

Risk Management Design in Startup Company PT. Financial Report Assistant

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KEYWORDS

Risk Management, Startup Companies, Risk Identification, Risk Mitigation

ABSTRACT

Rapid technological developments drive Indonesia's economic growth. The background of this research is the ignorance of start-up companies about the existence of business risks and bankruptcy failures. The purpose of this research is to develop risk management plans and guidelines according to ISO 31000:2018. The company seeks to support business progress by recruiting qualified workforce in their fields to be responsible for technological innovation and company database security. Risk management can be applied to minimize business process risks to achieve business goals.

INTRODUCTION

Currently, the development of risk in Indonesia is progressing rapidly, because all are aware of a world full of uncertainty that results in risks that can harm interested parties, to achieve success in the business world, uncertainty and risks cannot be ignored, but can be minimized with Risk Management. Risk is the effect of uncertainty on the (Amelia, 2017) market (ISO.31000), which will affect company earnings, volatility and business cycles Risk is not sufficiently avoided, but must be dealt with in ways that minimize the possibility of a loss. (Hendarwan, 2022; M et al., 2019)(Candra et al., 2019; Fachrezi, 2021)

The accounting system itself is a field that handles planning and implementing procedures for collecting and reporting financial data. Planning a system that has elements of checking and matching (checks & balances) to be able to maintain company assets, and has an efficient flow of information and is beneficial to management. Here, the practical accounting system includes matters directly related to the financial activities of small companies.(Andika & Wijaya, 2022; The Ultimate & Prasetyo, 2022; Utamajaya et al., 2021)(Gita & Tanaem, 2022; Natalia & Prasetyo, 2022; Ursula & Djohanputro, 2022)(Faturohman et al., 2021; Qintharah, 2019; Susilo, 2018; Ursula & Djohanputro, 2022)

Financial Report Assistant (FIRA) is an accounting application company that can help small entrepreneurs where customers can control company finances in realtime, easily and certainly safe to use, as well as provide financial, taxation and business education to add insight in managing company finances better for customer business. The company is committed to not only helping small entrepreneurs in providing the best solutions. However, it will also provide financial and business education to add insight in managing business finances better(KUSUMAWARDHANI, 2018; Rohmah, 2019; Sari, 2018)(Richardo & Cytokinedana, 2021)(Harefa & Hartomo, 2022) .

FIRA risk management is needed to protect companies from significant risks, by realizing and improving employee performance, encouraging employees to continue to innovate, and supporting the achievement of company goals to create a sustainable business.

METHOD

The research methodology conducted by the author is:

a. Problem Identification

At the problem identification stage, the goal is to understand the problem under investigation and its possible impacts, so that it does not arise or can be mitigated.

b. Literature Study

At the literature study stage, the author studies and understands theories that are used as guidelines and sources from various sources such as journals, books, magazines, and also the internet to complete concepts and theories so that they have a good foundation and knowledge to solve the problems discussed here.

c. Interview

In this case, researchers conduct interviews directly with parties related to this study.

d. Observations

In this case, what will be done is to see and study the problems that exist in the field that are closely related to the object under study.

e. Data Analysis

At this stage, an analysis of the processes that take place according to the object of research is carried out. Then enter a value based on the impact and frequency of risk. And do a risk analysis and group it into levels.

Table 1. Stages of Research

No	Stages of Research	Information
1.	Identify the Problem	Identify the risks and impacts of each risk that can occur
2.	Literature Study	Study literature and journals in order to understand the topic of discussion
3.	Interview	Interview resource persons to obtain information related to the object under study
4.	Observation	Make observations related to the object under study
5.	Data Analysis	Processing and analyzing data from interviews, observations and application benchmarks in accordance with the guidelines of ISO 31000: 2018 Standard

Source: Processed by Researchers (2022).

RESULTS AND DISCUSSION

Risk Identification

The risk management process must be applied at different levels of the organization, FIRA divides the scope of implementation of the risk management process into two, Internal and External. The internal scope consists of marketing risk, operational risk, human resource risk and financial risk (Amalia et al., 2019; Anggraeni & Rizal, 2019; Primary, 2020). While the external scope is divided into user risk, business partner risk, government risk and other risks.

Based on the framework in the figure above, FIRA has identified risks and determined the impact of each emerging risk, which is presented in the following table.

