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Analysis Of Operational Risk Management in MSMEs In Indonesia

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Abstract: Risk is an uncertainty that can have a negative or positive impact on company goals. Every company must be faced with problems that cause risk. In running the business UD. Mutiara Rasa is faced with several operational risks, namely human resource risk, technology risk, process risk and external risk. The purpose of this study is to find out the risks that occur in MSMEs UD. Mutiara Rasa and to find out MSMEs UD. Mutiara Rasa in overcoming the problem and minimizing the occurrence of the same error. This research uses qualitative methods while this type of research uses descriptive qualitative methods. Data collection techniques by observing, interviewing and documentation. The data analysis technique uses the ISO 31000 assessment. Based on the results of the risk research at UD. Mutiara Rasa, there is one risk with high criteria, namely: injuries experienced by employees. Six risks with moderate criteria, namely: the cooking process becomes scorched, the cutting process is not uniform, the grinding machine does not work optimally, the grinding filter is clogged, the employee does not come to work. Two risks with low criteria, namely: blunt cutting tools, and raw materials not according to the measure. The novelty of this research is that there is still limited research on the analysis of operational risk management in MSMEs so that this research can be a reference for future researchers on topics of discussion similar to this research.
Keywords: Operational Risk Management, Risk Assessment, MSME

INTRODUCTION

MSMEs are one of the drivers of the economy in Indonesia. According to Law Number 20 of 2008, MSMEs are productive economic enterprises driven by business entities from medium-sized businesses with greater annual sales results (Haryani et al., 2022). Risk has became as a complex phenomenon, and risk management clearly requires in other to business survival. There are three common extendable phases in risk management which is depend on their own condition and considerations. In every company will definitely experience risk. (Wijayantini, 2012). Risks can arise not only from internal factors but also from external factors of the company, and risks do not only arise in large companies but risks can also arise in small companies such as MSMEs (Berliana et al., 2020). The sources of causes that often become causes in business risk activities are risks related to operations. There are several causes, namely originating from Risk Process risk, Risk Of Human Resources, external risk and system risk. Efforts to minimize risk with risk management, namely an activity to minimize the negative impact of risk, so that optimal business objectives can be achieved by business actors (Hariwibowo, 2022). meanwhile according to (Andriani Rahayu, 2018) risk management is a series of methodologies and procedures used to identify, measure, monitor, and control risks arising from business activities

UD. Mutiara Rasa is one of the MSMEs that produces processed products from cassava as a basic ingredient, namely suwar-suwar and fruit dodol products in Jember which are typical food of the city of Jember. In carrying out its business activities, it is faced with several operational risks, namely human resource risk, process risk, technology risk, and external risk. Based on the results of field observations, the human resource risk is caused by the risk of being scorched during the cooking process. In the risk of the process that occurs the risk of raw materials not in accordance with the dosage. As for technological risk, there is a risk that the grinding machine does not work optimally. In external risk, the risk often occurs in suppliers of raw materials at UD. Mutiara Rasa is the raw material that is sometimes not received according to the request by UD. Mutiara Rasa, which can later affect the production process. The researcher is interested in this research due to the operational risks that occur in MSMEs UD. Mutiara Rasa then, to

prevent or minimize this, it is necessary to have good operational risk management. Based on this, a more in-depth study is needed related to operational risk in UD MSMEs. Mutiara Rasa with good operational risk management.

As well as similar research that has also been conducted by (Tanamaah & Berliana, 2021), risk analysis using the ISO 31000 method at the Salatiga City Industry and Labor Service (Disperinnaker) in the Industry sector, the results obtained, that there are 14 possible risks that disrupt the course of activities activities in the industrial field of the Salatiga City Manpower Office. Of the 14 possible risks, there are 3 (three) which are included in the high risk (high level), 6 (six) which are included in the medium level, 5 (five) which are included in the low level (low level).

