

Analysis of operational risk management implementation at micro, small medium enterprises

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ABSTRACT

The maximization of profits and the assumption of risk are inseparable elements of corporate management. The seafood restaurant industry offers promising future potential. Rezeki Seafood is one of the seafood restaurants in Batam City. This study aims to determine how Rezeki Seafood applies risk management, specifically in terms of strategic risk, operational risk, compliance risk, and tactical risk. This study approach is qualitative, and the acquired data will be examined. Observations and interviews were used to collect existing data. According to the findings of the investigation, Rezeki Seafood has a high amount of reputation-affecting operational risk, compliance risk, and strategic risk. Regarding risk, Rezeki Seafood demonstrates a high impact with a low chance. The conclusion of the research is that Rezeki Seafood restaurant has a high level of risk, especially in operational risk, compliance risk, and strategy risk. Risks related to reputation are one of the risks that often occur at Rezeki Seafood, where the factors that cause it come from the ability to overcome small problems quickly, employee problems, raw material problems, responsiveness to customer problems, and so on.

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1. Introduction

All businesses that are built in carrying out their business are inseparable from the aim of generating the maximum possible profit and operating regularly. Micro, Small, and Medium Enterprises (MSMEs) are small businesses, and even though they are small in scale, they can help the wheels of the country's economy (Kadeni, 2020; Ratnaningtyas, 2020).

According to Law Number 20 of 2008, Micro, Small and Medium Enterprises (MSMEs) are independent productive economic enterprises that are carried out by individuals or legal entities that are not subsidiaries or branches of companies owned or controlled by medium, large or large business companies (Sipayung & Cristian, 2022; Zia, 2020). Meanwhile, according to (Azzahra & Wibawa, 2021; Violin, 2019) MSMEs are productive business units that stand alone, carried out by individuals or business entities in all economic sectors.

From Micro, Small, and Medium Enterprises (MSMEs) to large companies, risks are inseparable, but the ability to identify risks early on makes the impact of these risks anticipatory. Risks with potential losses pose a heavy burden to companies, the government, and MSME business actors (Santoso & Mujayana, 2021; Siswanti et al., 2020). Therefore, corporate risk management is needed by business actors who aim to manage and control corporate risk. One way that can be done by MSMEs to assess the success or sustainability of a company is by researching the company's financial performance (Faisal et al., 2017; Kristianti, 2018).

Based on the description above, it is appropriate that every business must be aware of the risks it faces so that an appropriate management system is needed and can minimize uncertainty. The seafood restaurant

business is no exception, which is a business that has good prospects. In addition, every business must also have a system with all precautions to prevent or even eliminate the reputational risk of the business (Sipayung & Ardiani, 2022).

Restaurant describes a general term for places that provide food and beverage services (Revida et al., 2020). According to (Marsum, 2005) A restaurant is a place or building that is commercially organized, which provides good service to all consumers in the form of food and drinks.

The presence of this seafood restaurant business has long been a type of business that is run individually or as a family. Engaging in this business sector is certainly nothing new for the people of the Riau Archipelago, especially the City of Batam. This can be seen from Batam's fishery production which continues to increase from year to year. The increase in fishery production was driven by an increase in demand and the level of public consumption. Therefore, the culinary business, especially seafood restaurants, is a potential business in Batam City. Seeing this opportunity, the seafood restaurant business is growing and growing in Batam City.

One of the seafood restaurants in Batam City is Rezeki Seafood. Rezeki Seafood is located on Jalan H. Moh Saleh, Batu Besar, Nongsa. Rezeki Seafood is a family business founded in 1984 by Mr. Mayoriko. His ability to target the market needs of consumers to be able to provide quality food so that it is recognized by the people of Batam and abroad.

Moving into this business with increasingly fierce competition raises risks that have to be faced by Rezeki Seafood. Risks related to reputation are one of the risks that often occur at Rezeki Seafood, where the causal factors come from the ability to quickly solve small problems, employee problems, raw material problems, responsiveness to customer problems, and so on.

2. Research Method

2.1 Risk Management

According to (Maralis & Triyono, 2019) risk management is a process, culture, and structure for effective and timely risk management in management, intending to realize potential opportunities that exist and overcome adverse impacts (Darmawi, 2022). The purpose of risk management is to improve, assess and prioritize all kinds of hazards and risks in the work environment, which are used to minimize the possibility of unwanted work accidents (Gie, 2020; Rass et al., 2020). The risk management process creates a framework for more effective decision-making. With the help of risk management, hospitals can implement policy plans to avoid adverse impacts on the delivery of health services (Yulianingtyas et al., 2016).

