Syntax Literate: Jurnal Ilmiah Indonesia p–ISSN: 2541-0849
e-ISSN: 2548-1398
Vol. 9, No. 10, Oktober 2024

IMPLEMENTATION OF RISK MANAGEMENT: CASE STUDY AT FRANCHISEGLOBAL.COM

Bunga Ayu Anggia[1], Edi Hamdi[2], Rhian Indradewa[3], Ferryal Abadi[4]
Universitas Esa Unggul, Jakarta, Indonesia[1,2,3,4]
Email: bungaayu2508@gmail.com, edi.hamdi@esaunggul.ac.id, rhian.indradewa@esaunggul.ac.id, ferryal@esaunggul.ac.id

Abstract

This study aims to analyze the digital-based marketing strategy implemented by FranchiseGlobal.com in order to increase exposure, market penetration, and brand awareness in the franchise industry. Using qualitative descriptive methods and a case study approach, this study explores digital marketing strategies that utilize big data, digital platforms, and social media to reach potential franchisees. Data were obtained through interviews, documentation, and direct observation of FranchiseGlobal.com's marketing activities. The results of the study indicate that the digital marketing strategy implemented by FranchiseGlobal.com, both in the short, medium, and long term, has succeeded in increasing the number of website visitors and brand awareness, although there are still challenges in expanding penetration into international markets, especially ASEAN. This study concludes that digital-based marketing is a crucial component in developing a franchise business more widely and effectively, and provides recommendations for optimizing the use of big data and technological innovation in future marketing strategies.

Keywords: digital marketing strategy, big data, franchise, market penetration, brand awareness.

Introduction

Companies face increasingly complex challenges in their day-to-day operations in today's era of globalization and digitalization. FranchiseGlobal.com, as a company engaged in franchising, faces risks stemming from various aspects of the business such as marketing, operations, human resources, and finance. These risks can affect the survival and growth of the company if not managed properly. For this reason, the implementation of effective risk management is one of the key factors in maintaining business stability and sustainability. FranchiseGlobal.com has adopted ISO 31000:2018 as an integrated risk management framework to mitigate potential threats and risks (Jamal et al., 2023).

Although FranchiseGlobal.com have implemented risk management systems, there has been no in-depth research evaluating the effectiveness of such implementation, especially in the context of highly dynamic digital businesses and franchises. As technology, regulations, and market needs change, companies face various challenges in identifying, evaluating, and managing risks effectively. Is the risk management implemented in accordance with the company's needs? Are the main risks faced by the company properly handled? This is an important question that drives this research.

Previous studies have discussed the importance of risk management in franchise companies and digital businesses. For example, research by Smith (2020) highlights the importance of internal controls in managing operational risks in franchise companies. Meanwhile, a study by Johnson (2019) underscores the role of ISO 31000-based risk

How to cite: Anggia, et al. (2024). Implementation of Risk Management: Case Study at Franchiseglobal.com. *Syntax Literate. (9)10.* http://dx.doi.org/10.36418/syntax-literate.v9i10
E-ISSN: 2548-1398

mitigation systems in improving company efficiency. However, these studies have not specifically discussed the implementation of risk management in digital-based franchise companies such as FranchiseGlobal.com. Therefore, this study seeks to fill in the gaps in the existing literature by focusing on the evaluation of the implementation of risk management in FranchiseGlobal.com.

This research is important because it can provide a concrete picture of how risk management can be applied in the context of a digital franchise business, which has unique characteristics compared to other sectors. Through this research, it will be revealed how FranchiseGlobal.com integrate risk management into daily operations, as well as the challenges and opportunities it faces in carrying out the process. The novelty of this study lies in its application to the digital franchise sector, which is rarely discussed in the literature related to ISO 31000-based risk management, as well as in efforts to evaluate the implementation thoroughly, from risk identification to residual risk mitigation.

This study aims to evaluate the implementation of risk management in FranchiseGlobal.com based on the ISO 31000:2018 framework, identify the most significant types of risks in the company's operations, analyze the effectiveness of the risk mitigation strategies that have been implemented, and provide recommendations to improve the effectiveness of risk management in supporting the sustainability of FranchiseGlobal.com business.