Table1 Ident j fikasi Risiko

Code	Risk	Impact	Current Control
Internal			

R001	Target users and not expertise achieved	Reducing corporate profits	Evaluation of Marketing Team activities
R002	The product does not match the needs of the market	The product is not in demand by users	Evaluation of Marketing Team activities
R003	A system error occurred (system error)	The process of financial transactions is disrupted	Evaluation of IT Team activities
R004	The UI/UX of the application is less attractive	The application is not interesting and difficult to use	Evaluation of IT Team activities
R005	Unresponsive app	Complaints from users, application users decreased	Evaluation of IT Team activities
R006	Slow handling of complaints and complaints	Consumers are declining	1. Evaluation of Marketing Team activities 2. Strive to provide excellent service to consumers
R007	Conflicts between employees	Decreased employee performance	HR employment contract
R008	Bad employee absenteeism	Poor employee performance, reducing <i>key performance indicators</i>	1. Evaluation of HR Team activities 2. Apply KPIs to employees
R009	Criminal acts committed by employees	The company's performance and reputation declined	HR employment contract
R010	Uncollectible receivables	Disadvantages to the company	1. Provide a payment time limit (24 hours) 2. Evaluation of Finance Team activities
R011	Money corruption	Reduced working capital of the company	1. SDM2 employment contract. Recruiting honest staff
R012	Employees Take Customer Data	Consumers decline and credibility declines	1. Create company regulations 2. HR employment contract
R013	IT Employees Steal System Application SourceCode	Loss of credibility and allowing massive business competition.	1. Create company regulations 2. HR employment contract
External			
User			
R014	Fraud and manipulation of transaction data	Losses to users, reputation becomes less good	Term and Condition user

R015	Not establishing good relations with users	Communication between the company and users will be less good, can trigger conflicts, decreased revenue	Organizing Fira Community
Business Partners			
R016	Conflicts with business partners	Disconnection of business relations resulting in reduced or decreased quality of FIRA features	Agreement in the Employment Contract
R017	Conflict with shophouse manager	The shophouse contract is not renewed	Contract agreement with shophouse manager
R018	Cloud servers experience <i>downtime</i>	The application system is inaccessible and cannot run properly	contract agreement with Cloud Server
R019	Mitra Expertise takes over the consumer	Declining Consumers	Employment contract with Expertise Partner
Government			
R020	Tax rate increase	Net profit is not in line with the target	Comply with government regulations
R021	Global economic malaise	Profit decreases, goes bankrupt	Hold events and promotions
R022	Increase in the minimum wage of employees	Increased salary expenses and reduced company profits	Comply with government regulations
Other			
R023	System hacking	System malfunction, data theft	Improved system security
R024	Power outage	Operational activities disrupted	Procurement of generator sets
R025	Internet shutdown	System operations will stop	Employment contract with Provider
R026	Fire	Inflict loss and damage to the office and its assets	1. Have and monitor the availability of fire extinguishers, alarms, and smoke detectors 2. Inventory and insure assets 3. Provide counseling and fire simulation to every employee
R027	Natural disasters and Covid 19	Business activities can stop, causing loss and damage to the office and its assets, employees are laid off/laid off	1. Implementing K3 in the company 2. Require every employee to be vaccinated with boosters and the implementation of health protocols

Source: Processed by Researchers (2022)

Risk Analysis

After identifying risks, an analysis is made about which risks arise or which may pose a threat to the organization. Risk analysis requires careful consideration in understanding the sources of risk, their consequences, prevention and mitigation methods, scenarios to be established, and controls to be effective. Risk analysis can be carried out at several levels, depending on the objectives, availability of information and resources. Risk analysis is influenced by many differences of opinion or perception of each risk owner. Thus, measurement uses a combination of techniques that provide ideas for decision making.

Table 3 Probability Values and Impact Values

Frequency of Occurrence			Impact	
Score	Information	Frequency	Score	Information
1	Rare	< 2 times per year	1	Insignificant
2	Unlikely	2-5 times per year	2	Minor
3	Possible	6-12 times per year	3	Moderate
4	Likely	1-7 times per month	4	Major
5	Certain	7-12 times per month	5	Cathastropic

Source: Processed by Researchers (2022)

Table 4 Risk Impact and Likelihood Assessment

Code	Risk	Likelihood						Impact				
		1	2	3	4	5		1	2	3	4	5
Internal												
R001	Target users and expertise not achieved			x								x
R002	The product does not match the needs of the market				x							x
R003	A system error occurred			x								x
R004	The UI/UX of the application is less attractive		x							x		
R005	Application is not responsive		x									x
R006	Slow handling of complaints and complaints		x									x
R007	Conflicts between employees	x								x		
R008	Bad employee absenteeism		x							x		

