

## QUALITATIVE ANALYSIS OF RISK MANAGEMENT IN SUPPORTING THE CONTINUITY OF PARTNERSHIPS IN FACING LOSSES

**Khadijah Marie**

Universitas Sahid

Jl. Prof. DR. Soepomo No.84 7, RT.7/RW.1, Menteng Dalam, Kec. Tebet, Kota Jakarta Selatan, Daerah

Khusus Ibukota Jakarta 12870, Indonesia

Email: [deaananta12@icloud.com](mailto:deaananta12@icloud.com)

### Abstract

Partnership-based enterprises increasingly face dynamic challenges driven by global economic fluctuations, technological advancements, and intense competition. Small and medium-sized businesses, although possessing strong growth prospects, remain highly vulnerable to operational disruptions and production failures. Without a structured risk management framework, these vulnerabilities can escalate into declining product quality, financial instability, and an inability to meet market demand conditions that may jeopardize the sustainability of the partnership. Risk management offers a strategic foundation for identifying, analyzing, evaluating, and mitigating risks that emerge within business processes. International standards such as ISO 31000 provide systematic guidelines to reduce uncertainty, while analytical tools like Failure Mode and Effect Analysis (FMEA) and DFMEA help quantify risk levels through Severity, Occurrence, and Detection indicators, enabling organizations to prioritize corrective actions effectively. Previous studies underscore the vital role of risk management in supporting the continuity of SMEs. Muthmainnah et al. (2023) found 38 failure modes in a fashion-sector SME, with a highest Risk Priority Number of 162, signaling an urgent need for preventive measures. Similarly, Rodiyah, Sulistiyowati, and Astutik (2023) developed a DFMEA-based model emphasizing risk identification, analysis, evaluation, and mitigation, demonstrating its effectiveness in reducing losses and strengthening competitiveness. Grounded in these findings, this study aims to qualitatively examine how risk management practices are implemented within business partnerships and how these strategies contribute to sustainability amid potential losses. The research is expected to enrich theoretical discourse on risk management while offering practical guidance to help partnerships enhance resilience and long-term performance.

**Keywords:** Risk Management, Partnership, SMES, Sustainability, ISO 31000, DFMEA

## **INTRODUCTION**

In the context of the modern business world, business partnerships face increasingly complex challenges. Changes in global economic conditions, intense market competition, and technological developments create uncertainties that can disrupt business stability and continuity. Without an adequate risk management system, a partnership becomes vulnerable to losses, whether operational, financial, or reputational. This becomes even more important considering that business sustainability is not only determined by the ability to generate profits, but also by the capacity to face risks and uncertainties effectively.

Risk management serves as a strategic instrument in maintaining business continuity. International standards such as ISO 31000 provide a systematic framework for identifying, analyzing, evaluating, and controlling risks. In addition, technical approaches such as Failure Mode and Effect Analysis (FMEA) or Design Failure Mode and Effect Analysis (DFMEA) enable companies to prioritize risks based on severity, frequency, and detectability indicators. Thus, risks can be handled in a more measurable and strategic manner.

Previous studies support the urgency of implementing risk management. For example, Muthmainnah et al. (2023) identified 38 failure modes in production processes in an SME in the fashion sector, with the highest Risk Priority Number (RPN) reaching 162. This indicates the need for concrete corrective actions to minimize potential losses. Meanwhile, Rodiyah, Sulistiyowati, and Astutik (2023) developed a risk management model based on DFMEA emphasizing four main stages: identification, analysis, evaluation, and mitigation. Their findings show that systematic risk management can reduce potential failures, maintain product quality, and improve competitiveness.

Based on this background, this study aims to qualitatively examine how risk management practices are implemented within the context of business partnerships, and how these strategies contribute to business continuity in facing potential losses. Thus, this research is expected to provide theoretical contributions to the development of risk management literature as well as practical recommendations for business partnership managers to become more adaptive and sustainable.