Research Method

This study uses two main types of data, namely primary data and secondary data. Primary data was obtained through in-depth interviews, participant observations, and questionnaires distributed to employees in various divisions. Interviews were conducted with managers and staff responsible for the implementation of risk management, while observations were conducted to see firsthand how the risk management process was implemented in the field. The questionnaire was distributed to evaluate employee perceptions regarding the effectiveness of risk management in FranchiseGlobal.com. Meanwhile, secondary data comes from the company's internal documents such as annual reports, risk reports, and other related documents relevant to risk management based on ISO 31000:2018. In addition, relevant literature such as academic journals and books are also used to support the analysis.

The data collection techniques used in this study include in-depth interviews, participant observations, questionnaires, and documentation analysis. In-depth interviews were conducted to gain a comprehensive understanding of the implementation of risk management in FranchiseGlobal.com. Participant observation allows researchers to see firsthand how risks are identified, evaluated, and mitigated in the company. Questionnaires are used to collect data from employees regarding their perception of the effectiveness of risk management. Documentation analysis involves the study of company documents to understand the risk management processes that have been adopted and implemented.

Data analysis was carried out with qualitative and quantitative approaches. Qualitative data from interviews and observations were analyzed using thematic analysis techniques to identify important patterns in the application of risk management. Meanwhile, the quantitative data from the questionnaire was analyzed with descriptive statistics to describe employees' perceptions of the effectiveness of risk management. In addition, quantitative analysis is also carried out on data from the company's risk report to evaluate the success of the risk mitigation strategy implemented (Rogaya et al., 2023)..

To ensure the validity and reliability of the data, data triangulation was carried out by comparing results from various sources, such as interviews, observations, and questionnaires. In addition, the results of the interview are validated through the member checking process, where the results of the interview are confirmed back to the respondents. The questionnaire is also tested first through pilot testing to ensure the clarity and relevance of the questions.

The stages of this research start from preparation, namely problem identification, goal formulation, and preparation of research instruments. The next stage is data collection, where researchers collect data from various sources in the FranchiseGlobal.com. After that, the data was analyzed using qualitative and quantitative approaches. The research ended with the preparation of a report containing research findings and recommendations to improve the implementation of risk management in the company.

Results and Discussion

Risk Management

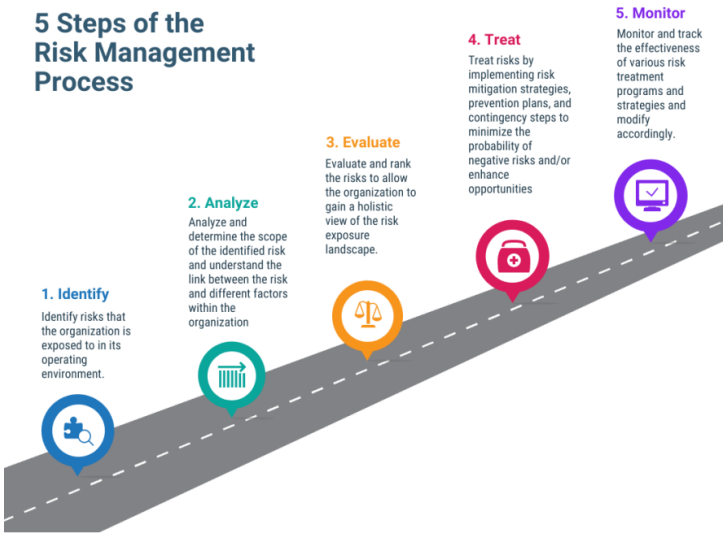


Figure 1. Risk Management Process

The goal of risk management FranchiseGlobal.com is to protect the company from the identified risks, to mitigate or trace sources that have the potential to threaten the achievement of the company's goals. This is done in line with the description in the *Lean Business Canvas Model*. The objectives of FranchiseGlobal.com risk management adjusted to the *Establish Term Objectives*, will be outlined in Table 1 below :

Table 1. Risk Management Goals and Objectives

Risk Management Goals and Objectives	
Short-Term Goals	**Short-Term Goals**
1. Carry out communication and risk consulting activities per 6 months in each function of the company.	1. Obtain potential risks that occur in the company's functions.
2. Implement an internal control system in every business process through Standard Operating Procedures (SOPs).	2. 100% implementation of internal control in operational processes effectively and efficiently.

