



Contents lists available at [Journal IICET](https://journal.iicet.org)
JPPI (Jurnal Penelitian Pendidikan Indonesia)
ISSN: 2502-8103 (Print) ISSN: 2477-8524 (Electronic)
Journal homepage: <https://jurnal.iicet.org/index.php/jppi>



Risk capability building post Covid-19 through improving competency in risk management

Antonius Alijoyo

Parahyangan Catholic University, Indonesia

Article Info

Article history:

Received Jun 09th, 2022

Revised Des 29th, 2022

Accepted May 28th, 2023

Keyword:

Enterprises risk management,
Risk management capability,
Bus rapid transport

ABSTRACT

This study aims to understand how a pioneer Bus Rapid Transit (BRT) company in Indonesia strengthens its business resilience when facing uncertainty due to the COVID-19 pandemic. A qualitative research approach with the case study method is used where the primary data source is respondents, who are determined based on the purposive sampling method. Data collection and analysis were conducted using triangulation techniques by distributing questionnaires, structured interviews, and focus group discussions, which have helped discover that the pioneer BRT company is not fully prepared for the COVID-19 pandemic. The company then decided to strengthen risk management capabilities by increasing risk management competencies that support decision-making in responding to the impact of the COVID-19 pandemic. Risk leaders believe that strengthening risk capabilities can boost the company's resilience in the face of the COVID-19 pandemic and help it succeed in the new-normal era later. However, it is recommended that companies implement a business continuity management system based on the ISO 22301:2019 Business Continuity Management System (BCMS) standard as a systematic and comprehensive approach. The implication of implementing this standard is strengthening the company's readiness to deal effectively with risks of resilience and business continuity in the future.



© 2023 The Authors. Published by IICET.

This is an open-access article under the CC BY-NC-SA license
(<https://creativecommons.org/licenses/by-nc-sa/4.0>)

Corresponding Author:

Antonius Alijoyo,
Parahyangan Catholic University
Email: antonius.alijoyo@gmail.com

Introduction

In today's modern world, transportation has become a vital necessity for society both for traveling and mobilizing goods/services to and from markets. Kadir (2009) divides transportation into two elements: the vehicle as a carrier and the road infrastructure traversed by the vehicle. Furthermore, Kurniati (2020) states that transportation requires transportation services that use vehicles as a means of conveyance for work. Therefore Aminah (2018) concluded that transportation is a significant component in life and living systems, government systems, economic systems, and social systems. Hikmah and Cahyoko (2012) added that nowadays, transportation is necessary because it measures economic resilience in a region. So, transportation must be sustainable regardless of the various environmental challenges faced at any time.

DKI Jakarta is a megacity with various busy activities and very high population mobility, requiring transportation to support its activities and economy. Prabantari (2020) found that to serve the community's need for quality public transportation, the Provincial Government of DKI Jakarta provides an integrated transportation service in the form of a bus rapid transit (BRT) system. Ernst (2005) stated that the BRT system

is one of the transportation models recently becoming famous as a cost-effective method for urban mass transit. The BRT model used in many cities worldwide adopts the Latin American BRT model. The BRT model in developed country cities was not adopted because it lacked essential characteristics for cities in developing countries, including: (1) high population density, (2) share existing public bus transportation modes, and (3) strong political drive to eliminate sustainable subsidies for public transport operations

Ernst (2005) further adds that a pioneer BRT company in Jakarta was designed based on the TransMilenio system in Bogota, Colombia, and started operating on February 1, 2004. It is the first BRT transportation system in Southeast and South Asia, with the longest track globally, about 251,2 km. The Institute for Transportation and Development Policy (ITDP), in its publication, *Transjakarta: A Study in Success* (2019), reveals that in January 2019, the pioneer BRT company celebrated its 15th anniversary. Within 15 years, the company boasts a daily ridership of 800,000 people. On February 5, 2020, covered by various mass media, the Head of the Corporate Secretary and Public Relations Division of PT Transportasi Jakarta (Transjakarta), Nadia Diposanjoyo, stated that the number of Transjakarta passengers exceeded the target of 1 million customers to be exact 1,006,579 customers.