R009	Criminal acts committed by employees	x			x
R010	Uncollectible receivables		x		x
R011	Money corruption		x		x
R012	Employees Take Customer Data	x			x
R013	IT Employees Steal System Application SourceCode	x			x
External					
User					
R014	Fraud and transaction fraud			x	x
R015	Not establishing good relations with users		x		x
Business Partners					
R016	Conflicts with business partners		x		x
R017	Conflict with shophouse manager	x			x
R018	Cloud servers experience downtime		x		x
R019	Mitra Expertise takes over the consumer	x			x
Government					
R020	Tax rate increase		x		x
R021	Global economic malaise		x		x
R022	Increase in the minimum wage of employees			x	x
Other					

R023	System hacking		x		x
R024	Power outage		x		x
R025	Internet down		x	x	
R026	Fire	x			x
R027	Natural disasters and Covid 19	x			x

Source: Processed by Researchers (2022)

Risk Evaluation

Once the likelihood and impact of the risk is analyzed, the next step is to evaluate and classify the risk into levels. Risk analysis results in decisions that support the risk assessment process which helps in the decision-making process. After knowing the impact of each risk, the next step is to conduct a risk analysis. Risk analysis is carried out by assigning a value to each risk that occurs. Each risk is assessed based on the impact caused and the frequency with which the risk occurs.

Table 5 Risk Evaluation Parameters

Kemungkinan				Dampak			Level Risiko
Rare	Rare	Rare	Unlikely	Insignificant	Minor	Moderate	Low
Unlikely	Possible			Insignificant	Minor	Insignificant	
Rare	Rare	Unlikely	Unlikely	Major	Catastrophic	Moderate	Intermediate
Unlikely	Possible	Possible		Major	Catastrophic	Minor	
Possible	Possible	Likely		Moderate	Major	Catastrophic	
Likely	Likely	Certain	Certain	Insignificant	Minor	Moderate	
Possible	Likely	Likely	Certain	Catastrophic	Major	Catastrophic	High
Certain	Certain			Moderate	Major	Catastrophic	

Source: Processed by Researchers (2022)

Based on the results of discussions and surveys of researchers, a risk tolerance map was formed, namely:

Table2 Risk Evaluation Matrix (Before Treatment)

		Impact				
		Insignificant	Minor	Moderate	Major	Catastrophic
		1	2	3	4	5
Likelihood	Certain 5	Yellow		Red		
	Likely 4	Yellow		Yellow (R022)	Red (R002)	Red (R020, R023)
	Possible 3	Green	Yellow	Yellow (R010, R025)	Yellow (R001, R003)	Red (R011)
	Unlikely 2	Green	Yellow (R008)	Yellow (R004)	Yellow (R005)	Yellow (R006)
		Green	Yellow (R020)	Yellow (R013)	Yellow (R016)	Yellow (R016)
		Green	Yellow (R008)	Yellow (R004)	Yellow (R005)	Yellow (R006)

		R015	R018
		R022	R021
			R024
			R009
Rare		R007	R023
1		R017	R024
			R012
			R013
			R019
			R027

Information:

	Tall
	Intermediate
	Low

Risk Management

Risks that are above the established risk tolerance limit are then submitted to the risk management process by the risk owner to determine future risk management, such as minimizing the occurrence of risks, sharing risks with other parties, eliminating or avoiding them. Risks and Handling Existing Risks. After conducting a risk evaluation, the next step is to carry out handling to minimize the impact of risk.

Table 7 Mitigation Handling

Kode	Risiko	Mitigasi
Internal		
R001	Target users and expertise not achieved	<ul style="list-style-type: none"> Evaluate targets and performance and look at the weaknesses and business opportunities as well as the level of competition with competitors
R001	Target user not reached	<ul style="list-style-type: none"> Evaluating revenue targets and continuing to improve marketing division
R002	Products do not match market needs	<ul style="list-style-type: none"> Evaluate and develop products according to market needs Conduct deeper research in order to touch customer needs and customer satisfaction
R003	A system error has occurred (system error)	<ul style="list-style-type: none"> Repairing the system and carrying out regular maintenance Conduct evaluation, look for root causes, and steps to improve the system
R004	The UI/UX of the application is less attractive	<ul style="list-style-type: none"> Conduct research and improve the appearance and better user experience
R005	Unresponsive application	<ul style="list-style-type: none"> Improve application and system performance
R006	Unresponsive application	<ul style="list-style-type: none"> Improve responsiveness and SLA Improving integrated omnichannel services
R007	Slow handling of complaints and complaints	<ul style="list-style-type: none"> Organizing gatherings, outings and special moments for employees Conduct mediation Creating a good and productive work culture and ecosystem