The same thing has been done by (Apriyanto et al., 2021), obtained the results of the hypothesis research that Job Training has an influence on the performance of employees who are accepted. This also shows that Job Training affects employee performance, which means that the better the Job Training will have an impact on the higher the employee performance. the work environment hypothesis has an influence on the performance of employees who are accepted. This also shows that the work environment affects employee performance, which means that the better the work environment, the higher the employee performance. Compensation hypothesis has an influence on the performance of employees who are accepted. Compensation also affects employee performance, which means the better. Compensation will have an impact on higher employee performance

As is the case in research (Sanosra et al., 2022), the results of hypothesis testing state that leadership style has a positive and significant effect on employee performance. The leadership style applied can improve employee performance. This is supported by the high value of the band coefficient produced between the two variables the. Thus the hypothesis that leadership effect on acceptable performance.

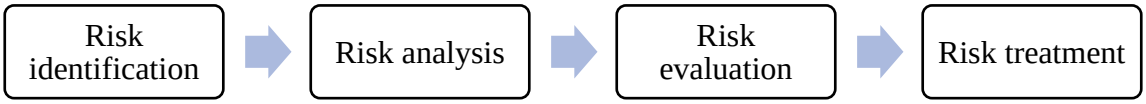
Thus, from the explanation above, it can be interpreted that the purpose of this research is to find out what operational risks occur at UD. Mutiara Rasa and what steps will be taken to minimize the risks that occur or even overcome the risks that occur in the company with the ISO 31000 method.

METHOD

The approach used in this thesis research is a qualitative method. This research is the same as research (Santoso & Aprillianto, 2018) with a literature study approach to capture and analyze phenomena. According to Nugrahani, the qualitative method is research that aims to understand the condition of a context by directing it to a detailed and in-depth description of the portrait of the condition in a natural context, about what actually happened according to what was in the field. (Nugrahani, 2014). The location of this research is located at UD. Mutiara Rasa, Ajung District, Jember Regency.

Retrieval of research subjects using information sources (informants) that are supported by the aims and objectives or predetermined considerations. In this study, to hire informants, researchers used a non-probability sampling technique, namely snowball sampling. According to Sinyoto, the snowball sampling technique is a technique of buying a small number of samples at first, then increasing. Or samples based on tracing of previous samples (Sinyoto & Sodik, 2014). There were four subjects in this study, namely one head of production and three employees of UD. Mutiara Rasa which consists of employees from the production, cooking, cutting and packaging divisions. Data collection techniques in this study, researchers used observation techniques, interviews and documentation to collect data in the field.

Data analysis techniques with the initial step, namely further data reduction by presenting data. The process of presenting this data refers to data that has been obtained when conducting research in the field, the data is presented in the form of charts, narrations, columns, photos and so on. It is necessary to assess the risks that occur in MSMEs UD. Mutiara Rasa Risk assessment is carried out according to SNI ISO 31000 as follows:



Picture 1 risk assessment
(source: Vorst et al., 2018)

This research uses the ISO 31000 method because it has a wider viewpoint than other ISO methods. Of course, with the aim of being able to identify risks and then analyze, assess risks to determine the level of risk and finally take risk actions to minimize repeated occurrences (Vorst et al., 2018).

RESULTS AND DISCUSSION

Risk Assessment

Risk assessment that occurs in the Suwar – Suwir Business UD. Mutiara Rasa Risk assessment is carried out according to SNI ISO 31000 by going through the stages of risk identification, risk analysis, risk evaluation.

Risk Identification

The first stage carried out in the risk assessment is the risk identification stage. At this stage interviews were conducted to identify the risks that arise from various factors, as well as researchers looking for sources of causes of risks that had a negative impact causing losses to UD. Mutiara Rasa. The following is in table 1 identification of risks in the suwar - suwir business at UD. Mutiara Rasa namely:

Table 1 Risk Identification UD. Mutiara Rasa

Target	Risk Kode	Risk Identification		
		Incident Risk	root cause	Impact
Human Resources (HR)	R1	During the cooking process, there is a emptiness	In the cooking process, employees are less focused on adjusting the size of the fire on the manual furnace	The dough has burnt in certain parts
	R2	Injuries suffered by Employees	The fire caught fire because the employees lacked focus during the cooking and packaging processes	Minor injuries experienced by employees, so that work is less effective and efficient
	R3	Non-uniform Cutting Process	Employees are less skilled in cutting suwar – suwir	The size of the suwar - suwir is not uniform
Technology	R4	Grinding Machine does not work optimally	A dynamo that starts to heat up when used for an excessive amount of time	The delay in the milling process, it will take time in the process of making suwar-suwir
	R5	Blunt Cutting Tool	Lack of maintenance on the suwar-shredded cutting tool, namely the knife	The pieces on each side of the suwar - suwir are not neat
	R6	Clogged filter grinders	Grinding machine jammed because it accumulates dirt on the	If the milling process is delayed, it will take a long time to make suwar-