The spread of the Corona Virus Disease 2019 outbreak has disrupted all countries, including Indonesia. One of the impacts is the reduced movement of transportation modes due to the Government's restrictive policy. This policy is popularly called *Pembatasan Sosial Berskala Besar* (PSBB), which was later replaced with a micro-scale approach, namely *Pemberlakuan Pembatasan Kegiatan Masyarakat* (PPKM). Both PSBB and PPKM directly impact public transportation services, including the BRT company. All of these restrictions impact reducing the number of passengers of the company. The Central Bureau of Statistics (BPS) of DKI Jakarta published data on passengers for all corridors throughout 2019, as many as 264,023,780 people. This number decreased drastically in 2020 by 52% to only 126,845,277 people. The decline in the number of passengers ultimately resulted in a decrease in the company's total income. The Central Bureau of Statistics (BPS) DKI Jakarta also published data on the total income throughout 2019, IDR 672.148,292.788. This number decreased drastically by 58% in 2020 to only IDR 280,277,306,064.

Facing the pressure of the COVID-19 pandemic, on May 29, 2020, covered by various mass media, the President Director of PT Transportasi Jakarta (Transjakarta) Sardjono Jhony Tjitrokusumo stated that the company's BoD implemented five strategy points. First, increasing the number of fleets that serve per day increases the number of passengers transported. Second, developing new sources of income, for example, by granting licenses to place advertisements at bus stations. Third, the body mass index is cost-effective. Fourth, environmentally friendly service policies according to health protocols for the covid-19 pandemic. And fifth is to build synergies with other government-owned transportation companies.

Undeniably, the above five strategies can create opportunities for companies to become more resilient. However, to take advantage of these opportunities, the company must be able to address various risks. On the other hand, the risk management department was newly formed in 2019 to develop risk management policies and procedures and facilitate their implementation. So that there is a gap between the current capabilities of the department and the need to carry out its task, that should be minimized as soon as possible. In this case, what approaches has the company taken to enhance the capabilities of the risk management department, risk owners, and risk officers? In particular, what risk management capabilities have been enhanced to meet this need? The answers to these questions are the aim of this research, and it is hoped that they can become a reference for risk management practices in the transportation industry in Indonesia, especially those using the BRT system, and, where appropriate, provide recommendations on a company's approach to strengthening business resilience in the face of future disruptions.

Method

This research uses a qualitative approach in the form of an intrinsic case study that studies how a pioneer BRT company anticipates and responds to risk events that impact its business. In this case study, the data source is the Board of Directors, which acts as a Risk Leader in the company, determined using a purposive sampling technique. Data is collected through a structured interview process with the Risk Leaders. There are 15 questions divided into three groups that are asked of the risk leader in a structured interview: Before the pandemic, questions (Q1-6; 6 questions) are about risk capability readiness in terms of risk processes, people, and tools to face the operational disruptions risk due to the emergence of the Covid-19 pandemic. During the crisis, questions (Q7-12; 6 questions) are about the operational disruption risk exposure to the company's business when the government implements social distancing policies in response to COVID-19. Questions on capability building (Q13-15; 3 questions). Questions about how the company develops its risk capability to address the risks posed by the COVID-19 pandemic.

Before the interview, the questions were packaged in the form of a questionnaire and first given to the Risk Leaders to be filled in according to the factual conditions. After the Risk Leaders completed the questionnaires, clarification interviews were carried out collectively with them through a Focused Group Discussion (FGD). Each FGD participant can take the initiative to answer the questions asked, and other participants can add information if needed.

Results and Discussions

Respond to questions about the readiness of the company's risk capabilities in facing the risk of operational disruptions due to the emergence of the Covid-19 pandemic; Risk Leaders explained that since 2019 the company had formed a Risk Management Department to design risk management policies and procedures. The risk management department has facilitated each Risk-Taking Unit to fill in the risk register matrix, monitor the risk-controlling activities, and report the risk profiles to the Board of Directors. However, the operational disruption risk due to disease outbreaks has yet to be identified and recorded in the risk register. The information explained by the risk leaders shows that the company's risk capabilities are still inadequate to deal with the risk of operational disruptions due to the covid-19 pandemic. The newly established risk management department has indeed designed risk processes, but it takes time to develop risk people and provide them with appropriate risk tools.