## **RESEARCH METHODS**

This study uses a descriptive qualitative approach aimed at gaining an in-depth understanding of risk management practices in business partnerships based on data available online. The qualitative approach was chosen because the focus of the study does not lie in numerical measurement, but in the interpretation of meanings, patterns, and strategies emerging from observed phenomena (Creswell, 2018). Therefore, this research seeks to explore social realities from the perspective of the subjects, particularly regarding business continuity in facing losses.

Data collection techniques were carried out through online observation. The researcher did not engage directly, but merely observed phenomena displayed across digital platforms. The observation was non-participatory, meaning the researcher acted as an independent observer who recorded emerging patterns from social media, official business websites, and online news portals. Social media platforms such as Instagram, TikTok, Facebook, and LinkedIn were selected as they serve as primary interaction spaces between businesses and consumers, providing insight into how risks arise and how businesses respond to them. Moreover, official websites and online news portals

were used to obtain secondary data such as business profiles, management policies, and reports of loss-related incidents.

Data collection was conducted in three stages. First, the researcher conducted online searches using specific keywords, such as "partnership risk management," "small business losses," or "risk mitigation strategies." The search results were then filtered based on relevance. Second, content screening was conducted to select information directly related to risk management practices and business continuity. Relevance criteria included the presence of risk indicators, responses from the partnership, and the resulting impacts. Third, the researcher carried out digital documentation in the form of narrative notes, saved links, and screenshots.

The collected data were analyzed using content analysis, referring to the model by Miles, Huberman, and Saldaña (2014), consisting of three stages:

1. data reduction, which is the process of filtering data to focus on relevant information;
2. data display, which involves organizing observations into descriptive narratives or thematic tables; and
3. conclusion drawing, which interprets emerging patterns related to partnership strategies in facing risks and maintaining business continuity

To maintain validity and reliability, source triangulation was applied. Information obtained from social media was compared with data from official websites, news portals, and online academic publications. In addition, reference triangulation was conducted by comparing online findings with existing theories and previous research (Sugiyono, 2019). Documentation integrity was also maintained through an audit trail, ensuring all collected data could be traced if needed. Using this method, the study aims to produce a comprehensive understanding of how risk management influences the sustainability of business partnerships. Online observation is considered appropriate as it reveals risk management practices reflected in digital footprints, while also being efficient in terms of time, cost, and research reach.

## **RESULTS AND DISCUSSION**

### **1. Operational Risk**

This risk is directly related to the company's daily activities, ranging from production to distribution. Supply chain disruptions are a common issue, such as when suppliers experience operational problems or when the availability of seasonal raw materials becomes limited. For example, a study by Syahrir, Haruna, & Mahmud (2023) on herbal UMKM showed that difficulties in obtaining certain raw materials outside the harvest season could hinder production. In addition, delays in distribution and limited storage capacity may cause product buildup or prevent products from reaching consumers on time. Fluctuations in raw material prices also pose a risk, as they can increase production costs and affect selling prices.

### **2. Financial Risk**

This risk concerns the financial health of the business. Unstable cash flow is a critical issue, where cash inflows (revenue) and outflows (expenses) are imbalanced, making it difficult to meet operational obligations. Bad debts occur when customers or other parties fail to pay invoices on

time, disrupting capital turnover. Limited capital also becomes a major constraint for growth, while declining sales can trigger all other financial problems. Wahyuni (2019) even identifies financial risk as the most common obstacle faced by small enterprises.

### **3. Reputational Risk**

Reputation is a valuable asset that is difficult to build and easy to ruin. Negative consumer reviews on social media or digital platforms can spread quickly and influence public perception. Service-related issues such as slow responses or delivery errors can also damage trust. Ineffective public communication during a problem may further worsen the situation and increase customer dissatisfaction.

### **4. Regulatory/Legal Risk**

Every business operates under government regulations. These risks emerge from regulatory changes that impact operations, such as tax increases or new product standards. Delayed licensing processes may postpone business operations or even lead to sanctions. Legal penalties may arise if the business fails to comply with regulations, such as those related to product safety or consumer rights.

