


## Reliability of risk profile as a basis for preparing work plans and budget in organizational performance

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Article Info	ABSTRACT
<b>Keywords:</b> Risk Management, Plan Budget, Organizational Performance	This research aims to explore the optimization of risk management towards achieving organizational performance targets and determining the implementation process at PT. X. Researchers use a framework to identify risk optimization problems using Decision Matrix. The approach technique in this research uses a Fishbone Diagram by looking at the causes of a problem and condition. The data collection method is secondary through various literature and other documentary materials, while the primary method is implemented in conducting observations and interviews with related perpetrator objects. Various factors causing not yet optimal risk management include: 1). Human Factors (Man), 2. System Factors (System), 3. Measurement Factors (Measurement), 4. Method Factors (Method). Alternative solutions to solving problems include: providing feedback with a focus on implementing risk management. Then determine a problem solving method based on analysis of people, systems and tools that are representative. Decision making techniques are used as a basis for thinking in the decision making process, including: Decision Matrix Analysis, decision making based on the performance index "Bayes" method. The category of companies used as case studies is still limited to PT. X. The solution that can be proposed is to determine the risk-based integration flow model, the process of coordination and intensive discussion with related fields, review the description and pattern of compilation of risk profiles, compile a list of generic risk and formulate standardized documentation on the results of the review.
This is an open access article under the <a href="https://creativecommons.org/licenses/by-nc/4.0/">CC BY-NC</a> license 	<b>Corresponding Author:</b> Dewi Utami Saptaningrum BPJS Kesehatan <a href="mailto:ewi.utami@bpjs-kesehatan.go.id">ewi.utami@bpjs-kesehatan.go.id</a>

### INTRODUCTION

Organizations, of all types and sizes, face various internal and external conditions and influences that create uncertainty in achieving goals (Fuertes, et.al., 2020). The various activities carried out by the organization are inseparable from the goals and objectives to be achieved. With the existence of factors or phenomena carrying out their activities, organizations face uncertainty, both small and large, and can become threats or even opportunities. There are several ways to understand phenomena, in this case, according to Antonius Alijoyo, Risk Management is the best way currently to obtain certainty about an existing phenomenon. (Leo & Kaho, 2018).

Mismanagement of strategic risk can cause losses to stakeholders and company failure (Kelvin, et.al., 2023) as in the following example:

1. Research by Mercer Management on the failures of Fortune 1,000 companies during 1993-1998 showed that 58% of losses were triggered by strategic risks that failed to be managed.
2. Booz Allen Hamilton research on 1,200 companies with a market capitalization value of more than US\$ 1 trillion during 1999-2003 shows that of the 360 worst performing companies, 87% of the causes of losses came from strategic risks that failed to be managed.

PT X is an organization that is responsible to the President and functions to organize guarantee programs. for the entire population of Indonesia, has a very important role in realizing the goals of the

national social security system. The government has launched a road map towards national guarantees until 2019 and a new road map for 2019-2024 which is being prepared as a performance reference.