Risk Leaders also explained that they are aware of the impact of disaster risk on business continuity. Therefore, the company has anticipated ensuring financially essential assets that are operated as factors of production. However, despite being aware of the impact of disaster risk on business continuity, the company still needs to implement BCP/M to manage business resilience and sustainability formally. This information indicates that the company is still being prepared to face the disaster risks posed by the Covid-19 Pandemic. Respond to questions about the operational disruption risk exposure to the company's business when the government implements social distancing policies in response to COVID-19; Risk Leaders explained that their company operates in the transportation industry and has been badly affected by the prolonged COVID-19 pandemic. When the Government limited the operating hours and the number of passengers for all modes of transportation, the company experienced a significant decline in the bus operational performance. The Director of Services and Development added that in February 2020, the number of passengers per day had reached 1 million people.

Still, during the COVID-19 pandemic, only 360 people per day were the highest achievement. As a result, there was a significant decrease in total revenue in 2020 compared to 2019. The magnitude of the impact experienced by the company was also triggered by inadequate risk capabilities, especially the capability to address business resilience and sustainability risks through the implementation of BCP/M. Gittlen (2021) adds that BCP can be used to anticipate pandemics, although the primary purpose of implementing BCP is not specifically to deal with pandemics. Moeliono et al. (2021) added that organizations that previously had BCP/M would undoubtedly be more prepared and agile in implementing government regulations regarding social and physical restrictions than other organizations that only temporarily limited their activities by laying off their employees.

Respond to questions about how the company develops its risk capability to address the risks posed by the COVID-19 pandemic; Risk Leaders explained that the Risk Management Department Head and the team have asked to support the company's adaptability and flexibility during the crisis. This department is involved in designing and implementing crisis management strategies and setting up and rolling out the recovery plan to ensure sustainable operational activities during the covid 19 pandemic. This information indicates that the Risk Leaders encourage the risk management department's role to increase the company's capabilities in dealing with business resilience and sustainability risks during the covid-19 pandemic. This is because the risk of resilience and business continuity has become a new key risk for the company and must be managed to ensure business continuity.

The increased risk management roles can only effectively be implemented if an adequate increase in risk management capability is supported. This strategy is carried out by increasing the competency of the risk management department team, the risk owners, and all risk management champions in each risk-taking unit. Therefore, the Board of Directors has approved a program to increase the capability of the risk management department, risk owners, and risk management champions (usually called risk officers) from each risk-taking unit. The method used by the pioneer BRT company to increase risk management capability is team coaching for the risk management department team and a workshop for the risk owners and the risk management champions from each risk-taking unit. According to Schultz (2021), coaching is a facilitative approach in which the coach enables future self-directed learning and development. The coaching method can be used to

unlock the Coachee's potential. Fatumo et al. (2014) state that a workshop is a training course where the participants work individually or in a group to take a hands-on approach to implement the skills they are learning immediately. Workshops provide insight into diverse topics and motivate students to explore new areas of interest.

The company appointed a Risk Expert to carry out Coach's role, and the risk management department team acts as Coachee. After participating in the coaching process, the risk management team, accompanied by a team of consultants, facilitated a workshop on the risk management process, attended by Risk Owners and Risk Management Champions from each risk-taking unit. As a result of implementing this team coaching method, the risk management team could demonstrate capabilities in terms of: (1) develop risk appetite, risk tolerance, and risk criteria, (2) designing an early warning system using key risk indicators, (3) develop the risk registers, (4) facilitate the Risk Management Champion to update their risk register in a workshop; and (5) compile risk profiles for risk reporting. Another change following the workshop process is that the Risk Management Champions can update their risk register independently based on instructions from the Risk Management Team as the Facilitator.

Conclusions

Building risk capability is necessary to support organizational resilience in the face of disruption due to disasters such as the COVID-19 pandemic. One way to build risk capability is by improving risk management competence. This study concludes that companies can use the team coaching method to build the competence of the risk management team. The risk management team can then use their new competencies to facilitate workshops to improve the competencies of the Risk Owners and the Risk Officers to carry out their roles effectively. In addition, the company needs a systematic and comprehensive approach to be more effective in anticipating the business resilience risks in the future. So it is recommended that the company develop and implement risk management tools such as the business continuity plan/management (BCP/M) to provide a framework for building organizational resilience against disruptive events, such as the pandemic Covid-19 and the effect of government actions, e.g., PSBB and PPKM. This study was empirically applied only in one organization under this case study. Therefore, further studies are recommended at some other public service companies with similar contexts to obtain a more comparative understanding and a certain level of generalization.

