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The Application of Risk Management in Business Decision Making in Retail Companies: A Case Study at PT Indomarco Prismatama (Indomaret) Makassar Branch

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Abstract

In today's fast-paced retail landscape, anticipating and managing risk is vital for effective business decisions. This study explores how PT Indomarco Prismatama (Indomaret) Makassar Branch integrates risk analysis into its decision-making process. Using a qualitative descriptive approach, data were collected through observation, in-depth interviews, and document analysis. Findings show that the company proactively identifies operational threats, leverages stock monitoring technologies, and prepares contingency plans to address uncertainty. These efforts have streamlined decision-making, enhanced efficiency, and reduced potential losses. Nonetheless, challenges persist, such as limited risk training for new employees and inconsistent urgency perceptions across departments. To address this, the company is advised to provide regular and targeted training, improve internal coordination, and further utilize data-driven systems to support responsive and adaptive decisions.

Keywords: risk management, business decisions, retail companies, Indomaret, operational

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Introduction

In today’s fast paced and highly competitive business environment, retail companies must develop strong adaptive and responsive capabilities to address a wide range of internal and external challenges. These challenges include rapid shifts in consumer preferences, intensified price competition, accelerating advances in digital technology, frequent disruptions in global and regional supply chains, and increasing uncertainty due to volatile economic and geopolitical conditions. Together, these factors create a complex and evolving risk landscape that threatens not only the financial performance of companies but also their reputation, service quality, operational continuity, and overall position in the market.

In response to these dynamics, risk management has become a critical element in ensuring long term resilience and sustainability in business. It is no longer seen as a peripheral or reactive function limited to compliance purposes, but rather as a core component of organizational strategy. A structured and data informed risk management approach enables companies to systematically identify potential threats, assess their impact, prioritize appropriate responses, and implement mitigation strategies that align with operational realities. This approach allows organizations to make informed decisions that are both anticipatory and forward looking. In doing so, companies are able to minimize disruptions and at the same time identify opportunities, thereby increasing their adaptability and competitiveness.

From a theoretical standpoint, risk management is understood as a continuous and structured process that includes identification, analysis, evaluation, control, and ongoing monitoring of risks (Hutchins, 2018). This process is closely associated with rational decision making, as described by Simon (1960), who emphasized that sound decisions must be based on accurate, relevant, and complete information, including knowledge of potential risks. Vaughan & Vaughan (2007) further support this by asserting that risk management contributes not only to loss prevention but also to increased efficiency, productivity, and strategic competitiveness.

PT Indomarco Prismatama or Indomaret, as one of the largest and most decentralized retail companies in Indonesia, operates in a dynamic and uncertain environment. In the Makassar region, the company faces specific operational risks, such as fluctuating consumer demand, delays in distribution caused by infrastructure limitations, and changes in local regulations. These realities highlight the need for a well integrated risk management system that supports operational decisions related to inventory management, procurement planning, logistics coordination, and outlet expansion.

Although various previous studies have acknowledged the importance of risk based decision making in retail business contexts (Geofanny, 2022; Rofika & Meylianingrum, 2024; Zaidah, 2019), most of them tend to focus on theoretical frameworks or macro level policies. Few have explored how risk management is implemented in day to day operations, particularly in national scale retail companies operating in regional environments. Yet in practice, local characteristics such as infrastructure constraints, human resource limitations, and market diversity play a significant role in how risks are understood and managed within organizations.

To address this gap, this study investigates how risk management is applied in the business decision making processes at PT Indomarco Prismatama Makassar Branch. It aims to examine how risk based practices influence the quality, speed, and effectiveness of decisions in real operational contexts. By doing so, the research offers both theoretical and practical contributions. Theoretically, it deepens understanding of how risk management is applied at the operational level within large retail organizations. Practically, it provides valuable insights for businesses seeking to adopt more adaptive, data driven, and locally relevant risk management strategies in order to remain competitive in an increasingly uncertain market environment.

Methodology

This study employed a qualitative approach with a descriptive research design, aimed at exploring the implementation of risk management in business decision-making within a retail company. This approach was chosen because it allows for an in-depth and holistic understanding of organizational practices, particularly by capturing the perspectives, experiences, and interpretations of individuals directly involved in the decision-making process. Rather than testing hypotheses or measuring variables statistically, the goal of this research is to describe and analyze how risk management strategies are practiced in real-world business settings.

The research was conducted at PT Indomarco Prismatama (Indomaret) Makassar Branch, selected purposively due to its large-scale operations and relevance to the research topic. As one of Indonesia's leading retail chains with a widespread and complex operational system, Indomaret Makassar was considered representative of companies that implement risk management across multiple levels of decision-making. The data collection process was carried out over two months, from March to May 2025, allowing for sufficient immersion in the field and consistent engagement with the company's operational environment.