R008	Conflict between employees	<ul style="list-style-type: none"> Applies rewards and punishments to employee performance
R009	Bad employee absenteeism	<ul style="list-style-type: none"> Improving company security by providing training, security awareness, company security Cooperate with the police and install CCTV and alarms
R010	Bad employee absenteeism	<ul style="list-style-type: none"> Provide reminders or warnings with a good and correct approach The application is disconnected
R011	Criminal acts committed by employees	<ul style="list-style-type: none"> Developing an anti-corruption culture and corruption impact campaign Separating job desks based on the function of each position Give heavy sanctions to corruptors and report them to the police
R012	Uncollectible receivables	<ul style="list-style-type: none"> Employees work in the Fira software system and are given a password so they can be traced All data is backed up in the FIRA software system
R013	Money corruption	<ul style="list-style-type: none"> Employees work in the FIRA software system and are given a password so they can be traced All data is backed up in the FIRA software system
External		
User		
R014	Fraud and transaction fraud	<ul style="list-style-type: none"> Disclosure of financial data pursuant to a court order (if required) Cooperate with financial institutions to always monitor the payment process for each consumer
R015	No good relationship with users	<ul style="list-style-type: none"> Establish customer engagement Providing services with a fast response
Business partner		
R016	Conflicts with business partners	<ul style="list-style-type: none"> Building and establishing effective communication with Business Partners Conducting mediation and deliberations
R017	Conflict with shop manager	<ul style="list-style-type: none"> Fulfill the agreement stated in the contract Maintain good relationship with managers
R018	The cloud server is experiencing downtime	<ul style="list-style-type: none"> Implement hotline calls with the Cloud server Execute Business Continue Plan (BCP) procedures Conduct evaluation, root cause, and system recovery mitigation steps

R019	Expertise partners take over the consumer	<ul style="list-style-type: none"> Recruiting honest and committed Expertise Partners Providing cooperation rules in accordance with the legality of the law. Making Partners loyal to the company by providing the best service.
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Government

R020	Increase in tax rates	<ul style="list-style-type: none"> Setting up a reserve fund so that the following year's activities can run well Increase the company's net profit
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R021	Global economic downturn	<ul style="list-style-type: none"> Monitoring inflation rate and people's GDP Be sensitive to market needs and demands so that they can quickly make decisions when it is time to carry out an exit strategy
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R022	Increase in the minimum wage of employees	<ul style="list-style-type: none"> Increase the company's net profit Setting up a reserve fund
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Others

R023	System hack	<ul style="list-style-type: none"> Improve system security Cooperate with the Cyber Crime police
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R024	Power outage	<ul style="list-style-type: none"> Using a generator as the Company's electricity Carry out Business Continuity Plan (BCP) procedures
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R025	Internet down	<ul style="list-style-type: none"> Implement a hotline call with the provider Carry out Business Continuity Plan (BCP) procedures
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R026		<ul style="list-style-type: none"> Ensuring monitoring of APAR, ALARM, smoke detector, CCTV is running and functioning properly Providing counseling to employees, Call Tree, and information regarding evacuation routes and assembly points Inventorizing and insuring assets
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R027	Fire and asset theft	<ul style="list-style-type: none"> Implement Occupational Safety and Health (K3) Providing counseling to employees, Call Tree, and information regarding evacuation routes and assembly points Inventorizing and insuring assets All employees must receive booster vaccines and follow health protocols
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Source: Processed by Researchers (2022)

Based on the Risk Evaluation Matrix and after treatment, the Fira residual risk evaluation matrix (after treatment) is contained in the table below

Table 8 Risk Evaluation Matrix (After Treatment)

		Impact				
		Insignificant	Minor	Moderate	Major	Catastrophic

	1	2	3	4	5	
Likelihood	Certain 5					
	Likely 4					
	Possible 3					
	Unlikely 2	R014	R006 R008 R010 R013 R015 R016 R020 R021 R022			
	Rare 1	R002 R003 R004 R005 R019 R024	R012	R001 R007 R009 R013 R017 R018R023 R025 R026 R027	R011	

Source: Processed by Researchers (2022)

CONCLUSION

Based on the initial identification of risks by the risk owner with the risk management process or the company's own risk assessment, most of the risks that occur in the company's operational processes are related to technological systems, database security, service marketing. The good efforts made by the company today to support business progress, recruit skilled human resources in their fields and expand connections with experts, will also directly answer the security of the company's technology systems and databases in the future. Implementing risk management in a growing company's business requires managerial focus.

Strictly manage company finances, both in budget allocation and in the use of the budget of each business unit, so that the planned resources are not excessive in their use.

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