provides more realistic financial estimates only when supported by complete and reliable organizational data, while accurate risk information can only emerge from collaborative organizational cultures that eliminate communication barriers and encourage open risk reporting. Accordingly, *potential loss* should be understood as an integrated system that combines multidimensional risk mapping, financial measurement, and organizational governance into a unified framework for strengthening adaptive, resilient, and sustainable corporate risk management.

28 Azahra, Naranja Dwi, Nurul Khairunnisa, and Gunawan Aji, "Comparative Analysis of Revenue Recognition Between Conventional and Islamic Financial Accounting: A Systematic Literature Review: (Analisis Perbandingan Pengakuan Pendapatan Antara Akuntansi Keuangan Konvensional Dan Islam: Sebuah Tinjauan Literatur Sistematis)". *SYMPHONIA: Journal of Theory and Research Output* 1, no. 1 (2026): 79-91, <https://darulilmijournal.com/index.php/symphonia/article/view/80>

## CONCLUSION

This study demonstrates that *potential loss* should be understood not merely as a tool for identifying potential losses but as a multidimensional instrument for corporate risk mapping that integrates risk exposure identification, financial risk measurement, and organizational governance. The findings indicate that the effectiveness of *potential loss* depends on the interaction between comprehensive exposure mapping, the use of financial valuation methods that accurately represent recovery needs, and organizational cultures that facilitate transparent risk information sharing. This integrated perspective enables organizations to recognize direct and hidden losses, anticipate risk escalation pathways, and formulate more adaptive mitigation strategies before risks materialize into significant financial losses. Consequently, *potential loss* functions not only as an operational risk management instrument but also as a strategic foundation for strengthening organizational resilience and ensuring business sustainability in increasingly uncertain business environments.

This study contributes to the development of corporate risk management literature by proposing an integrated conceptual perspective that links *potential loss* mapping, financial risk measurement, and organizational culture within a unified analytical framework. Nevertheless, the study is limited by its reliance on a qualitative library research approach, meaning that the proposed framework has not yet been empirically validated across different industrial sectors or organizational contexts. Future research is therefore encouraged to examine the proposed framework using quantitative, qualitative, or mixed-method approaches to evaluate its practical applicability and to explore how industry characteristics, organizational size, and digital transformation influence the implementation of *potential loss* in strengthening corporate risk management.

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