References

- Alijoyo, A (2019). Maturitas risiko (risk maturity) – Mengapa diperlukan? [Online]. Available: <https://irmapa.org/maturitas-risiko-risk-maturity-mengapa-diperlukan/>
- Alijoyo, A, Stefany Norimarna, Victor Riwu Kaho, Kevin B. Sirait (2021); Enterprise risk management as a pathway in enhancing the organization's performance and efficacy: A case study of an Indonesian public service organization; International Conference on New Trends in Management, Business, and Economics 25-27 June 2021 - Vienna, Austria.
- Ajay Kumar, Samuel Zimmerman, O.P. Agarwal, International Experience in Bus Rapid Transit (BRT) Implementation: Synthesis of Lessons Learned from Lagos, Johannesburg, Jakarta, Delhi, and Ahmedabad; Supported by Sub-Saharan Africa Transport Policy Program (SSATP) and Australian Agency for International Development Aid (AusAID), 2012.
- Berkes, F. (2007) 'Understanding uncertainty and reducing vulnerability: Lessons from resilience thinking; Natural Hazards 41: 283–295.
- Badan Pusat Statistik Provinsi DKI Jakarta (2021); Jumlah Penumpang dan Pendapatan Trans Jakarta menurut Koridor/Rute 2019-2020: <https://jakarta.bps.go.id/indikator/17/812/1/jumlah-penumpang-dan-pendapatan-trans-jakarta-menurut-koridor-rute.html>
- Brian Pessaro (2017); Bus Rapid Transit (BRT) Basics; AICP, National Bus Rapid Transit Institute: <https://nrti.org/wp-content/uploads/2017/05/BRT-Basics.pdf>
- Comcover Information Sheet (2016); Building Risk Management Capability; Australian Government-Department of Finance.
- Fatumo, Segun., Sayane Shome, Geoff Macintyre (2014); Workshops: A Great Way to Enhance and Supplement a Degree; PLoS Comput Biol 10(2): e1003497. <https://doi.org/10.1371/journal.pcbi.1003497>
- Gittlen, Sandra (2021), Guide To Business Continuity And Pandemic Planning; TechTarget;
- Hoyt, R. E., & Liebenberg, A. P. (2008). The value of enterprise risk management: Evidence from the U.S. insurance industry. Unpublished Paper, Accessed at [Http://Www. Aria. Org/Meetings/2006papers/](http://www.Aria.Org/Meetings/2006papers/)

-
- Hoyt_Liebenberg_ERM_070606. Pdf.
- Iswajuni, I., Manasikana, A., & Soetedjo, S. (2018). The effect of enterprise risk management (ERM) on firm value in manufacturing companies listed on the Indonesian Stock Exchange year 2010-2013. *Asian Journal of Accounting Research*, 3(2), 224–235.
- Mark D. Abkowitz (2002); *Transportation Risk Management-A New Paradigm*; Submitted for consideration for presentation at the Annual Meeting of the Transportation Research Board and publication in *Transportation Research Record* 2003.
- Moeljono, A., Charles R. Vorst., Cipto hartono, Ivan Lanin, Raden R. Gustrian (2020), *Panduan Perencanaan Manajemen Kelangsungan Usaha (Business Continuity Management) untuk Ancaman Pandemi COVID-19*; Indonesia Risk Management Professional Association (IRMAPA), Jakarta.
- Obrist, B., Pfeiffer, C., and Henley, R., (2010) 'Multi-layered social resilience: a new approach in mitigation research; *Progress in Development Studies*, 10(4): 283-293.
- Schultz, Joshua (2021); *What Is Coaching in the Workplace and Why Is It Important?*; Chamber of Commerce (KvK); Nederland.
- Shah, J. J., and T. Nagpal. *Urban Air Quality Management Strategy in Asia: Jakarta Report*. Paper No. Shah379. World Bank, Washington, D.C., 1997.
- Stephen Harrison (2014); *Developing Risk Management Capability*; Harrison International, Ltd.
- Tom Mitchell and Katty Harris (2012); *Resilience: A Risk Management Approach*; Overseas Development Institute.