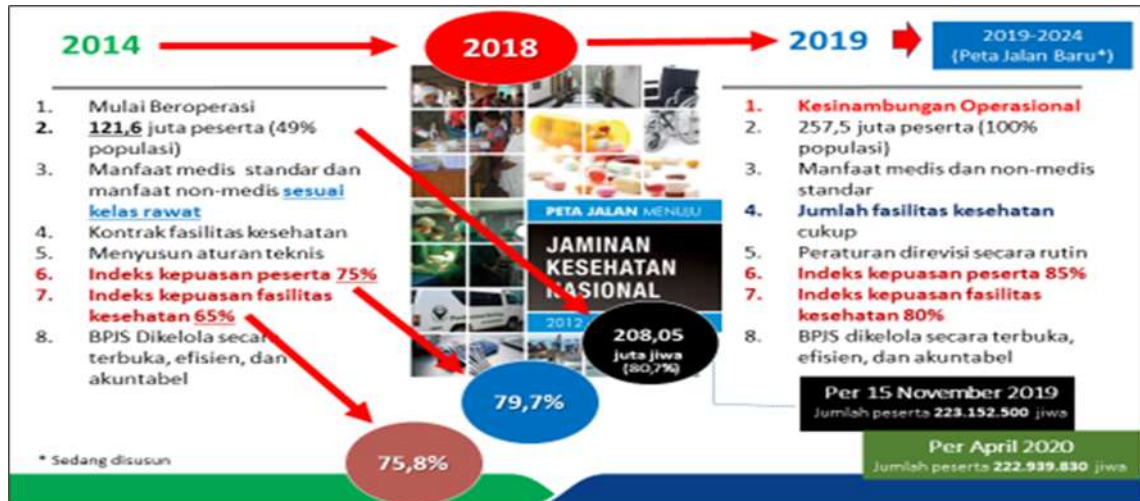


Figure 1. Performance reference PT. X based on PJMJKN 2014-2019

In carrying out the mandate of implementing the JKN-KIS Program, up to the April 2020 period the achievement of the number of participants, total benefit costs as well as receipts and contribution income is as illustrated below:

RISK POOLING	PURCHASING	REVENUE COLLECTION
Total Jumlah Peserta (jiwa): <b>222.939.830</b>	Total Biaya Manfaat (Rp): Rp. 38.148.760.000.000,-	
PBI : 96.536.203	RITP: 4.982.124.000.000,-	Penerimaan luran: 51.222.162.000.000,-
PPU PN : 17.713.290	RITP: 424.956.000.000,-	Pendapatan luran: 46.676.765.000.000,-
PPU BU : 37.262.327	RITL: 11.378.451.000.000,-	Tingkat kolektabilitas:
PBPU : 30.311.104	RITL: 21.403.638.000.000,-	PBI: 150.14
BP PN : 4.561.256	Promotif & Preventif: 79.116.000.000,-	Didaftarkan Pemda: 63.07
BP NON PN : 490.947	Pengakuan beban JK: (119.524.000.000,-)	PPU Pemerintah: 100.36
PEMDA : 36.064.703	<b>Total jumlah faskes: 30.001 faskes</b>	PPU Badan Usaha: 98.83
	FKTP: 22.952	PBPU: 77.72
	RS Pemerintah Pusat: 200	BP: 102.79
	RS Swasta: 1.556	
	RS Pemerintah Daerah: 722	
	Apotik PRB dan kronis: 3.525	
	Optik: 1.079	
<b>PERCEPATAN JUMLAH PESERTA</b>	<b>PENGEMBANGAN SISTEM PEMBAYARAN:</b> - KAPITASI - CBGs, dll	<b>OPTIMALISASI IURAN KEPATUHAN</b>

Figure 2. Program Achievement Report up to April 2020

Risk management process PT. X is determined based on Directors Regulation Number 46 of 2017 concerning Integrated Risk Management Guidelines using the ISO:31000 framework as a reference. Risk management planning PT. X as per the Regulations of the Directors of PT. X, integrated with the

organization's strategic planning and annual planning (Allison, 2005). The output of the planning process is the preparation of a Risk Profile. Preparing a risk profile is a critical part of ensuring risk management is carried out effectively and on target. By integrating risk management with the organization's strategic planning and annual planning, it will fulfill the risk management principle that risk management is an integrated part of all organizational processes.

In an effort to ensure adequate risk management, PT. X Carry out the Risk Maturity Assessment (*Risk Maturity Assessment*), which is a systematic, independent, and documented process to obtain evidence and evaluate how far the level of "maturity" in implementing risk management by the organization.

Risk management maturity assessment of PT. X has been carried out since 2015 - 2017, then the Risk Management Maturity Assessment was carried out as part of the Maturity Governance, Risk, and Compliance (GRC) assessment from 2018 to 2019 and the GRC maturity assessment will be planned in 2020. The following is an overview of the scores and aspects of the Risk Management maturity assessment in 2017 as well as the scores and aspects of the GRC maturity assessment in 2018 and 2019.