Target	Risk Kode	Risk Identification		
		Incident Risk	**root cause**	**Impact**
			grinding machine filter	suwir, because you have to clean the milling filter first.
Process	R7	Raw materials do not match the measure	The excess amount of raw material, namely sugar	If the dough is added too much sugar, the dough will become hard, so it will be difficult to print
Eksternal	R8	Raw Material Suppliers do not comply with the request	The weather factor is erratic so that the harvesting process produces erratic cassava	Hampered and reduced suwar - shredded production process
	R9	Employees do not come to work	There are factors that cannot be predicted, namely because of illness or there is an urgent need	Lack of employees will result in performance delays in the process of making suwar-suwir

(Source: Data Processed 2023)

From the results of risk identification in table 1, there are 3 human resource risks, 3 technology risks, 1 process risk and 2 external risks, each of which has root causes and impacts.

Risk Analysis

The next step after risk identification is collected, then a risk analysis is carried out. At this stage the aim is to determine the value of possible risks using the likelihood and impact tables. The Likelihood table can be seen in table 2 as follows:

Table 2 Values on Likelihood

Likelihood		**Description**	**Frequency Frequency**
Value	**Criteria**		
1	*Rare*	This risk almost never occurs	>2 year
2	*Unlikely*	Such risks are rare	1-2 year
3	*Possible*	These risks sometimes occur	7-12 year
4	*Likely*	This risk occurs frequently	4-6 year
5	*Certain*	This risk almost always occurs	1-6 year

(Source: Vorst et al., 2018)

In table 2 the likelihood values are divided into five criteria based on the number of possible risks within a certain period of time to determine the possible risks in UD. Mutiara Rasa.

Table 3 Impact Criteria Value

Impact		**Description**
value	**Criteria**	
1	*Insignificant*	Do not interfere with activities
2	*Minor*	The company's activities are slightly hampered
3	*Moderate*	Disturbing the process Business
4	*Major*	Inhibits almost all Activities
5	*Catastrophic*	Company activity stops

(Source: Vorst et al., 2018)

Table 3 is the basis for the Impact criteria which consists of five Impact values and the criteria and their descriptions, to analyze the analysis that occurred at UD. Taste Mutiara Rasa.

After obtaining the Likelihood criteria in table 2, and the Impact criteria in table 3. The next step is to provide an assessment of each possible risk which is described in table 4 as follows:

Table 4 Likelihood and Impact

Code	risk event	Likelihood	Impact
R1	During the cooking process, saturation occurs	4	3
R2	Injuries suffered by employees	5	3
R3	Non-uniform cutting process	4	2
R4	Grinding machine does not work optimally	3	2
R5	Blunt cutting tool	2	2
R6	Grinder filter clogged	4	2
R7	Raw materials do not match the measure	2	2
R8	Suppliers of raw materials do not match the demand	4	3
R9	Employees do not come to work	3	2

(Source: Data Processed 2023)

From table 4 it produces a likelihood assessment, on the unlikely criteria there are 2 possible risks, namely blunt cutting tools and raw materials not according to the measure. In the Possible criteria there are 2 possible risks, namely the grinding machine does not work optimally and the employee does not come to work. In the likely criteria there are 4 possible risks, namely the cooking process is scorched, the cutting process is not uniform, the grinding filter is clogged and the supplier (supply) of raw materials does not match demand. In certain criteria, there is 1 possible risk, namely injury to the employee.

The results of the impact assessment analysis, on the minor impact criteria there are 6 risk impacts, namely the cutting process is not uniform, the grinding machine does not work optimally, the cutting tool is blunt, the grinding filter is clogged, the raw material is not according to the dosage and the employee does not come to work. In the moderate impact criteria, there are 3 risk impacts, namely the cooking process will burn, injuries to employees and suppliers (supply) of raw materials do not match demand.

