



Micro, Small and Medium Enterprises (MSME) Business Risk Identification Education

¹Yolifiandri, ²Islamiah Kamil, ³Sri Anjarwati

Corresponding authors : ¹Yolifiandri¹

Email : yolifiandri@undira.ac.id

^{1,2,3}Universitas Dian Nusantara, Jakarta, Indonesia

ARTICLE INFO

CRM, Sustainability, Competitive Advantage

ABSTRACT

This community service aims to provide education to Micro, Small and Medium Enterprises (MSMEs) in Situgadung Village, Pagedangan, Tangerang Regency about business risk identification. The methods used include counseling, training and interactive learning materials to empower MSMEs to understand and manage the risks they face. The results of the service show an increase in understanding and awareness of MSME players regarding various risks such as market fluctuations, policy changes and financial risks. Apart from that, practical and affordable mitigation methods for MSMEs were also presented. It is hoped that this education can increase the resilience of MSME businesses and make a positive contribution to local economic development.

1. INTRODUCTION

Micro, Small and Medium Enterprises (MSMEs) play a very important role in the Indonesian economy. They not only contribute to economic growth, but are also a major source of employment for the community, especially in rural areas such as Situgadung Village, Pagedangan, Tangerang Regency. However, MSMEs often face serious challenges in running their businesses, one of which is business risk. Business risk is an integral part of business activities. MSMEs, with limited resources and access to information, often lack an adequate understanding of the business risks they face. As a result, they are vulnerable to risks such as market fluctuations, government policy changes, intense competition, and internal problems such as poor financial management (Oktaviani, 2020).

Situgadung Village, which is part of Tangerang Regency, has great potential for MSMEs.

However, MSMEs in this village often face difficulties in identifying and managing the business risks they face. Risks such as market fluctuations, changes in government policies, intensified competition, and limited capital are some of the factors that can threaten the business continuity of MSMEs in this village. (Widya et al., 2023). Situgadung Pagedangan Village has a number of MSMEs engaged in various sectors, including agriculture, crafts, trade and services. MSME activities are one of the main sources of income for villagers, with many business owners depending on the sustainability of their businesses. Despite their great potential, MSMEs in Situgadung.

Situgadung Pagedangan Village has a number of MSMEs engaged in various sectors, including agriculture, crafts, trade and services. MSME activities are one of the main sources of income for villagers, with many business owners depending on the sustainability of their businesses. Despite their great potential, MSMEs in Situgadung Pagedangan Village face a number of business challenges and risks. Market fluctuations, changes in government policies related to licensing and regulations, intensified competition from both local and global competitors, and limited capital and access to financing are some of the main risks faced by MSMEs in this village. One of the main challenges faced by MSMEs in Situgadung Pagedangan Village is the lack of understanding of business risks and how to manage them.

Many MSME actors do not have sufficient knowledge to identify the risks they face and develop effective mitigation strategies. In addition, limited resources, including limited access to information and training, are also a barrier for MSMEs in improving their understanding and capacity in managing business risks. (BPS, 2020). Situgadung Pagedangan Village has a number of MSMEs engaged in various sectors, including agriculture, crafts, trade and services. MSME activities are one of the main sources of income for villagers, with many business owners depending on the sustainability of their businesses. Despite their great potential, MSMEs in Situgadung Pagedangan Village face a number of business challenges and risks.

Market fluctuations, changes in government policies related to licensing and regulations, intensified competition from both local and global competitors, and limited capital and access to financing are some of the main risks faced by MSMEs in this village. One of the main challenges faced by MSMEs in Situgadung Pagedangan Village is the lack of understanding of business risks and how to manage them. Many MSME actors do not have sufficient knowledge to identify the risks they face and develop effective mitigation strategies.

In addition, limited resources, including limited access to information and training, are also a barrier for MSMEs in improving their understanding and capacity in managing business risks. (BPS, 2020). Based on the description of some of the problems above, the community service team carried out community service with the theme of education Identification of MSME business risks in Situgadung village, in line with the community service carried out by Dian Septi et al. (2023) conducted community service in. The main purpose of this activity is to increase understanding of the business risks faced, conduct analysis and how to strategize and develop appropriate mitigation and no less important is to encourage how good risk management practices increase business resilience and competitiveness in the industrial sector.