No.	Assessment Aspect	Scores	
		2019 (Goal 3.10)	2018 (Goal 2.95)
1.	Governance and culture	3.65	4.03
2.	Targets, strategic and goal setting	3.40	3.67
3.	Risks in the implementation of business processes	2.87	2.91
4.	Risk information, communication and reporting	3.44	4.09
5.	Performance monitoring	2.91	3.37
Total Scores		3.25	3.61

LEVEL	% CAPAIAN	INTERVAL SKOR	SEBUTAN	KETERANGAN WARNA
1	0-25%	0,01-1,75	Basic	Red
2	26-50%	1,76-3,00	Initial	Orange
3	51-75%	3,01-3,50	Repeatable	Yellow
4	76-90%	3,51-4,50	Managed	Green
5	91%-100%	4,51-5,00	Best Practice	Blue

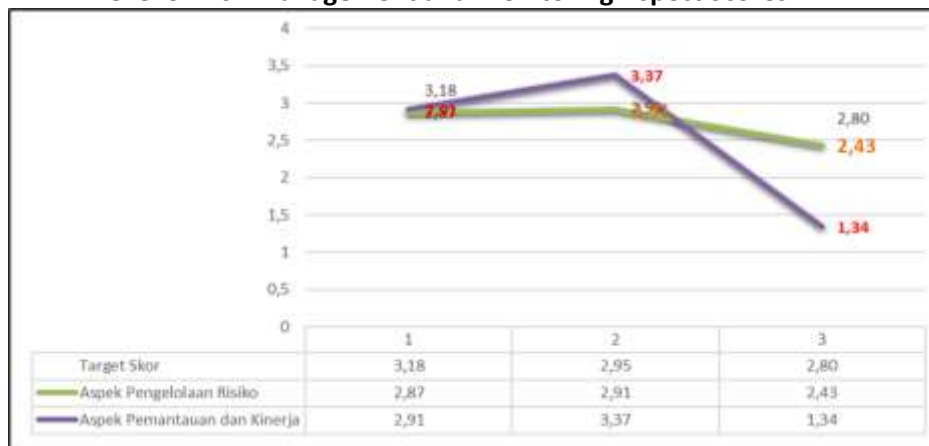
**Figure 3.** Results of the 2017 Risk Management maturity assessment and the 2018 and 2019 GRC maturity assessments

The results of the 2017 risk management maturity assessment in the risk management process aspect (aspect number 5) obtained a score of 2.43 and in the risk profile reporting & reliability aspect (aspect number 7) obtained a score of 1.34, still below the Risk Management maturity score target at level 2.80. In the 2017 risk management maturity assessment, the results of field findings that need to be followed up regarding the risk management process and aspects of reporting & reliability of risk profiles are the conclusions of points 4 and 5, namely the need to improve the quality of risk management and carry out more intensive and disciplined monitoring and reviews.

The target score for the 2018 GRC maturity assessment is a score of 2.95, paying attention to the five aspects of the assessment carried out, there are still scores for the risk aspect in implementing business processes which are still below the target score for the 2018 GRC maturity assessment, namely 2.91. Meanwhile, in the 2019 GRC maturity assessment, there were 2 assessment aspects that achieved scores below the GRC maturity score target, namely the risk aspect in implementing business processes of 2.87, still below the GRC maturity score target of 3.18 and the performance monitoring aspect with a score of 2.91.

That the risk aspect in implementing business processes is closely related to risk management and strategic planning which influences the effectiveness of achieving organizational targets, and the performance monitoring aspect is part of the risk aspect in implementing business processes (Alsaadi, 2021). If we compare the scores for assessment aspects related to risk in the implementation of business processes in 2018 and 2019, there is a decrease in the score value, namely in 2018 the score was 2.91, then it decreased in 2019 to 2.87. The 2018 and 2019 GRC maturity assessments were carried out by the Deputy for Internal Supervision with accompanying third party assessors by PPA & K or PT Bumi Pertiwi Mandiri. This shows that there is a need for a way for organizations to overcome suboptimal risk aspects in the implementation of business processes.

**Level of Risk Management and Monitoring Aspect Scores**



Graph 1. Score levels for aspects of risk management and performance monitoring

Reviewing the results of the GRC Area of Improvement (AOI) and Risk Management for the three years, namely 2017, 2018 and 2019, it was found that there were things that were not optimal and needed to be improved, namely in the aspects of risk management in business processes, performance monitoring, risk management processes, as well as risk profile reporting and reliability. These four aspects are a series of risk management. Based on the background of crucial problems, the problems currently being faced by PT can be formulated. X, namely that risk management has not been optimal in supporting the achievement of organizational performance targets.