Risk Management Goals and Objectives	
3. Identify, evaluate, and implement measures to mitigate the impact of possible risks.	3. Implementation of risk management monitoring and risk maps FranchiseGlobal.com.
Medium-Term Goals	**Medium-Term Goals**
1. Carry out control on a weekly, monthly, quarterly, and semester basis.	1. Have a dedicated risk management team approved by the Board of Directors.
2. Carry out routine risk monitoring with the aim of reducing the level of risk through mitigation actions in each business process.	2. Implementation of internal audits for companies to improve customer service.
3. Manage every business process flow carried out by the company and minimize the risks that the company will face by risk mitigation.	3. Implementation of business processes in accordance with the company's goals and targets.
Long-Term Goals	**Long-Term Goals**
1. Implement performance evaluations that focus on minimizing risks and implementing continuous improvement.	1. Improve the quality of the company's risk management with management methods (Plan-Do-Check-Action).
2. Implementing an evaluation of market penetration policies in the ASEAN region.	2. Creating a company achievement report with a review of the company's current and future position with the aim of market penetration in the ASEAN region.

(Source : 2024 Author Team)

The risk management principles applied by FranchiseGlobal.com refer to ISO 31000:2018, so that the risk management carried out can run effectively. The risk management principles applied are shown in the following figure :



Figure 2. Principles of Risk Management
(Source : www.rwi.co.id, process by Author Team, 2024)

1. *Integrated* : Activities carried out by FranchiseGlobal.com related to risk management are an integrated part of supporting the achievement of the company's goals.
2. *Structured and Comprehensive* : FranchiseGlobal.com in carrying out risk management activities through a structured and comprehensive approach, to contribute to consistent results and the best service.
3. *Customized* : Risk management FranchiseGlobal.com tailored to the internal and external contexts related to the company's vision and mission.
4. *Inclusive* : All stakeholders are responsible and involved in carrying out risk management with awareness, SOPs and knowledge.

5. *Dynamic* : Risk management activities FranchiseGlobal.com highly dynamic and can change, or can disappear as operations go along and can respond appropriately to changes.
6. *Best Available Information* : Risk management is in accordance with assessments and data available from valid and unbiased information sources as risk management evaluation material.
7. *Human and Cultural Factors* : Risk management is carried out by considering the behavior and culture of the company with the ultimate goal of preventing risks.
8. *Continual Improvement* : FranchiseGlobal.com always make continuous improvements through learning and experience related to risk management.

Risk Management Framework

The risk management framework aims to help organizations integrate risk management into significant activities and functions.



Figure 3. Risk Management Framework
(Source : https://www.iso.org/obp/ui/#iso:std:iso:31000:ed-2:v1:en)

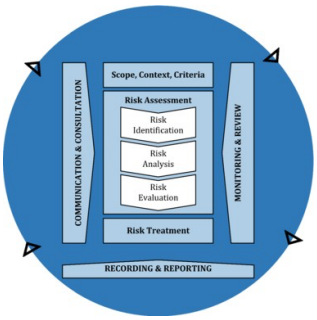


Figure 4. Risk Management Process
(source : www.rwi.co.id)

1. *The scope*, the application of risk management refers to ISO 31000:2018, includes all risk lists related to company management, namely marketing, operations, *human capital*, and finance.
2. *Context,* the context in the risk in FranchiseGlobal.com includes the internal context and the external context.