Risk Evaluation

After the risk analysis, the next stage is the evaluation stage. At this stage an evaluation process is carried out from the possible risks contained in the previous stage. The results of the analysis are then entered into an evaluation matrix table based on the guidelines in the ISO 31000 framework. The evaluation matrix is divided into three levels of risk, namely: Low, Medium and High. Then enter the code for each

possible risk into the risk evaluation matrix according to the Likelihood and Impact criteria described in table 5 as follows:

Table 5 Risk Evaluation Matrix Based on Likelihood and Impact

Likelihood						
	Certain 5			R2		
	Likely 4		R3, R6	R1, R8		
	Possible 3		R4, R9			
	Unlikely 2		R5, R7			
	Rare 1					
	Impact	*1 Insigficant*	*2 Minor*	*3 Moderate*	*4 Major*	*5 Catastrophic*

(Source: Data Processed 2023)

After entering the possible risks into the evaluation matrix based on Likelihood and Impact, they will then be grouped according to the levels of the nine risk events into the High, Medium, and Low levels described in table 6 as follows:

Table 6 Grouping of Risks by Level

Kode	Risk Event	Likelihood	Impact	Risk Level
R2	Injuries suffered by employees	5	3	High
R1	During the cooking process, there is a burnout	4	3	Medium
R3	Non-uniform cutting process	4	2	Medium
R4	Grinding machine does not work optimally	3	2	Medium
R6	Grinder filter clogged	4	2	Medium
R8	Suppliers (supply) of raw materials do not match the demand	4	3	Medium
R9	Employees do not come to work	3	2	Medium
R5	Blunt cutting tool	2	2	Low
R7	Raw materials do not match the measure	2	2	Low

(Source: Data Processed 2023)

In table 6 above. In the stages of the risk evaluation process, there are nine risk events that have been analyzed and categorized according to their risk level. There is one risk with a high level, namely: R2, there are six risks with a medium level, namely: R1, R3, R4, R6, R8, R9. Finally, there are two risks with a low level, namely: R5 and R7.

Risk Treatment

The final stage is risk treatment, at this stage risk treatment will be provided by providing suggestions or risk proposals that have been identified in order to minimize the emergence of these risks so that all production activities run optimally. The following table of risk treatment is explained in table 7 namely:

Table 7 Risk Treatment

Target	**Identification Risk**		**Level Risk**	**Risk Treatment Based on**
	Risk Event	**The root of the problem**		**Results of Discussions with Owners and Employees**
Risk Source Human Resources (HR)	During the cooking process, there is a burnout	In the cooking process, employees are less focused on adjusting the size of the fire on the furnace manual	Medium	Employees must be more shrewd and skilled in controlling the fire conditions in the furnace, so it doesn't burn
	Injuries suffered by employees	The fire caught fire because the employees lacked focus during the cooking and packaging processes	High	Companies should facilitate (provide) gloves as personal protective equipment so that employees can minimize work accidents
	Non-uniform Cutting Process	Lack of skilled employees in cutting suwar – suwir	Medium	Every employee must further hone their skills so they can be skilled at work
Technology Risk	Grinding Machine does not work optimally	A dynamo that starts to heat up when used for an excessive amount of time	Medium	It is better to adjust the usage time during the cassava tape milling process, for example by leaving the grinding machine idle for a while.
	Blunt Cutting Tool	Lack of maintenance on the suwar-shredded cutting tool, namely the knife	Low	Maintenance of the cutting tool, namely the knife, must be carried out frequently, at least once a week, sharpening the knife so that it remains sharp
	Grinder filter clogged	The mill is jammed because dirt has accumulated on the mill filter	Medium	Frequent maintenance should be carried out on the grinding tool and more often the grinding filter is cleaned
Process Risk	Raw materials do not match the measure	The excess amount of raw material, namely sugar	Low	Be careful in measuring raw materials in the manufacture of suwar - suwir, according to what has been set, because the success of a product depends on the dosage of raw materials used
Risk External	Suppliers (Supply) of Raw Materials not in accordance with Demand	The weather factor is erratic so that the harvesting process produces erratic cassava	Medium	Companies look for backup suppliers (suppliers) when demand cannot be met by the main supplier
	Employees do not come to work	There are factors that cannot be predicted, namely due to illness or there is a sudden need	Medium	Because the work system is wholesale, the work of absent employees must be tied up or done by other employees

(Source: Data Processed 2023)

Based on the evaluation matrix, table 7 of the risk treatment above, it can be seen that there is one that has a high risk criteria level of risk. provide) gloves as personal protective equipment for employees so as to minimize the occurrence of work accidents during the production process.