Risk management is indicated by the organization's ability to manage risks, respond to risks, and ensure the availability and adequacy of resource capabilities in carrying out actions to reduce the level of risk, as well as the organization's efforts to provide adequate guarantees for achieving objectives/targets (Aven, 2016). Risk management is basically carried out through various processes, including: 1. Risk Identification, 2. Risk Evaluation & Measurement, 3. Risk Management.

Risk management framework PT. X is a set of components that form the basis of organizational risk management (Irham, 2017). Risk management framework PT. X is prepared to ensure that complete and adequate risk information obtained from the results of the risk management process will be reported and used as a recommendation in decision making. Referring to the ISO 31000:2018 framework, PT. X consists of leadership and commitment, integrated risk management, governance design, implementation, evaluation and continuous improvement.

## METHODS

The basic method used in this research is the descriptive method, namely a method that focuses on solving problems that exist in the present, on actual problems, the data collected is compiled, explained, and then analyzed so that this method is often also called with analytical methods (Dawadi,

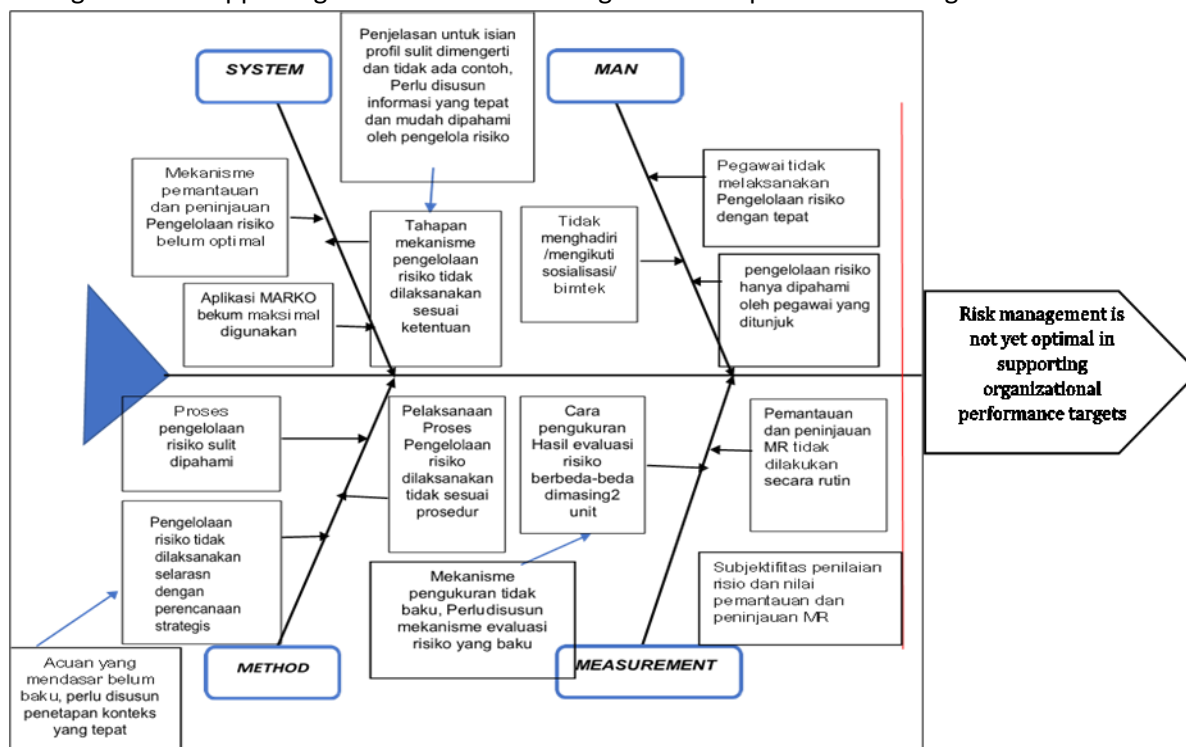
et.al., 2021). The approach used by the author in this case is a qualitative approach, according to Nassaji (2015) a qualitative approach is a research procedure that produces descriptive data in the form of written or spoken words and people and behavior that can be observed (Nassaji, 2015). According to Bogdan and Taylor as quoted by Moleong, qualitative methods are defined as research procedures that produce descriptive data, in the form of written or spoken words from people and observed behavior (Lexy J. Moleong, 2004).