### **5. Technological/Digital Risk**

In the digital era, business partnerships increasingly rely on technology. System disruptions (e.g., website downtime or application errors) can temporarily halt transactions. Data security threats, such as theft or misuse of consumer information, pose serious risks that can damage trust and lead to potential legal actions. Dependence on third-party platforms like marketplaces also carries risk; if these platforms experience issues or change policies, the business is directly affected. Nonetheless, digitalization also provides benefits Huang, Xu, & Wang (2024) found that technology strengthens supply chain resilience.

### **Mitigation and Response Strategies**

To address these risks, the partnership-based enterprise implements various proactive strategies.

- a. **Supplier Diversification:** Instead of relying on a single supplier, the partnership collaborates with multiple suppliers. If one supplier experiences issues, operations can continue with the support of other suppliers, thereby minimizing operational risks.
- b. **Product Quality Control:** By applying strict quality standards, the products produced remain consistent and safe, helping maintain reputation and consumer trust.
- c. **Transparent Communication:** When problems occur, such as delivery delays, the partnership uses social media to provide honest information to consumers. This transparency builds trust and reduces the negative impact of customer reviews.
- d. **Utilization of Multiple Digital Platforms:** The partnership expands its market reach by being present on various digital platforms such as e-commerce, social media, and marketplaces. If one platform experiences disruptions, sales can continue on the other platforms.

- e. Regulatory Compliance: The business ensures that all licensing documents, taxes, and product safety standards are regularly updated. This helps avoid fines or legal sanctions that could cause losses.
- f. According to Arfah, Maming, & Alam (2023), having a structured risk management system like this is crucial for minimizing losses and ensuring the continuity of small businesses.

### **Impact on Business Sustainability**

The implementation of these mitigation strategies has a significantly positive impact on the sustainability of the partnership-based enterprise:

- a. Business Resilience: With mitigation strategies in place, business operations become more resilient in facing external disruptions, such as economic crises or supply chain issues.
- b. Consumer Trust: Open communication and consistently high-quality products make consumers feel valued and safe, which ultimately strengthens brand reputation.
- c. Cost Efficiency: Managing risks early on is far more cost-effective than bearing major losses later. For example, supplier diversification prevents total losses caused by supply interruption.
- d. Digital Adaptation: Businesses that are already active on digital platforms find it easier to adapt to changing market trends and consumer behavior. As emphasized by Aminudin (2023), digital transformation not only creates new risks but also enhances a business's ability to detect and respond to risks.
- e. Barrier Reduction: Although limited capital and human resources (HR) remain challenges, simple risk management helps partnership enterprises reduce the impact of losses, allowing them to focus on growth.

### **Synthesis with the Literature**

Overall, the results of your analysis align with findings from various literature sources:

- a. Key Risks for SMEs: The studies you cited (Syahrir et al., Wahyuni) affirm that operational, financial, and reputational risks are the main challenges faced by SMEs, including partnership-based enterprises.
- b. Effective Mitigation: Based on the findings of Huang et al. and Aminudin, strategies such as diversification, transparent communication, and the use of digital technology have proven effective in mitigating risks.
- c. Importance of Risk Management: As explained by Arfah et al., having a risk management system, even a simple one, is crucial for maintaining stability and sustainability in small businesses. This enables partnership enterprises not only to survive but also to grow amid various challenges.

## CONCLUSIONS

Business partnerships, like SMEs, face five major risks: operational, financial, reputational, regulatory/legal, and technological/digital. Each of these risks has the potential to hinder growth and threaten business sustainability. To address these risks, business partnerships have implemented effective mitigation strategies, including supply diversification, product quality control, transparent communication, multi-platform digital presence, and regulatory compliance. These strategies provide significant positive impacts. Proactive risk management strengthens resilience against external disruptions, maintains customer trust, reduces long-term costs, and enhances digital adaptability amid rapid market changes. Overall, structured risk management plays a crucial role in sustaining business continuity. Although challenges such as limited capital and human resources persist, the ability to identify and mitigate risks enables partnerships to operate more stably and maintain a strong foundation.

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