Participants in this study were selected using purposive sampling based on specific and predefined criteria. A total of eight informants participated in the study, consisting of two operational managers, two area supervisors, two store heads, one logistics coordinator, and one inventory control officer. These roles were chosen because of their direct involvement in daily operations and strategic decisions related to risk management. Selection criteria included a minimum of two years of work experience, active engagement in operational or managerial roles, and demonstrated familiarity with the company's internal systems and risk mitigation procedures. Recommendations were obtained from the Human Resources department, and an initial screening was conducted to ensure that informants met the necessary qualifications.

Data were collected using three primary techniques: observation, in-depth interviews, and document analysis. Observations were conducted at three Indomaret outlets and the branch office using a structured observation guide. The focus was on key decision-making processes related to inventory control, distribution coordination, and responses to operational disruptions. Each observation session lasted between one and three hours and was documented using detailed field notes. Observations were conducted at different times of the day to capture variations in operational activity.

In-depth interviews were conducted with all eight informants using a semi-structured interview guide. The interviews explored topics such as risk identification, mitigation strategies, decision-making procedures, and organizational support mechanisms. Each interview lasted between 45 and 70 minutes, was conducted in person, and recorded with the informants' consent. Transcriptions were coded thematically and used as the primary source of narrative data.

Document analysis was conducted on internal materials such as Standard Operating Procedures (SOPs), operational reports, risk assessment records, and internal audit documentation. These documents were examined to validate and triangulate the data gathered through interviews and observations. A thematic content analysis was used to extract relevant information, which was then integrated into the overall analysis.

Data analysis followed the interactive model proposed by Miles and Huberman (1994), consisting of three stages: data reduction, data display, and conclusion drawing. During the data reduction phase, field notes, interview transcripts, and document excerpts were organized and coded based on emerging themes. Data were then presented in the form of descriptive narratives and thematic matrices to facilitate the identification of patterns and relationships. The final stage involved drawing and verifying conclusions, which was conducted continuously throughout the research process to refine insights and validate findings.

Through this methodological approach, the study aims to provide both empirical and theoretical contributions by demonstrating how risk management is practiced in retail operations and assessing its influence on the quality and effectiveness of business decision-making in a regional context.

Results and Discussion

Based on the results of research conducted at PT Indomarco Prismatama (Indomaret) Makassar Branch, it was found that the company has implemented risk management systematically and structurally in every stage of the business decision-making process. The application is evident, especially in the aspects of daily operations, stock management, and the logistics distribution process between outlets. The company shows high awareness of the importance of risk management as a preventive and strategic step in maintaining business continuity. The risk identification process is carried out periodically through monitoring daily and monthly sales reports, internal audit results, and documentation of operational incidents reported by each store unit. The data is used as evaluation material to formulate potential risks and develop anticipatory actions.

The types of risks that are most often faced by Indomaret Makassar Branch include inaccuracies in predicting consumer demand that leads to overstock or out of stock, delays in the distribution of goods due to logistical constraints, price fluctuations from main suppliers, and damage to goods caused by errors in the storage or transportation process. To deal with these risks, the company implements various mitigation strategies that include the preparation of alternative scenarios (contingency plans), optimizing the use of technology-based stock monitoring systems integrated with national data centers, and strengthening supervision of the implementation of standard operating procedures (SOPs) in all outlet units.

Tactical and strategic business decisions, such as selling price adjustments, procurement schedules, stock rotation, and the opening or closing of stores in certain regions, are all formulated by considering risk evaluation from historical data and actual conditions. This shows that risk management does not stand alone, but rather becomes an integrated part of the company's decision-making process. These findings were obtained through in-depth interviews with operational managers, store managers, and support staff who have a critical role in the reporting and implementation of risk management policies in the field. They state that risk considerations have now become an inherent element in every evaluation and policy-making process, not only to avoid losses, but also to safeguard the company's reputation and customer satisfaction.

The application of risk management at PT Indomarco Prismatama (Indomaret) Makassar Branch shows a close and applicable relationship with the risk management theoretical framework as described Hutchins (2018), which emphasizes the importance of implementing a systematic and continuous risk identification, analysis, evaluation, and control process as part of professional organizational management. Every stage of risk management in Indomaret's operations, starting from the collection of store incident data, evaluation of stock fluctuations, to decisions related to logistics and distribution has been carried out with a structured approach in accordance with these principles. This process is not only reactive in responding to emerging risks, but also proactive in preventing potential losses through data-driven anticipation and historical analysis.