This research emphasizes notes that describe the actual situation to support the presentation of data. The reason for using qualitative descriptive is because the data obtained cannot be calculated mathematically because it is in the form of words and the data that has been collected is presented naturally. After all the data was obtained, the researcher analyzed the data obtained using the data analysis technique, namely by using the Fishbone Diagram. A fishbone diagram is a method for analyzing the causes of a problem or condition. This diagram is often called a cause-and-effect diagram.

According to Swain & King, presents three types of data. Firstly, the data was obtained through in-depth interviews using open-ended questions. The data obtained is in the form of perceptions, opinions, feelings and knowledge. Second is data obtained through observation (Swain & King, 2022). The data obtained is in the form of images in the field in the form of attitudes, actions, conversations, interpersonal interactions and so on. Third are documents in the form of written and stored material, such as in the form of memorabilia or correspondence.

There are several conditions that are thought to contribute to not yet optimal risk management in supporting the achievement of organizational performance targets (Berg, 2010). These causes include categories/aspects related to Human factors, Systems, Measurement, Methods.

When depicted using a Fishbone diagram, analysis of the causes of not optimal risk management in supporting the achievement of organizational performance targets is as follows:



Sumber: Mind Tools Editorial Team. (2014, Maret 5). Cause and Effect Analysis

**Figure 4.** Fish Bone Diagram

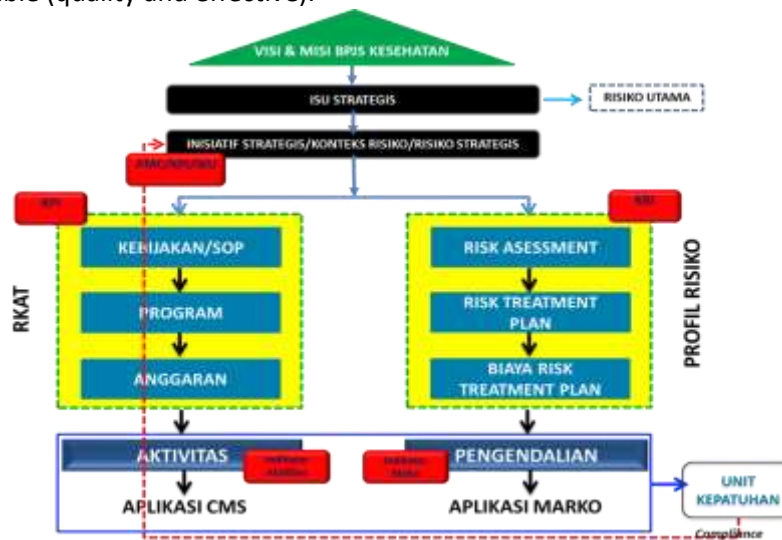
### RESULTS AND DISCUSSION

PT. X which was formed based on Law. Number 24 of 2011, as a public legal entity has accountability towards the public in efforts to achieve goals. However, uncertainty arising from the influence of internal and external factors is believed to influence PT's operations. X. Therefore, PT. X believes that there is a need for tools that provide certainty in achieving goals by implementing effective and systematic risk management.

Based on experience in determining organizational risk profiles, risk management support for achieving organizational goals is in the importance of a valid risk profile which is managed based on the direction of the Key Risk Owner (KRO) focus in the risk management process. The implementation of risk management is indicated by the organization's ability to manage risks, respond to risks, and ensure the availability and adequacy of resource capabilities in carrying out actions to reduce the level of risk, as well as the organization's efforts to provide adequate guarantees for achieving objectives/targets. PT risk management process. X is based on Perdir 46/2017 concerning Integrated Risk Management Guidelines using the ISO:31000 framework as a reference.