Many people love seafood as it is commonly known. Therefore, the seafood restaurant business continues to grow everywhere, such as Rezeki Restaurant which is located in Batu Besar, Batam. Of course building, a Seafood Restaurant has its risks as they are still using their promotion strategy by word of mouth, which means only a few people know about the Rezeki Restaurant, and also when an item arrives late at the seafood restaurant, and also when the price drops. began to rise and customers began to comment (Natalia, 2022; Violin et al., 2022).

To overcome this we have contributed to helping Rezeki Seafood such as:

a. Online Advertising

Online advertising is one of the most effective ways of marketing or marketing strategies carried out by utilizing advances in technology and also the internet.



Figure 1. Examples of online ads

By using this strategy, promotions for Seafood Sustenance can be known by many people and many customers come to try the dishes provided by Rezeki Seafood. Without advertising, not many people know

about Restaurant Seafood, but when another restaurant is advertised in the media, people recognize it and are interested in trying it. Even though the menu provided may vary, a good advertisement can attract the public's attention. When a Seafood Restaurant advertises on the Internet, it can be easily and quickly recognized by the public to attract people's attention. Especially if Rezeki Seafood does this by increasing its social media presence, of course, it will make it easier for the Restaurant to be known by many people.

Supply chain management is the management of the flow of goods that moves a product from producers to finally reaching the final consumer. This includes manufacturers, suppliers, distributors, stores or agents, and other support companies. Restaurant Rezeki always maintains the quality of its supply chains such as Restaurant Rezeki shop for the best prices and offers, be it restaurant equipment, inventory management software, or food delivery partners. Find a supplier that can consistently meet the needs of Rezeki Restaurants at a reasonable price. Restaurant Rezeki is re-evaluating restaurant suppliers. The restaurant does this at least once a year and looks for new vendors if it finds better offerings and services elsewhere. But be careful and make sure the restaurant business with profitable suppliers.

Enterprise Resource Planning or what is often referred to as Enterprise Resource Planning is an information system designed for a manufacturing or service company whose job is to integrate and automate business processes related to the operation, production, and distribution of this company (Sudipa et al., 2020). At the Rezeki restaurant, when the workers there notice that their leftover seafood ingredients have been reduced, they will immediately ask their suppliers before their seafood ingredients run out so that when the ingredients run out there will be fresh new ingredients to be served to consumers.

2.2 Methodology

The research method that the author uses in analyzing the culinary business "Rezeki Seafood" is qualitative, a qualitative approach can be understood as an approach that uses descriptive data, in the form of written or spoken words from the object under study (Sugiyono, 2017). A qualitative approach is carried out to explain and analyze phenomena, events, social dynamics, attitudes, beliefs, and perceptions of a person or group of people about something. Therefore, the process of qualitative investigation begins with creating questions that will be used in data collection. The collected data will then be analyzed (Tobing, 2017).

This research was conducted to find out how risk management is implemented by Rezeki Seafood Restaurant, especially in terms of strategic risk, operational risk, compliance risk, and tactical risk. The following is a flow chart of the risk management analysis process for Rezeki Seafood:



Figure 2. Rezeki seafood flowchart

Based on Figure 2, it can be explained the stages of research on the Rezeki Seafood Business, namely.

a. Purpose of Analysis

The purpose of the analysis is that the Rezeki Seafood business is a growing business, so that management must be aware of the risks it faces so that an appropriate management system is needed and able to minimize uncertainty. No exception to the seafood restaurant business which is a business that has good prospects. In addition, every business must also have a system with all precautions to prevent or even eliminate reputational risks from the business.

b. Determining the Place of Business of the Analyzed Business

The place of business analyzed is one of the seafood restaurants in Batam City, Rezeki Seafood. Rezeki Seafood is located at Jalan H.Moh Saleh, Batu Besar, Nongsa. Rezeki Seafood is a family business established in 1984 by Mr. Mayoriko. The reason for choosing this business location is due to the target marketing of Rezeki Seafood which has a segmentation of the Batam community to foreign countries.

c. Business Risk Analysis

Moving in this business with increasingly fierce competition creates risks that must be faced by Rezeki Seafood. Risks related to reputation are one of the risks that often occur in Rezeki Seafood, where the factors that cause it come from the ability to overcome small problems quickly, employee problems, raw material problems, responsiveness to customer problems. Components in the analysis include strategic, operational, compliance and tactical aspects.

d. Conducting interviews

At the data collection stage, we contacted the owner of the "Rezeki Seafood" business to ask permission to conduct interviews and get to know more about the background of the business. We visited directly to observe operational management, understand the problems and risks that we will analyze.

e. Analysis of Interview Results

Based on data related to marketing strategy management, business operations, customer compliance and tactical risk obtained directly through observations to the location and interviews, so that all the data needed is complete. Then the data obtained is described and analyzed according to the provisions of risk management analysis needs.