These findings are also in line with Rational Decision Making Theory submitted by Simon (1960), where an effective decision-making process consists of three main stages: *intelligence* (collection and processing of information), *design* (preparation of alternative solutions), and *election* (selection of the best option). In the context of Indomaret, the intelligence process is reflected in stock monitoring activities and operational risk analysis, the design stage is seen from the preparation of alternative distribution and procurement scenarios, while the selection stage is seen in managerial strategic decisions that consider risk aspects as a whole. This integration between theory and practice shows that risk management is not just an administrative procedure, but has become a key instrument in rational and measurable business decision-making.

Furthermore, this study found that the integration of risk management in every decision-making process has a significant impact on the effectiveness of the company's operations. The informant stated that the response time to operational disruptions became faster, decision-making was more targeted because it was based on actual risk data, and the potential for losses could be suppressed to the maximum. This effectiveness is evident in logistics decisions when faced with supply delays, where management can immediately shift distribution to a nearby warehouse based on a risk analysis. These findings reinforce the results of the study Geofanny (2022), which states that risk management allows retail companies to adapt more quickly to market dynamics and external uncertainties. In addition, this is also in line with the findings Sustainability (2018) which shows that the appropriate use of risk data can increase efficiency in investment decisions and procurement of goods, while minimizing strategic errors due to hasty or non-analysis-based decisions. Thus, the implementation of risk management at Indomaret Makassar is not only conceptual, but has been manifested in improving the quality, speed, and accuracy of business decision-making.

However, there are several obstacles that companies still face in implementing risk management optimally. One of the main obstacles is the lack of an equitable understanding among operational staff regarding the urgency and strategic function of risk management. Some staff still consider risk management to be a top-level management responsibility, so they are less proactive in identifying potential risks at the operational level. In addition, the training provided by the company for new employees is still general and has not specifically equipped them with technical skills in risk mitigation that are appropriate to working conditions in the field. This causes a gap between the risk policies that have been designed and the real implementation on the ground.

This condition shows that the effectiveness of risk management implementation is highly dependent on the readiness of human resources, both in terms of technical competence and collective awareness of the importance of risk anticipation in decision-making. In addition, the effectiveness of internal communication between work units is also a determining factor for the success of risk management. Risk information that is not properly conveyed or not followed up quickly can increase the chance of making wrong decisions that impact the company's operations. These findings are in line with research Princess & Amiranto (2024), which emphasizes that regular training and open communication systems are key elements in building a risk-aware culture in the organizational environment.

Overall, it can be concluded that the implementation of risk management at PT Indomarco Prismatama (Indomaret) Makassar Branch has become an integral part of the business decision-making system. The application not only serves as a preventive mechanism in avoiding losses, but also as a strategic tool that strengthens the company's resilience and competitiveness in the face of complex and uncertain business dynamics. Therefore, companies need to continue to strengthen the capacity of human resources through more specific and applicable continuous training, update information technology-based risk management systems to improve the accuracy and speed of risk detection, and build an organizational culture that is oriented towards risk analysis. With these measures, future decision-making will become more responsive, measurable, and sustainable in support of the company's strategic goals.

Conclusion

This study concludes that the implementation of risk management at PT Indomarco Prismatama (Indomaret) Makassar Branch is systematic, structured, and has become an integral part of the company's business decision-making processes. The findings show that risk management practices are carried out through the identification of operational risks, use of digital stock monitoring systems, and enforcement of standardized procedures. These efforts contribute significantly to improving decision speed, operational efficiency, and the prevention of potential losses arising from incorrect or delayed decisions. The study confirms that risk management at the operational level is not merely a preventive tool but serves as a strategic mechanism that enhances the company's resilience and responsiveness to uncertainty. This aligns with the research objective to examine how risk management supports effective business decisions in the retail sector.

However, the study also identified several challenges, including unequal levels of understanding of risk procedures among staff and a lack of targeted training for new employees. These limitations may reduce the consistency and effectiveness of implementation across different units. Given these findings, it is recommended that the company enhance its internal capacity by conducting regular and role-specific risk management training, strengthening cross-unit coordination, and optimizing the use of integrated, data-driven technologies for real-time risk monitoring and response. While this study provides practical insights into risk management in a regional retail context, it is limited by its focus on a single company branch and the relatively small number of informants. Future research could expand to include comparative studies across multiple branches or companies, and examine how organizational culture, leadership style, or technological maturity influence risk-based decision-making in the retail industry.

Conflicts of Interest

The author declares that there is no conflict of interest in this research. All research processes and the preparation of this report were conducted independently and without any influence from any party that could affect the objectivity of the study.

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