COLLEGIUM
Available online:
https://ojs.politeknikcendana.ac.id/index.php/collegium/index
DOI: https://doi.org/10.56473/collegium
E-ISSN: **XXXX-XXXX**
Vol. 1 No, 1 March 2024
Page: **5 - 9**

Implementation of Enterprise Risk Management at PT BFI Finance Indonesia Tbk. in Tanjungpinang City

Dwi Septi Haryani[1], Octojaya Abriyoso[2], Septa Diana Nabella[3], Anggia Sekar Putri[4], Alif Surya Akbar[5]
[1,2,4,5]Management Departement, STIE Pembangunan Tanjungpinang, Indonesia
[3]Faculty of Economics and Business, Management, Universitas Ibu Sina, Batam
Email: [1*]dwiseptih@stie-pembangunan.ac.id, [2]octojaya@stie-pembangunan.ac.id, [3]septadiana1717@gmail.com, gieskaput@gmail.com, alif190903@gmail.com
(* : coresponding email)

Abstract

In every company, every business action and decision carries risks. The risks that arise from the internal and external environment of the company make a loss for the company itself. The purpose of this study was to identify potential risks within the firm that were used to anticipate risks that would arise. This research uses the application of Enterprise Risk Management at PT BFI Finance Tbk which is the object of this research. This study identifies the risks that exist in the company ranging from low risk, medium risk, and high risk that may one day happen. Findings from this study indicate that there are dozens of risks that exist within this finance company. Risks that need to be noticed by the company are the risks that the handling is not appropriate which will result in losses to the company itself. So what should be done by the company is the way of handling the right, good and not harm the company.

Keyword: Enterprise Risk Management, Risk, Finance Company

1. INTRODUCTION

Uncertainty is something that cannot be avoided in the business world. An uncertain situation faced by a person or company that will have a detrimental impact on the company or person. Every company is always faced with risks so that risks are part of the company's activities. Risk is not the same as a problem, because risk is something that has not happened so that not all risks have a negative impact on the company if the company is able to manage these risks well, these risks will be avoided. Risk is an irreversible part of the decision-making process and, in many situations, taking risks seems to be the only strategy available to cope with risk (Salvo et al., 2019).

According to (Hanafi, 2016), risk is the amount of storage between the expected rate of return and the actual rate of return. (Silalahi, 1997) argues, every person, household, company and part of other organizations, in every activity contains risks, because what we do will happen or not in the future without knowing for sure (The Future is Unknown). (Haryani, 2019) agree that a thing done by someone will definitely have the possibility of experiencing risks. Because it is full of uncertainty, risks will always follow. According to the statement ISO (2009), Risk is represented as the effect of uncertainty on an organization's ability to meet its objectives (Crovini et al., 2020). There are several types of risks that companies may face, such as financial risks, human resources, marketing, production, facilities and infrastructure, theft, the impact of riots, competition. The risk needs to be managed and controlled so that the company can maintain and develop its business, especially in this period of intense business economic competition. Although risk can cause harm to someone and has negative connotations, it is not something to be avoided. To deal with the risks that arise, many companies and business entities then start using risk management. According to (Darmawi, 2016), risk management is an effort to identify, control and control risks in every company activity with the aim of obtaining activities that are high effectiveness and efficiency.

This is evidenced by the results of a survey conducted by Deloitte in 2009 entitled Global risk management surveys: sixth edition risk management in the spotlight, which stated that of the 111 financial companies surveyed, 59% of companies have implemented Enterprise risk management and 23% of companies plan to implement Enterprise risk management (Deloitte, 2010). According to the Committee of Sponsoring Organizations (COSO) the framework defines Enterprise Risk Management (ERM) as a process, influenced by the Board of Directors, management and other personnel, applied in strategic settings and throughout the company, designed to identify potential events that may affect the entity, and managing risk is within the appetite for risk, to provide reasonable assurance regarding the achievement of the entity's objectives (Mustapha & Adnan, 2015; Brustbauer, 2016). With the increasing number of competitors who are both engaged in financial institutions, PT BFI Finance Tanjungpinang always tries to foster new innovations in getting closer to the surrounding community. Among them is by providing motivation to the community to do their own entrepreneurship. PT BFI Finance Indonesia, Tbk Tanjungpinang has several financing products that can be chosen by consumers. This product can be adjusted to the needs of the business capital to be run. With the increasing number of consumers who increasingly believe in carrying out the financing process at PT BFI Finance Indonesia, Tbk Tanjungpinang, the company will also strive to further improve the services that will be provided to consumers.