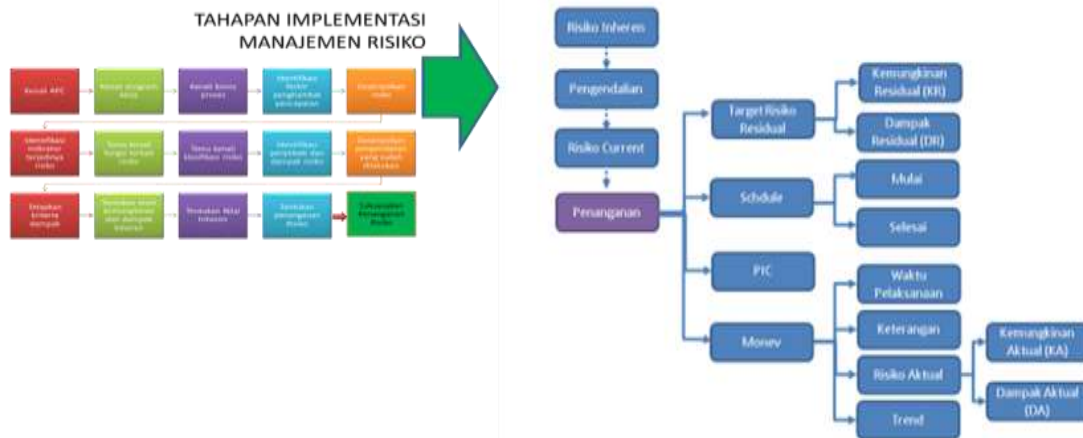
Explanation of the implementation of PT risk profile preparation. X and in order to carry out an increase in the reliability of the risk profile as a basis for the preparation of the Risk -based Organizational Work Plan and Budget in an effort to ensure the achievement of the best performance of the organization. The following are the stages of increasing the reliability of the risk profile as a basis for preparing risk-based organizational work plans and budgets in an effort to ensure performance achievement:

1. Identify and develop mechanisms and techniques that can support increasing the risk profile to become reliable (quality and effective).



**Figure 5.** Risk-Based RKA Integration Flow

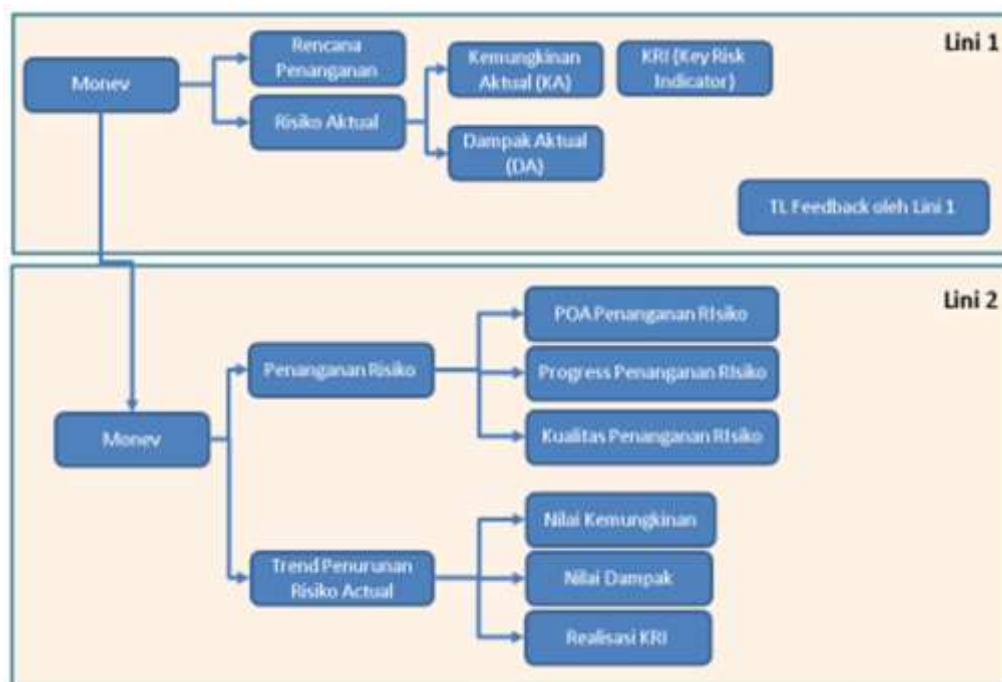
In addition to agreeing on the integration flow of the Risk-Based RKA as mentioned above, the Risk Management unit carries out identification and review of each component in the risk profile (risk events, causes, impacts, risk analysis, risk evaluation, risk handling plans, monitoring and review mechanisms). is appropriate and easy for the risk owner to implement. The following is an overview of the risk profile in the form of a flow which can be used as a basis for carrying out identification and review of each component of the risk management stages:



**Figure 6.** Flow of compiling a risk profile

2. Determine each strategic target, and carry out a minimum risk assessment on risk identification referring to each target set, measure risk exposure based on predetermined risk parameters, and follow-up/mitigation plans for identified risks by calculating the organization's resource capabilities.
3. Seek involvement of related parties or all work units. Coordination will be carried out with related parties or all work units in an effort to increase the reliability of this risk profile.
4. Improve the ability to identify strategic processes that have the potential for large and detrimental risks.