2. LITERATURE REVIEW

Micro, Small Medium Enterprise (MSME)

Micro, small and medium-sized enterprises play an important role in driving economic growth and creating jobs (Walker & Preuss, 2008). These enterprises have proven to be resilient in coping with the consequences and impacts of economic crises, as seen in Indonesia. They have contributed significantly in driving the country's economic growth, especially during difficult times. In addition, MSMEs are strategically positioned to utilize local resources and absorb labor. By harnessing the power of digital media and financial technology, MSMEs can further improve their business operations and enhance their competitiveness (Sari & Arifin, 2023). This can be done through digital marketing, online sales platforms, and access to

financial services provided by fintech companies. In addition, it is also important to improve financial literacy among MSMEs to ensure responsible and informed decision-making regarding financial transactions and loan acquisition. By doing so, MSMEs can effectively face the challenges that ensure their long-term survival and success in the face of an ever-changing future.

Business Risk

Micro, small, and medium enterprises play a crucial role in the Indonesian economy. These enterprises contribute to job creation, income generation, and poverty reduction. However, despite their importance, these enterprises also face various business risks in Indonesia (Perdana et al., 2023). These risks include economic uncertainty, competition from larger businesses, limited access to financing, regulatory challenges, and issues related to infrastructure and logistics. To mitigate these risks, micro, small, and medium enterprises in Indonesia should prioritize risk management strategies. Implementing effective risk management strategies is crucial for micro, small, and medium enterprises in Indonesia to navigate the challenges they face (Maksum et al., 2020).

By identifying and assessing potential risks, developing contingency plans, diversifying their customer base and revenue streams, maintaining good financial records and cash flow management, and continuously monitoring market trends and competition, micro, small, and medium enterprises can better position themselves to respond to business risks and ensure their long-term sustainability and growth. Additionally, collaboration with relevant government agencies and business networks can provide access to resources, information, and support in managing business risks (Utami et al., 2021). Overall, tackling business risks in micro, small, and medium enterprises in Indonesia requires a proactive and comprehensive approach. In conclusion, addressing business risks in micro, small, and medium enterprises in Indonesia is vital for their sustained growth and resilience (Utami et al., 2021).

By implementing robust risk management strategies, such as identifying and assessing potential risks, developing contingency plans, and maintaining good financial records, these enterprises can better position themselves to navigate the challenges they face (Mawardi & Abizar, 2021). Collaboration with relevant government agencies and business networks can also offer valuable support in managing business risks. With a proactive and comprehensive approach to risk management, micro, small, and medium enterprises in Indonesia can enhance their long-term sustainability and contribute more effectively to the country's economy.

3. RESEARCH METHODS

This Community Service activity aims to provide education on Business Risk Identification and mitigation for MSMEs in Situgadung, the service implementation activities are carried out in a way, namely;

The stages of the flow are:

- 1) The preparation stage, which consists of:
 - a) preparation of materials in accordance with the needs of the implementation of activities,

- b) coordinating with the committee of the court in Situgadung Village, Pagedangan, Tangerang Regency
- c) prepare activity theory materials, and
- d) prepare a schedule of activities for 1 effective day,
- 2) The implementation stage, which consists of:
 - a) Providing Educational Counseling on Business Risk Identification for Micro, Small, and Medium Enterprises (MSMEs)
 - b) Provide opportunities for questions and answers for participants who are not clear in their understanding.
- 3) Evaluation stage, which consists of:
 - a) Presentation of the results of Business Risk Identification Education for Micro, Small and Medium Enterprises (MSMEs)
 - b) Implementation of Business Risk Identification Education for Micro, Small, and Medium Enterprises (MSMEs).

5. ANALYSIS AND DISCUSSION

This Pengaduan team consists of 3 people, namely Yolifiandri, SE, M. Ak providing education about Business Business risks, where he explained that every business or business has inherent risks, therefore for these risks must be managed so that the impact of business risks occurs so that losses can be reduced. Team member Islamiah kamil, SE, M. ak provides direction on how business digitization can provide easy information about products to be sold effectively and Team member Sri Anjarwati, SE, M. Ak provides briefings on how to make easy financial reports so that MSMEs are not only easy to measure their performance but also provide information on the financial condition of these MSMEs accurately and quickly and are able to make the right business decisions.