In each operational risk, the authors divide into several categories of risk levels, namely high, medium and low levels. A high level of risk requires immediate problem-solving, a medium level of risk can delay further observing the risk in the near future, while a low level of risk does not need to be addressed immediately. In the analysis section, the author will describe in detail all the problems faced by their level and the solutions to these risks.

3. Results And Discussions

3.2 Data analysis

a. Identifying Risks in Rezeki Seafood

Based on the data collection process at the research site, namely Rezeki Seafood, data related to business risks are obtained which include Components in the analysis include strategic, operational, compliance and tactical aspects. Furthermore, in each operational risk, the author divides into several risk level categories, namely high, medium and low levels. High risk levels require immediate problem solving, medium risk levels can still delay further observation of the risk in the near future, while low risk levels do not need to be addressed immediately. In the analysis section, the author will describe in detail all the problems faced based on their level and the solution to these risks. Risk identification at Rezeki Seafood can be seen in Table 1 below.

Table 1. Risk identification

No	Risk Identification	Risk Levels	Risk Source	Category Affected	Impact
1	Operational risks	high	Operational Risks	Products & Processes	reputational
2	Limited parking space that hinders mobility. However, Rezeki Seafood has ample parking space. So, limited parking space is not the main risk at Rezeki Seafood.	Low	Operational Risk	Premises and Processes	reputational
3	The main raw material used is seafood, the availability of this raw material is based on seasonality. So it can pose a risk to the business.	high	Operational Risk	Processes and Product's	reputational
4	Failure at a process/stage due to errors, incomplete or incorrect	high	Operational Risks	Processes and People	reputational
5	The risk of rising raw material prices	high	Operational Risk	Product	Financial and Reputational
6	System failures, such as power and water failures	Low	Operational Risk	processes	reputational
7	Compliance in maintaining operational systems	Medium	Compliance Risk	Processes, People, and Premises	reputational
8	Lack of employee responsibility and not acting according to SOP	high	Compliance Risk	Processes and People	reputational
9	Compliance with taxation	high	Compliance Risks	processes	reputational
10	External fraud in the name of Sustenance Seafood	high	Compliance Risk	processes	reputational
11	Customer interest in Rezeki Seafood in terms of location, service, and cuisine	high	Strategy Risk	Premises, Processes, and People	reputational

No	Risk Identification	Risk Levels	Risk Source	Category Affected	Impact
12	Risk in maintaining the quality and taste of food	high	Strategy Risk	Processes and Products	reputational
13	The risk of business competition because of the many seafood restaurants today	high	Strategy Risks	Processes and Products	reputational
14	Strategic location for easy finding and convenience of location	Medium	Strategy Risk	Premises & Processes	reputational
15	Operational management managed by the owner and assisted by employees is feared to be inadequate	Medium	Strategy Risk	Processes and People	reputational
16	Risk due to rapid changes in business trends	Medium	Tactical Risk	Product	reputational

b. Analyzing the Risk Level in Rezeki Seafood

At the first risk level, it shows that the risk has a relatively high probability of occurring frequently and has a significant impact, at the second risk level it shows a high impact with a low probability, at the third risk level it shows that the impact is low but the probability is high, at the risk level the fourth indicates that the impact is moderate and the possibility is moderate, then the fifth level of risk indicates that the impact is low and the possibility is low.

Table 2. Level of risk

No	Risk Identification	Risk 1	Risk 2	Risk 3	Risk 4	Risk 5
1	Operational risks		✓			
2	Limited parking space that hinders mobility. However, Rezeki Seafood has ample parking space. So, limited parking space is not the main risk at Rezeki Seafood.					✓
3	The main raw material used is seafood, the availability of this raw material is based on seasonality. So it can pose a risk to the business.		✓			
4	Failure at a process/stage due to errors, incomplete or incorrect		✓			
5	The risk of rising raw material prices		✓			
6	System failures, such as power and water failures					✓
7	Compliance in maintaining operational systems		✓			
8	Lack of employee responsibility and not acting according to SOP		✓			
9	Compliance with taxation		✓			
10	External fraud in the name of Sustenance Seafood		✓			
11	Customer interest in Rezeki Seafood in terms of location, service, and cuisine		✓			
12	Risk in maintaining the quality and taste of food		✓			
13	The risk of business competition because of the many seafood restaurants today		✓			
14	Strategic location for easy finding and convenience of location	✓				
15	Operational management managed by the owner and assisted by employees is feared to be inadequate		✓			
16	Risk due to rapid changes in business trends		✓			