In this stage, identification will be carried out to obtain mechanisms that will be implemented by line 1 and line 2 to ensure continuous improvement of risk management in the sense of conformity between risk management results and achievement of organizational targets.



**Figure 7.** Risk management continuous improvement process

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5. Improve the ability to identify cross-functions within the organization so that they are able to map a systematic and optimal budget. In this case, facilitation will be carried out to ensure cross-unit coordination in mapping a systematic and optimal budget.

The following is a plan to increase the reliability of the risk profile as a basis for preparing work plans and organizational budgets required at each stage of activity:

**Table 1.** Plan of Action (POA)

No	Activity	PIC	Time	Detail Activity	Output
1.	Carry out risk context analysis on RKA-BR (targets, etc.)	MR Sector	First Week of December 2020	<ul style="list-style-type: none"> <li>- Collection of strategic planning data</li> <li>- Context analysis</li> </ul>	Risk Context within the scope of preparing the RKA BR
2.	Redefine the appropriate risk profile according to PT's needs. X. Basis for Re - Defining is the Risk Management Guidelines for Review Results (in the approval process)	MR Sector	Week II and III Month of December 2020	<ul style="list-style-type: none"> <li>- Data Collection to compile components in a risk profile</li> <li>- Discussions with resource persons and SMEs regarding best practices for risk profile components</li> </ul>	Results of analysis of risk profile components
3.	Carrying out discussions with related work units (3 lines of defense) to define the RKA BR in the context of risk management, discussing the risk context of the RKA-BR and risk profile components, as well as linkages with strategic planning	MR Sector	Week IV of December 2020 to Sunday I January 2021	<ul style="list-style-type: none"> <li>- Prepare a list of stakeholders who will attend the discussion</li> <li>- Develop mechanisms and discussion points</li> <li>- Recording and documenting discussion dynamics</li> <li>- Recording of commitments resulting from discussions</li> </ul>	Minutes of discussion results for follow-up
4.	Develop mechanisms and technical components of the risk profile. basic preparation of determining the context and discussion of risk profiles as well as a generic risk list based on organizational targets	MR Sector	Week II of January 2021	<ul style="list-style-type: none"> <li>- Preparation of mechanisms and technical components of the risk profile</li> <li>- Preparation by taking into account MR review guidelines</li> </ul>	Results of preparation of mechanisms and technical risk profile components (needs to have a form of technical instructions that can be understood by all users (SE/according to applicable regulations)
5.	Prepare an example of compiling a risk profile, and carry out an internal validation test of deputy for MSR	MR Sector	Week III-IV Month of January 2020	<ul style="list-style-type: none"> <li>- Fill in using current year's risk management data from one of the risk owners/MR Sector</li> </ul>	Example form for compiling a risk profile
6.	Carrying out coordination meetings for component validation tests and examples of compiling risk profiles	MR Sector	Week I Month of February 2021	<ul style="list-style-type: none"> <li>- Preparation of activities and meeting materials</li> <li>- Prepare a list of stakeholders who will attend the discussion</li> <li>- Develop mechanisms and meeting points</li> <li>- Recording and documenting discussion dynamics</li> <li>- Recording of commitments resulting from discussions</li> </ul>	Component decision results and examples of preparing risk profiles