After the service team made observations of MSMEs, it turned out that many MSMEs in the Situgadung area still did not identify business risks and some MSMEs did not understand the business risks they faced, so that in the event of a bad possibility they suffered considerable losses because they did not know how to identify at the beginning of the business. Therefore, the service team provides a solution to the problem by identifying at the beginning of the business. Therefore, the service team provides solutions to these problems by;

1. The level of understanding and awareness of the main risks faced by MSME players in Situgadung Village regarding the business risks they face;
 - a) Training and Workshop: Organize regular training and workshops on business risk management aimed specifically at MSME actors in Situgadung Village. This training could include material on business risk recognition, risk identification techniques, and mitigation strategies appropriate to the scale and type of their business.
 - b) Development of Educational Materials: Develop educational materials that are easy to understand and relevant to the conditions of MSMEs in Situgadung Village. These materials can be in the form of brochures, pamphlets, or short videos that can be accessed online or offline.

c) **Mentoring and Consulting:** Provides mentoring and consulting services to MSME players who need assistance in recognizing and managing their business risks. This can be done by local business experts or consultants who have experience in risk management.

2. **Key Risks faced by MSMEs**

a) **Specific Risk Study:** Conduct a specific risk study for MSMEs in Situgadung Village by conducting surveys and structured interviews. This study can provide a clearer picture of the most significant risks for MSMEs in the village.

b) **Establishment of Discussion Groups:** Establish a discussion group or forum for MSME players to share experiences and knowledge about the business risks they face. In this forum, they can jointly identify risks that may be overlooked and find solutions together.

3. **Current Management of Risks by MSMEs**

a) **Improved Financial Literacy:** Provide financial literacy training to MSME players to help them understand basic financial management concepts that can help manage business risks, such as budget planning and cash management.

b) **Network Development:** Encourage collaboration and network building among MSMEs in Situgadung Village to provide mutual support and exchange information on the business risks they face.

4. **Educational Strategies to Improve the Understanding and Skills of MSME Actors**

a) **Practical Approach:** Develop solution-oriented educational materials and practical applications, which provide concrete examples and step-by-step guidance in identifying, analyzing, and managing business risks.

b) **Interactive Training:** Conduct interactive trainings involving group discussions, case studies, and role plays to enhance the engagement and understanding of participants.

The implementation of community service regarding MSME business risk identification education in Situgadung Village has various implications and benefits that can be felt by various parties, including:

a. MSME players will have a better understanding of the business risks they face and the mitigation strategies they can implement. This will help them make better decisions in managing their businesses.

b. By having a better understanding of business risks and the ability to manage these risks, MSMEs in Situgadung Village are expected to increase the resilience of their businesses to changes in the market and business environment.

c. MSMEs that are able to manage business risks well will have a greater competitive advantage over their competitors. This can help them maintain and increase their market share and grow their business.

d. By increasing the competitiveness and resilience of MSME businesses, it is expected that there will be an increase in income and welfare for the Situgadung Village community as a whole.

Thus, community service on MSME business risk identification education in Situgadung Village has great potential to make a significant contribution to increasing the capacity and business resilience of MSME actors and overall local economic development.

6. CONCLUSION AND SUGGESTION

Community service on MSME business risk identification education in Situgadung Village, Pagedangan, Tangerang Regency has a very important role in improving the ability of MSME players to manage their business risks. MSMEs in Situgadung Village, like MSMEs elsewhere, face various business risks that can threaten their business continuity. Therefore, understanding and the ability to identify, analyze, and manage business risks are very important for MSME actors. Implications and Benefits of Community Service: The implementation of this community service has various implications and benefits that can be felt by various parties. Increased awareness and understanding of MSME actors, increased business resilience and competitiveness, and improved community welfare are some of the benefits expected from this activity.

Based on the above conclusions, there are several suggestions that can be given to increase the effectiveness and positive impact of community service regarding MSME business risk identification education in Situgadung Village:

1. It is not enough to conduct business risk identification education activities once. It is important to maintain the continuity of these educational activities by organizing regular training and counseling to strengthen and deepen the understanding of MSME actors about business risks.

2. Cooperation with various related parties such as local governments, educational institutions, and non-governmental organizations can strengthen the effectiveness of this community service. Related parties can provide support in providing resources and access to the necessary information. It is important to conduct ongoing monitoring and evaluation of the implementation of these educational activities. Evaluations can be conducted to evaluate the effectiveness of the program, identify obstacles that arise, and evaluate the long-term impact of these activities on the business capabilities and resilience of MSME actors.