Then there are six risks that have a risk level of medium risk criteria criteria, namely: First, the cooking process causes burnt, efforts are made to handle this risk, namely employees must be more shrewd and skilled in controlling the fire conditions in the firebox, employees must balance the fire and keep Stir the dough during the cooking process. Second, the cutting process is not uniform, the efforts made to handle this risk are that each employee must hone his skills so that he can be skilled at work, employees must be able to cut the suwar-suwir into uniform sizes and according to the size determined by the company. (Nursaid et al., 2021) research results relate to the influence of work motivation which has a significant effect on employee performance. To achieve the success of the company, a strategy is needed, one of which is by paying attention to human resources. Human resources, namely employees, because employees play an active and dominant role in a business. Employees are one of the determinants for the realization of company goals (Wira Nata et al., 2017). The performance of an employee in an organization can also be seen starting from the quality of work, employee working time, and collaboration with colleagues, all of which are to achieve the goals that have been planned before (Qomariah et al., 2022).

Third, the grinding machine does not work optimally. Efforts are being made to deal with this risk, namely the usage time is more regulated during the cassava tape milling process, for example by letting the grinding machine sit for a while while it is hot. Fourth, the grinding filter is clogged, efforts are being made to deal with this risk, namely maintenance is often carried out on the grinding machine tool and more often the grinding filter is cleaned every time the grinding process takes place. Fifth, suppliers (supply) of raw materials do not match demand, so efforts must be made, namely companies looking for backup suppliers when demand cannot be fulfilled by the main supplier. Sixth, employees who are absent from work, efforts are made to overcome this risk, namely because the work system is wholesale, then the work of absentee employees must carry out training or work by other employees.

There are two risks that have the criteria for a low risk level, namely: First, cutting tools are blunt. Efforts are made to overcome this risk, namely frequent maintenance of cutting tools, namely knives, at least once a week sharpening the knife to keep it sharp. Second, the raw materials are not in accordance with the dosage, efforts are being made to deal with this risk by being careful in measuring the raw materials for making suwir-suwar, according to what has been determined, because the success of a product depends on the dosage of the raw materials used.

Based on research on the risk analysis of suwar-suwir products using the ISO 31000 method at UD. Mutiara rasa, Ajung District, Jember Regency, the results of the study showed that there were 9 risks that could interfere with the handling of activities at UD. Mutiara Rasa off the 9 risks, there is 1 risk that is included in the high risk criteria, there are 6 risks that are included in the moderate criteria and 2 risks that are included in the low risk criteria. Whereas in research (Tanamaah & Berliana, 2021) risk analysis using the ISO 31000 method at the Salatiga City Industry and Manpower Service (Disperinnaker) in the industrial sector with the result that there are 14 possible risks that disrupt the course of activities in the Salatiga City Disperinnaker industrial sector. Of the 14 possible risks, there are 3 that enter the high level, 6 which enter the medium level, and 5 which enter the low level. Thus the use of the ISO 31000 method can identify risks and how to overcome them while minimizing errors that occur.

CONCLUSION

Based on research on the risk analysis of suwar-suwir products using the ISO 31000 method at UD. Mutiara rasa, Ajung District, Jember Regency, the results of the study showed that there were 9 risks that could interfere with the handling of activities at UD. Mutiara Rasa off the 9 risks, there is 1 risk that is included in the high risk criteria, there are 6 risks that are included in the moderate criteria and 2 risks that are included in the low risk criteria. For future researchers who wish to research with the same context or theme as what is currently being carried out, it is hoped that they can conduct more in-depth research or use other theoretical perspectives or perspectives or even be able to use research methods to enrich knowledge of special food SMEs. Jember city

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