Table 2. Internal and External Context

No.	Internal Context	Eksternal context
1	Vision, mission, and culture of the organization	Environmental, political, economic, social, cultural, and technological factors.
2	Organizational structure	Reliance on third parties.
3	Data, information systems, and information flows	Ancaman *Cyber Security.*

(Source: Author 2024)

a. *Criteria,* Risk criteria help the process of handling risks in a systematic and structured way for the achievement of FranchiseGlobal.com goals, which has been defined in ISO 31000:2018 as a form oft:

Table 3. Risk Probability Criteria FranchiseGlobal.com

Index	Possible Frequency		Impact	
	information	Frequency	Value	Information
1	*Rare*	< 2 x per year	1	*Insignificant*
2	*Unlikely*	2-5 x per year	2	*Minor*
3	*Possible*	6-12 x per year	3	*Moderate*
4	*Likely*	1-7 x per month	4	*Major*
5	*Certain*	7-12 x per month	5	*Catastrophic*

(Source: Author 2024)

Table 4. Tabel Risk Analysis

Internal Risks				
Risk code	Risk Occurrence	Inherent Risks		Score
		Possibility	Impact	
Marketing Risks				
R001	Reliance on *traffic* to get ads.	4	4	16
R002	Declining market interest in franchise business.	3	3	9
R003	Low risk *of closing* (getting a partner).	4	4	16
R004	Communication of *social media* content that is less creative.	2	3	6
R005	High competition in the franchise industry.	2	2	4
R006	Failure to build a community of franchise business people.	2	4	8
R007	The use of Big Data is not optimal.	3	3	9
Operational Risk				
R008	There is an IT system failure	3	4	12
R009	Inconsistency of the information presented.	3	4	12
R010	Data security and confidentiality.	2	4	8
R011	The *payment* system failed.	2	5	10
R012	Data occurrence *crash*.	3	4	12
R013	Non-conformity of operational processes with SOPs.	2	3	6
R014	Fire.	2	2	4
Human Capital Risk				
R015	Lack of competent human resources.	4	4	16
R016	Criminal acts committed by employees (Data misuse).	2	5	10

Internal Risks				
Risk code	**Risk Occurrence**	**Inherent Risks**		**Score**
		Possibility	**Impact**	
R017	Turnover at FranchiseGlobal.com is high.	4	4	16
R018	There is gratification from the franchisor to employees.	1	4	4
R019	Lack of employee skills.	4	4	16
R020	Conflict between employees.	3	4	12
R021	Misalignment of organizational and employee goals.	3	3	9
R022	Increase in Regional Minimum Wage of employees.	3	3	9
Financial Risk				
R023	Global economic crisis/recession.	3	4	12
R024	Inability to manage cash flow.	3	4	12
R025	Late billing to clients.	2	3	6
R026	Failure to achieve revenue targets.	3	3	9
Franchisor				
R027	Not establishing a good relationship with the franchisor	2	3	6
Franchisee				
R028	Conflict with potential business partners.	2	4	8
Other				
R029	The emergence of new competitors in similar industries.	2	3	6
R030	Dynamic regulatory changes.	2	3	6
R031	Rapid technological developments.	3	3	9
R032	Competition from substitute products (competitors).	5	3	15
R033	No price agreement with suppliers.	3	5	15

(Source: Author 2024)

Based on the results of the risk analysis in table 4 above, the determination of the analysis is carried out through several stages, including assessing risk based on the level of likelihood of cost factors, time, and scope of business processes. Meanwhile, the assessment of the impact level is based on how often it is possible that the risk may occur. The results of the risk analysis then obtain the probability value and impact value which will be indicators to determine the risk value and risk level at the risk evaluation stage.

Implementation of Risk Management in FranchiseGlobal.com

Based on the results of the research, the implementation of risk management in FranchiseGlobal.com has been running well and is integrated into various aspects of the company's operations. FranchiseGlobal.com uses the ISO 31000:2018 framework as a guideline in managing risk, which includes risk identification, analysis, evaluation, and mitigation. This can be seen from the company's documentation which shows that every department in the FranchiseGlobal.com, such as marketing, operations, human resources, and finance, has been involved in the process of communication and risk consulting on a regular basis. This process is carried out through quarterly meetings and periodic monitoring, where any risks that arise are evaluated and mitigation measures are taken.