The establishment of networks and discussion forums among MSME actors in Situgadung Village can be an effective means to exchange information, experiences, and support in managing business risks. This forum can also be a forum to convey input and aspirations of MSME actors to related parties

7. REFERENCE

- Afandy, D., & Murdana, I. (2020). Manajemen Risiko Bisnis UMKM di Era Digital. *Jurnal Ekonomi Dan Kewirausahaan*, 14(1), 77–88.
- Badan Pusat Statistik. (2020). *Profil Desa/Kelurahan: Situgadung*.
- Gaspersz, V. (2019). *Pengelolaan Risiko Bisnis: Implementasi ISO 31000*. Jakarta: Gramedia Pustaka Utama.
- Harjito, A. (2018). *Manajemen Risiko Bisnis: Teori dan Implementasi*. Yogyakarta: BPFE.
- Kementerian Koperasi dan UKM. (2019). *Laporan Tahunan Kementerian Koperasi dan UKM*.
- Kusmayadi, D. (2019). *Manajemen Risiko Perusahaan: Konsep, Teori, dan Aplikasi*. Jakarta: Penerbit Salemba Empat.

- Lestari, D. P., & Tjahjadi, B. (2019). *Manajemen Risiko Bisnis: Konsep dan Aplikasi*. Jakarta: PT Gramedia Pustaka Utama.
- Maksum, I. R., Sri Rahayu, A. Y., & Kusumawardhani, D. (2020). A social enterprise approach to empowering micro, small and medium enterprises (SMEs) in Indonesia. *Journal of Open Innovation: Technology, Market, and Complexity*, 6(3). <https://doi.org/10.3390/JOITMC6030050>
- Mawardi, M., & Abizar, A. (2021). Improvement of Business Capacity and Management in the Serikat Saudagar Nusantara Umkm Community Bandar Lampung. *E-Amal: Jurnal Pengabdian Kepada Masyarakat*, 1(1), 1–6. <https://doi.org/10.47492/eamal.v1i1.384>
- Mulyana, A. (2021). *Pengantar Manajemen Risiko Bisnis*. Jakarta: PT RajaGrafindo Persada.
- Oktaviani, R., & Rahardja, U. (2020). Analisis Faktor-Faktor yang Mempengaruhi Pengembangan Usaha Mikro, Kecil, dan Menengah (UMKM) di Indonesia. *Jurnal Ekonomi Dan Pembangunan*, 28(2), 237–252.
- Perdana, M. A. C., Sulistyowati, N. W., Ninasari, A., Jainudin, & Mokodenseho, S. (2023). Analisis Pengaruh Pembiayaan, Skala Usaha, dan Ketersediaan Sumber Daya Manusia terhadap Profitabilitas UMKM. *Sanskara Ekonomi Dan Kewirausahaan*, 1(03), 135–148. <https://doi.org/10.58812/sek.v1i03.120>
- Sari, O. I. P., & Arifin, A. Z. (2023). Pengaruh financial technology adoption capability dan financial literacy terhadap business sustainability. In *Jurnal Manajemen Bisnis dan Kewirausahaan* (Vol. 7, Issue 3, pp. 571–581). <https://doi.org/10.24912/jmbk.v7i3.23870>
- Sukirno, S. (2018). *Manajemen Risiko Bisnis: Teori, Model, dan Aplikasi*. Jakarta: Kencana Prenada Media Group.
- Sunyoto, D. (2018). *Manajemen Risiko 101: Panduan Praktis untuk Mengelola Risiko Usaha*. Jakarta: Elex Media Komputindo.
- Utami, I. D., Santosa, I., & Vidya Leila, M. R. (2021). Priority resilience strategy for micro, small, and medium enterprises for dealing with natural disasters. *International Journal of Disaster Risk Reduction*, 55(December 2020), 102074. <https://doi.org/10.1016/j.ijdrr.2021.102074>
- Walker, H., & Preuss, L. (2008). Fostering sustainability through sourcing from small businesses: public sector perspectives. *Journal of Cleaner Production*, 16(15), 1600–1609. <https://doi.org/10.1016/j.jclepro.2008.04.014>
- Wibisono, Y. (2020). *Panduan Lengkap Manajemen Risiko Bisnis: Konsep, Strategi, dan Implementasi*. Jakarta: PT Elex Media Komputindo