Many studies have examined risk management in various types of businesses, including research conducted by (Haryani et al., 2018), which investigate the risk management of potato chips product failure. Furthermore,

COLLEGIUM
Available online:
https://ojs.politeknikcendana.ac.id/index.php/collegium/index
DOI: https://doi.org/10.56473/collegium
E-ISSN: **XXXX-XXXX**
Vol. 1 No, 1 March 2024
Page: **5 - 9**

research from (Mustapha & Adnan, 2015) who research risk management at construction companies in Malaysia, which of course differs from the risk characteristics in the finance company. Of course, it will also be different in terms of risk mitigation. Further research conducted by (Haryani & Risnawati, 2018), they researched risk management in manufacturing companies engaged in textiles. Risks faced by manufacturing companies related to production processes, operator work procedures, production machinery and related employee productivity. Furthermore, research by (Mitter et al., 2022) found that from a sample of small family firms lacks a formal risk management system and does not prepare for crises and emergencies.

This research study is a qualitative approach, applied reasearch, because this study stems from PT BFI Finance's problems in overcoming the risks it faces. Through this research, it is expected to answer the curiosity of researchers by answering interrelated mini research questions and in the end will be able to answer the main research questions that exist. The purpose of study is to determine the implementation Enterprise Risk Management at PT BFI Finance Tbk in Tanjungpinang City.

2. RESEARCH METHODS

2.1 Research Framework

This study uses a qualitative approach with the data collection method carried out by the author by conducting interviews, observations, and document analysis. The object of research in this study is PT. BFI Finance Tbk. The scope of this research is related to the risks faced by finance companies, such as operational risks, financial risks, and external risks. The interview was conducted in a semi-structured method with the head of marketing, head of collection, and marketing staff. Observations are carried out by non-participant observation methods, as well as analysis of company documents in the form of company profiles, and literature studies related to the problems obtained. Sampling technique using purposive sampling where the consideration was a person who was used as an informant who understood the process business in PT. BFI Finance, Tbk.

Data analysis techniques use the Enterprise Risk Management method, where the data obtained comes from interviews with businesses and observations conducted directly. The risk management process outlined in the ERM concept, according to Hanafi (2014) consists of 3 stages, including 1) risk identification, aiming to identify risks that may be faced by looking at the source of risk, 2) evaluation and measurement of risks, is the process of mapping risks into the likelihood-impact matrix, and 3) risk management or risk mitigation, is the process of providing recommendations to manage risk based on the priority of the results of risk mapping that has been done previously (Haryani & Risnawati, 2018).

2.2 Enterprise Risk Management

Risk management refers to the systematic process of identifying, evaluating, managing and monitoring the various risks a firm faces (Gao et al., 2013; Marcelino-Sádaba et al., 2014). The Enterprise Risk Management model begins with risk identification at each stage of the business process and the risk is analyzed for probability and impact. In the article (Verbano & Venturini, 2013), the traditional definition of risk is measured by two combined variables: a) frequency of occurrence (probability) of the "risky" event, that is, the number of times the risky event is repeated within a predetermined period and b) the extent of the consequences (magnitude) produced by the event, that is, all the outcomes of its occurrence. After that, the risk is evaluated and determines the level of risk, as well as maps the risk. When the risk can be accepted by the company, what is done is to supervise and monitor the risk. However, if the risk is unacceptable the company then prepares a risk mitigation strategy and its managerial implications in the form of supervision and monitoring by the company (Haryani & Sari, 2021).

According to Hanafi (2014) risk management is basically done through the following process (Haryani et al., 2019):

1. Risk identification. This processinvolves identifying risk that may arise in business process. Accurate and complete risk identification is essential for risk management (Rilyani et al., 2015).
2. Risk Measurement. The goal of risk assessment is to better understand risk characteristic (Hanafi, 2014). Risk measurement includes calculating or judgingthe level of impact of identified risk (Pertiwi et al., 2016).
3. Risk Mitigation. After analyzing and assessing the risk, the next step is risk management. Risk must be managed. If an organization fails to manage risk, the consequences can be quite serious, even significant losses. Risk can be managed in different ways, such as avoiding, retaining, diversifying or transferring to other parties (Hanafi, 2014).