No	Activity	PIC	Time	Detail Activity	Output
7.	Carry out coordination with the Deputy for PEO in the implementation plan for preparing the RKA BR risk profile using risk profile templates and techniques from validation test results	MR Sector	Week II Month of February 2021	- Preparation for the meeting - Discussion of RKA BR risk profile templates and techniques	Results of discussion of RKA BR template and technical risk profiles (need to consider adjustments to related policies)
8.	Carry out coordination with the PEO Deputy in terms of the PEO Deputy planning the process that will be carried out by the KP work unit in preparing the RKA BR or validating/adjusting the results of preparing the 2021 RKA BR using the predetermined risk profile components (discussions will be carried out first with Deputy for PEO)	MR Sector	Week III Month of February 2021	Preparation of Coordination	RKA-BR discussion will consider the potential if the 2021 RKA-BR has been prepared, then a review will be carried out first
9	Carry out coordination related to the implementation of the validation process by the Deputy for PEO on the results of preparing the RKA BR. In this case, MR facilitates validation in the risk profile	MR Sector	Week IV Month of February 2021	Process of validating the RKA BR	RKA BR which will be managed in the following year or considering the potential if the 2021 RKA-BR has first been prepared, then a review will be carried out
10	Carry out monitoring and review of risk management	MR Sector	Every month on the year 2021	Ensure the level of risk can minimize the potential for non-achievement of targets in the RKA BR	Feedback on MR monitoring and review
11	Carry out consolidation with the Deputy for PEO Sector on the results of MR monitoring and review	MR Sector	Every three times of month on the year 2021	To ensure the effectiveness of risk management and achievement of targets	Improvement plans for the following month
12	Carrying out a risk profile review in the middle of the semester of the current year, discussions with relevant stakeholders	MR Sector	Week I Month of July on the year 2021	- Determining the stakeholders who will be involved - Preparation of activities and discussion materials - Minutes of discussion and documentation - Recording of the results of the discussion	Results of the discussion of the risk profile of the review results
13	Carry out the process of determining the risk profile as a result	MR Sector	Week II-III Month of July on the year 2021	- Preparation of Draft Perdir - Preparation of a risk profile template that will determine	The risk profile as a result of the review
14	Carry out monitoring and review of the risk profile	MR Sector	Every month on the year 2021	Ensure the level of risk can minimize the potential for non-achievement of targets in the RKA BR	Feedback MR monitoring and review

No	Activity	PIC	Time	Detail Activity	Output
15	Carry out consolidation with the Deputy for PEO Sector on the results of monitoring and reviewing	MR Sector	Every three times of month on the year 2021	to ensure the effectiveness of risk management and achievement of targets	Improvement plans for the following month
16	Carrying out the risk management reporting	MR Sector	End of the year 2021	Submitting risk management results related to risk values and mitigation that have been implemented	Risk management report (dashboard)

## CONCLUSION

Risk management can help prevent failure or in other words, help to successfully achieve goals and ultimately achieve the organization's best performance. However, if you want to do more than just achieve targets, risk management can also help to exploit useful opportunities to exceed targets. Therefore, risk management must be developed in such a way as to be able to provide benefits for organizations to anticipate risks, both threats and opportunities, which are needed to grow and develop by protecting and creating value.

One of the reasons why risk management is not yet optimal in supporting the achievement of organizational performance targets is because "the mechanisms and methods for determining each component of the risk management process (context determination, risk assessment, risk treatment plan, and monitoring and review) are not yet appropriate and easy." For this matter, from several existing problem solving alternatives through the Decision Matrix Analysis method with a score of 66 and the Bayes Method with a score of 4.25, the alternative which was the main priority was selected, namely through "Increasing the reliability (quality and usability) of the risk profile as a basis for preparing plans organizational work and budget". This does not rule out the possibility that other alternatives can also be implemented to support increasing the reliability (quality and usability) of the risk profile as a basis for preparing risk-based work plans and budgets.

Various effective solutions in an effort to increase the reliability of the risk profile need to be implemented as follows: Completing the Risk Based RKA integration flow model is then discussed, communicated and agreed with the relevant work units. An integration flow is needed in an effort to ensure the effectiveness of risk management in achieving performance and that there is clarity in the relationship between risk management and targeted performance measurements. Carry out intensive and scheduled coordination and communication with the Deputy for the relevant field to determine targets that will be used as a basis for compiling a risk profile. Carry out a review and determine the description and pattern of each component of the risk profile preparation format, namely determining the context, risk identification (risk name, cause, impact), risk analysis (how to determine the risk value), risk evaluation (how to determine risk priorities and risk treatment options), as well as risk management plans. Formulate and compile a generic risk library (risk library) based on organizational goals. Ensure that the results of the review are presented in a standardized document that can be used by all risk managers and those with an interest in implementing risk management.

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