In table 3 which shows the goals and objectives of risk management, FranchiseGlobal.com has set clear targets, both for the short, medium and long term. This implementation includes risk communication activities between divisions every 6 months, internal control through Standard Operating Procedures (SOPs), to long-term risk management that focuses on improving the quality of risk management through the Plan-Do-Check-Action (PDCA) cycle. In the long term, the evaluation of market penetration in the ASEAN region is also an important part of the company's risk mitigation strategy (Saputra et al., 2021).

Marketing and Operational Risk Analysis

The results of the risk identification faced by FranchiseGlobal.com show that the most significant risks are in the marketing and operational sectors. In the marketing sector, one of the main risks identified is the company's dependence on website traffic to earn advertising revenue (R001), as well as the low rate of closing business partners (R003). Both of these risks have a high level of risk, each with a score of 16. FranchiseGlobal.com has implemented mitigation measures by creating additional sources of income through offline activities such as seminars, events, and business matching, which is expected to reduce dependence on website traffic. Operational risks are also quite dominant, especially those related to IT system failures (R008) and data security and confidentiality (R010). This risk has major implications for the continuity of a company's digital business. FranchiseGlobal.com has made mitigation efforts by strengthening IT infrastructure, including implementing back-up and load balancing systems to minimize the impact of system failures. In addition, internal data validation is also implemented to ensure the security of the information presented through their digital platforms (Jamal et al., 2023).

Human Resources and Financial Risks

In the human resources (HR) sector, the highest risks faced are related to high turnover (R017) and lack of competent human resources (R015), with a risk score of 16 each. FranchiseGlobal.com has responded to these risks by raising recruitment standards as well as providing training and education to improve employee quality and loyalty. An award program for outstanding employees has also been implemented as part of a mitigation strategy to reduce turnover.

The main financial risks faced by FranchiseGlobal.com are related to the inability to manage cash flows (R024) and the impact of the global economic crisis (R023). The company has diversified its revenue sources and conducted internal audits to identify areas where it can reduce unnecessary expenses, so that these risks can be better managed (Abadi et. al. 2023).

Risk Evaluation and Mitigation

Risk evaluation is carried out through a likelihood and impact analysis, as shown in Tables 9.5 and 9.7. The results of the evaluation show that some risks, especially in the marketing, operational, and human resources sectors, have high inherent risk scores. After mitigation, the residual risk score decreased, but some risks such as IT system failure (R008) and high turnover (R017) still needed further monitoring.

The use of the ISO 31000:2018 approach in the risk treatment process has helped FranchiseGlobal.com in managing risk systematically. The risk evaluation matrix shows that after treatment, many risks are successfully minimized, although some residual risks

are still at moderate and high levels, which indicates the need for improved control and further mitigation.

The Importance of Continuous Communication and Monitoring

FranchiseGlobal.com has adopted an inclusive approach to risk management, where all corporate stakeholders are involved in the risk communication and consulting process. Kick-off meetings that are held regularly between departments have proven to be effective in ensuring that every function of the company is involved in risk mitigation efforts. This open communication helps companies respond quickly to changes in the business environment. In addition, periodic monitoring and assessment of the risk management process is very important to improve the effectiveness of the implementation of ISO 31000:2018. Through consistent monitoring, FranchiseGlobal.com can map risks that change over time and integrate risk evaluation results into the strategic decision-making process.

Discussion of Previous Research

The results of this study are in line with previous research that emphasizes the importance of integrating risk management into company operations. Smith (2020) and Johnson (2019) both showed that the implementation of risk management based on ISO 31000 provides more consistent and measurable results. However, this study further contributes by showing how the implementation of risk management in the digital franchise sector has unique challenges that are not always found in other sectors, such as reliance on website traffic and information technology-related risks.

Conclusion

The results of this study show that the implementation of risk management in FranchiseGlobal.com has gone well, especially in terms of risk communication, identification of key risks, and mitigation measures. However, key risks such as reliance on website traffic and employee turnover still require further attention. Overall, the ISO 31000:2018 approach has helped companies manage risks effectively, but improved controls and continuous evaluation are essential to deal with evolving risks.

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