3. RESULT AND DISCUSSION

3.1 Risk Identification

The risks of PT BFI Finance Tbk Tanjungpinang consist of:

1. Financial risk. Dealing with customers who are late paying off their credit, this is because customers experience a problem.
2. Operational Risk. Related to customers switching to other leasing companies lower interest rates.
3. Reputational Risk. Regarding complaints from customers regarding consumer dissatisfaction with the services carried out by BFI.

COLLEGIUM
Available online:
https://ojs.politeknikcendana.ac.id/index.php/collegium/index
DOI: https://doi.org/10.56473/collegium
E-ISSN: XXXX-XXXX
Vol. 1 No, 1 March 2024
Page: 5 - 9

4. Productivity Risk. Related to power outages, vehicle damage due to improper use by marketing department employees, conflicts between marketing.

Table 1. Types of risks in the management of PT BFI Finance Tbk Tanjungpinang

Risk Type	Risk Type	Event
Financial Risk	Credit Risk	1. Customers are late in paying off their credit 2. Customer is unable to pay off his credit
Operational Risk	Human Resource Risk	3. Lack of integrity between management and employees related to discipline in complying with work regulations 4. Occurrence of inventory theft by employees 5. The occurrence of accidents at work
	Productivity Risk	6. Unexpected vehicle damage or accident 7. Marketing targets that are not achieved 8. The occurrence of conflicts between marketing 9. Customers switch to other companies due to lower lending rates
	System Risk	10. The occurrence of interference with company computers that causes company data to be lost
	Process Risk	11. Errors and delays in disbursement of customer funds 12. Document filling errors 13. Marketing is late in collecting prospective customers' financing files 14. The occurrence of errors in the submission of credit regulations
External Risk	Reputation Risk	15. The occurrence of customer complaints to the company

3.2. Risk Assesment

Indicators used to assess risks that may occur and have occurred, as well as the probability of the risk value itself, there are 2 indicators, namely:

1. Probabilty
   a. Based on how often the risk occurs in PT BFI or historical records from PT BFI.
      1) According to management, a risk has a low impact if it occurs less than 3 times and a high impact if it occurs more than or equal to 3 times in 1 year, for the determination of this indicator the company determines the level of risk based on historical data that has been experienced by the company.
      2) According to management, a risk has a low impact if it occurs less than 1 time and a high impact if it occurs more than or equal to 1 time in 1 year.
   b. Cannot be assessed because the value cannot be determined. Risks that are difficult to assess in terms of impact and likelihood of occurring, then these risks are not analyzed further.
2. Impact
   Assessment of impact indicators based on material or not the value of the impact caused, a risk including causing a high impact if the impact of the risk is material or exceeds the material set by the company, which is IDR 10,000,000, - and classified as low if the impact of the risk is not material or below IDR 10,000,000, -.

Table 2. Risk Assesment

No.	Risk Type	Code	Description	Probability	Impact	Risk Value
1	Credit Risk	1a	Customers are late in paying off their credit	High	High	High
		1b	Customer is unable to pay off his credit	High	High	High
2	Human Resource Risk	2a	Occurrence of inventory theft by employees	Low	Low	Low
		2b	The occurrence of accidents at work	Low	High	Medium
3	Productivity Risk	3a	Unexpected vehicle damage or accident	Low	High	Medium
		3b	Marketing targets that are not achieved	Low	Low	Low
4	System Risk	4a	The occurrence of interference with company computers that causes company data to be lost	Low	Low	Low
5	Process Risk	5a	Errors and delays in disbursement of customer funds	High	High	High
		5b	Marketing is late in collecting prospective customers' financing files	High	High	High
		5c	The occurrence of errors in the submission of credit regulations	High	High	High
6	Reputation Risk	6a	The occurrence of customer complaints to the company	High	High	High

Furthermore, after conducting a risk assessment as described in Table 2, the next step is to map these risks in the likelihood impact matrix, which is described in the following figure:

COLLEGIUM
Available online:
https://ojs.politeknikcendana.ac.id/index.php/collegium/index

DOI: https://doi.org/10.56473/collegium
E-ISSN: **XXXX-XXXX**
Vol. 1 No, 1 March 2024
Page: **5 - 9**

No. 1.a, 1.b, 5.a, 5.b, 5.c, 6a
No 2.b, 3.a
No 2.a, 3.b, 4a

Figure 1. Risk Mapping

Based on figure 1 of the risk map, each risk can be grouped as follows:

1. Low Risk. The risks included in this group are the risk of inventory theft by employees (2.a), the risk of marketing targets that are not achieved (3.b), the risk of interference with company computers that cause data loss (4).
2. Medium Risk. Risks included in this group are Risk of accidents at work (2.b), Risk of damage or unexpected vehicle accidents (3a).
3. High Risk. The risks included in this group are the risk of late customers paying off their loans (1.a), the risk of customers not being able to pay off their loans (1.b), the risk of errors and delays in disbursing customer funds (5.a), the risk of late marketing in collecting files (5.b), the risk of errors in the delivery of credit regulations (5.c), the risk of complaints from customers (6).

3.3. Risk Mitigation

Based on the risks that exists then risk management that can be done are as follows:

Table 3. Risk Mitigation

Risk	Risk Mitigation
Customers are late in repaying their credit	- Make schedules and collect customers who fail to pay until the due date of the payment agreement if they still do not pay then a fine is given. Costs incurred are billing costs and costs used to sacrifice time in making customer schedules that will be due. The benefits obtained from this handling action, customers who are late paying will be less or will not pay. Thus the financial turnover in the company will not be hampered.
The customer is unable to repay the credit	- Survey the customer's location, whether the customer really cannot pay it off. - If it is proven that it cannot pay off, make a letter of agreement from both parties that the guarantee will be confiscated to the company. The costs incurred are billing costs and costs used to sacrifice time in surveying the location of customers who cannot pay it off. The benefits obtained from this handling action, customers and the company can find the best solution.
Inventory theft by employees	- Give instructors to company security guards to be more supervising and careful in paying attention to every employee or person who goes in and out. - Physical check of office equipment and supplies once every 2 weeks to combat theft The benefits obtained from this handling action, then inventory theft will not occur and the company will not suffer losses.
Accidents at work.	- Improve work safety by registering all employees to BPJS Manpower - Employees must wear complete motor vehicle equipment - All employees must wear shoes when entering the company premise.
Unexpected vehicle damage or accident	- Check the vehicle first before leaving for the field - Routine maintenance of motor vehicles such as servicing every 1 month or changing vehicle oil.
Unachived marketing target	- Provide coaching or training to employees - Motivate employees to stay motivated - Give strict sanctions to sales marketing if there is no change
Disruption of company computers	- Make efforts to back up data to maintain company data against the risk of data loss will be minimal. - The company must have technicians in the IT field
Errors and delays in disbursement of customer funds	- Conduct training for employees to be able to record accurately and ensure that no errors occur - Ensure that the disbursement of customer funds is not late on the day submitted
Marketers were late in collecting files	- Sanction sales marketing so as not to harm the company. - Monitor every marketing work
Errors in the delivery of credit regulations	- Always provide briefing material in order to carry out work performance properly - Strive to correct words to customers either via telephone, sms, meeting directly to customers for submission apologize for the misdelivery given.
Customer complaints	- Improving existing quality - Make good performance system improvements

DOI: https://doi.org/10.56473/collegium
E-ISSN: **XXXX-XXXX**
Vol. 1 No, 1 March 2024
Page: **5 - 9**

4. CONCLUTION

The implementation of Enterprise Risk management in PT BFI Finance Tbk Tanjungpinang City can help companies to assess and manage their risks including large and small risks well so that they can achieve company goals and increase profitability and not harm the company. The implementation of ERM can help companies find risks that are at the high, medium, low levels in PT BFI. PT BFI can find out the problems and sources of problems that occur risk, so that the company can take action to solve the risk to the root of the problem. In addition, the company must look at the costs and benefits that will be used for managing existing risks so that the company does not experience losses.

THANK YOU-NOTE

The author would like to thank the parties who helped in compiling this journal properly and on time. The parties who helped were as follows: Mr. Ika Harianto, who has given permission to the researcher to be interviewed and obtain data from the company. Branch office of PT BFI Finance Indonesia Tbk Tanjungpinang city which has given permission as a research object for the author.

REFERENCES

Brustbauer, J. (2016). Enterprise risk management in SMEs: Towards a structural model. *International Small Business Journal: Researching Entrepreneurship*, *34*(1), 70–85. https://doi.org/10.1177/0266242614542853

Crovini, C., Santoro, G., & Ossola, G. (2020). Rethinking risk management in entrepreneurial SMEs: towards the integration with the decision-making process. *Management Decision*, *59*(5), 1085–1113. https://doi.org/10.1108/MD-10-2019-1402

Darmawi, H. (2016). *Manajemen Risiko* (2nd ed.). Bumi Aksara.