3.2 Solutions in Overcoming the Risks that will occur

a. Risks in Operations

Businesses can create a series of events/events that can attract consumers' attention such as live music, because there are rarely innovations in seafood restaurants with live music, with an event like this can be a superior thing for Rezeki Seafood. In addition, you can hold promos or cheap package menus.

b. Limited parking space that hinders mobility. However, Rezeki Seafood has ample parking space. Solimited parking space is not the main risk at Rezeki Seafood

Before starting a business, business owners must be able to research and choose the right location with a large parking area to avoid the risk of limited parking space.

c. The main raw material used is seafood, the availability of this raw material is based on seasonality. So it can pose a risk to the business

Business owners must be able to find the right supplier to be able to provide raw material needs. However, due to seasonal factors, business owners must be able to find raw materials from other business restaurants, even though raw material prices are higher, consumer demand can be fulfilled.

d. Failure at a process/stage due to errors, incomplete or incorrect

Rezeki Seafood must be able to be thorough in checking consumer orders. As well as checking regularly for raw material stocks to avoid the risk of raw material shortages.

e. The risk of rising raw material prices

Increases in raw material prices are usually due to the raw materials needed being out of season or raw material price increases on certain days such as Chinese New Year/Eid. Rezeki Seafood should explain to consumers if there is an increase in raw material prices that affect selling prices.

f. System failures, such as power and water failures

We recommend that Rezeki Seafood provide a place to store water and a generator set to avoid this risk from happening.

g. Compliance in maintaining operational systems

Make strict regulations, control, and maintain business operational systems properly.

h. Lack of employee responsibility and not acting according to SOP

Reprimand and imposing sanctions if mistakes are made can damage the reputation of Rezeki Seafood.

i. Compliance with taxation

Be on time when paying and reporting your taxes to avoid fines.

j. External fraud in the name of Sustenance Seafood

Follow up with the courts, so as not to damage the business's reputation.

k. Customer interest in Rezeki Seafood in terms of location, service, and cuisine.

Business owners must be able to think of new concept ideas for business locations such as unique and innovative place designs, then create food menu packages for various events.

l. Risk in maintaining the quality and taste of food

Business owners must always control the quality of raw materials so that the quality and taste of food are maintained.

m. The risk of business competition because of the many seafood restaurants today

Considering that there are so many new seafood restaurants in Batam City, Rezeki Seafood must be able to design a concept to attract consumers' attention and make Rezeki Seafood a superior restaurant in Batam City.

n. Strategic location for easy finding and convenience of location

Opening new locations/branches in places that are frequently visited and easy to find potential customers as well as designing seafood restaurants with the latest concepts.

o. Operational management managed by the owner and assisted by employees is feared to be inadequate

Business owners can improve operational performance and manage potential risks to prevent these risks from occurring.

p. Risk due to rapid changes in business trends

The emergence of new cafes has become the center of attention of culinary lovers, causing many to forget about the restaurants that have been around for a long time. Therefore, business owners must observe and follow the latest trends

4. Conclusion

Starting from the observation stage, interviewing business owners and then analyzing, the researcher can conclude several things, including Rezeki Seafood Restaurant's various kinds of risks that occur with different

levels of risk, including strategic risk, operational risk, tactical risk, and compliance risk. Rezeki Seafood restaurant has a high level of risk, especially in operational risk, compliance risk, and strategic risk. Risks related to reputation are one of the risks that often occur at Rezeki Seafood, where the causal factors come from the ability to quickly solve small problems, employee problems, raw material problems, responsiveness to customer problems, and so on. The level of risk at Rezeki Seafood Restaurant shows that Rezeki Seafood has a high impact but with a low probability. The research suggests that seafood restaurants in the city of Batam have tough competition so business owners are advised to think of new ideas for business and design interesting concepts to attract the attention of customers/consumers such as unique and innovative place designs, and making food menu packages. for various events, holding promos or cheap package menus, and making a series of events/events such as live music because there are rarely innovations in seafood restaurants with live music, having an event like this can be a superior thing for Rezeki Seafood.

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