Deloitte. (2010). *Global risk management survey, sixth edition: risk management in the spotlight*.

Gao, S. S., Sung, M. C., & Zhang, J. (2013). Risk management capability building in SMEs: A social capital perspective. *International Small Business Journal: Researching Entrepreneurship*, *31*(6), 677–700. https://doi.org/10.1177/0266242611431094

Hanafi, M. M. (2014). *Manajemen Risiko* (2nd ed.). UPP STIM YKPN.

Hanafi, M. M. (2016). *Manajemen Risiko* (3rd ed.). UPP STIM YKPn.

Haryani, D. S. (2019). Analisis Risiko Kegagalan Budidaya Jamur Tiram Pada Bintan Cendawan. *Jurnal Ekonomi Dan Bisnis Indonesia*, *4*(1), 1–5.

Haryani, D. S., Ilyas, I., & Fauzar, S. (2018). the Analysis of Potato Chips Product Damaged Risk in Widuri Joint Venture Group. *Proceeding International Seminar on Accounting for Society*, 48–56.

Haryani, D. S., & Risnawati, R. (2018). ANALISIS RISIKO OPERASIONAL BERDASARKAN PENDEKATAN ENTERPRISE RISK MANAGEMENT (ERM) PADA PT. SWAKARYA INDAH BUSANA TANJUNGPINANG. *JURNAL DIMENSI*, *7*(2), 357–367. https://doi.org/10.33373/dms.v7i2.1699

Haryani, D. S., Rizki, M., Abriyoso, O., & Saputra, E. (2019). Risk Management Analysis In Iman Santoso's Tax Consultant. *Proceedings of the 1st International Conference on Applied Economics and Social Science (ICAESS 2019)*, *377*(Icaess), 112–116. https://doi.org/10.2991/icaess-19.2019.22

Haryani, D. S., & Sari, P. R. K. (2021). Analisis Risiko Jasa Penyewaan Mobil pada CV Rahmad Illahi. *Jurnal Manajerial Dan Bisnis TanjungpiangBisnis Tanjungpianng*, *4*(1), 66–74.

Marcelino-Sádaba, S., Pérez-Ezcurdia, A., Lazcano, A. M. E., & Villanueva, P. (2014). Project risk management methodology for small firms. *International Journal of Project Management*, *32*(2), 327–340. https://doi.org/10.1016/j.ijproman.2013.05.009

Mitter, C., Postlmayr, M., & Kuttner, M. (2022). Risk management in small family firms: insights into a paradox. *Journal of Family Business Management*, *12*(2), 237–250. https://doi.org/10.1108/JFBM-06-2020-0051

Mustapha, M., & Adnan, A. (2015). A Case Study of Enterprise Risk Management Implementation in Malaysian A Case Study of Enterprise Risk Management Implementation in Malaysian Construction Companies. *International Journal of Economics and Financial*, *5*(Special Issue), 70–76.

Pertiwi, I. G. A. I. M., Kristinayanti, W. S., & Aryawan, I. G. M. O. (2016). Manajemen Risiko Proyek Pembangunan Underpass Gatot Subroto Denpasar. *Jurnal Akuntansi, Ekonomi Dan Manajemen Bisnis*, *4*(1), 1–6.

Rilyani, A. N., W, Y. F. A., & Jatmiko, D. D. (2015). Analisis Risiko Teknologi Informasi Berbasis Risk Management Menggunakan ISO 31000 (Studi Kasus : i-Gracias Telkom University). *E-Proceeding of Engineering*, *2*(2), 6201–6208.

Salvo, M. De, Capitello, R., Gaudenzi, B., & Begalli, D. (2019). Risk management strategies and residual risk perception in the wine industry: A spatial analysis in Northeast Italy. *Land Use Policy*, *83*, 47–62. https://doi.org/10.1016/j.landusepol.2019.01.022

Silalahi, F. (1997). *Manajemen Risiko dan Asuransi*. PT. Gramedia Pustaka Utama.

Verbano, C., & Venturini, K. (2013). Managing Risks in SMEs: A Literature Review and Research Agenda. *Journal of Technology Management & Innovation*, *8*(3), 33–34. https://doi.org/10.4067/S0718-27242013000400017