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Analysis Of An Organization's Operational Risk Management In The Identification, Evaluation, And Mitigation Of Risks

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Abstract

The purpose of this study is to analyze how organizations identify and evaluate operational risks in their daily activities. This study employs a qualitative approach using a literature review (library research) method through the collection of secondary data from scientific journals, books, and relevant documents. Data analysis is conducted using content analysis techniques to conduct reviews and comparisons, as well as to synthesize findings from various previous studies. The research findings indicate that a structured risk identification process can help organizations recognize the multitude of potential risks, whether from internal or external factors. A structured risk evaluation, whether through risk level classification or quantitative approaches such as the Risk Priority Number (RPN), plays a crucial role in determining risk mitigation priorities. Furthermore, planned, integrated, and sustainable risk mitigation has been proven to enhance the effectiveness of risk management and strengthen organizational resilience. However, there remains a gap in the implementation of risk management, particularly in small-scale organizations that tend to adopt informal and reactive approaches. The implications of this research suggest that, theoretically, operational risk management should be understood as an integrated and continuous process across all organizational activities. Practically, organizations are advised to implement a risk management system based on standards—such as ISO 31000—in a structured and documented manner to enhance operational performance and business sustainability

Keywords: Risk Management, Operational Risk, Risk Identification, Risk Assessment, Risk Mitigation

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INTRODUCTION

The evolving dynamics of organizations in the era of globalization and digitalization require every entity to manage operational risks effectively and systematically. Risk management is no longer viewed as an ancillary function, but rather as an integral part of the strategic decision-making process. Recent studies indicate that the implementation of sound risk management can enhance organizational performance and minimize potential losses resulting from uncertainty (Sabino & Tenera, 2026). Furthermore, a risk-based approach has been widely adopted across various sectors, ranging from manufacturing to services, including hospitality and tourism. This underscores that operational risk management is becoming increasingly central to modern organizational management. Previous research has extensively addressed the concepts and implementation of risk management within organizations.

For example, research has emphasized the importance of integrating risk management into organizational strategy. On the other hand, research by Khan et al. (2025) states that the effectiveness of risk management heavily depends on an organization's ability to accurately identify and evaluate risks. However, most of these studies still focus on conceptual aspects and have not yet thoroughly examined the application of risk identification, evaluation, and mitigation in the context of daily operations (Khan et al., 2025).

Although the literature on risk management has grown rapidly, there remains a research gap that warrants further investigation. Many studies tend to use quantitative approaches, which limit their ability to delve deeply into the stages and dynamics involved in the implementation of operational risk management in the field. Therefore, a qualitative approach is necessary to understand this phenomenon more deeply and contextually. The novelty of this study lies in the use of a qualitative approach to conduct an in-depth analysis of the implementation of operational risk management, particularly in the stages of risk identification, evaluation, and mitigation (Almarri et al., 2026).

This study does not focus solely on the theoretical framework but also explores the experiences and strategies applied by organizations in addressing various operational risks. Thus, this study is expected to provide practical and theoretical contributions to the development of risk management studies, particularly regarding implementation at the organizational operational level. Based on this, the objective of this study is to analyze how organizations identify, evaluate, and mitigate operational risks in their daily activities (Maulana et al., 2024). In addition, this study also aims to understand the factors influencing the effectiveness of risk management implementation and to provide strategic

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recommendations for organizations to improve their risk management systems to be more adaptive and sustainable.

LITERATURE REVIEW

Risk management is defined as a structured process undertaken by an organization to identify, analyze, evaluate, and control risks that may affect the achievement of organizational objectives. According to (Syarifah et al., 2024), risk management serves not only to reduce potential losses but also as a tool to enhance organizational value through more targeted decision-making. In line with this, (Khalbi & Setiawati, 2026) state that modern risk management emphasizes an integrated and sustainable approach across all organizational activities, particularly in day-to-day operations. Operational risk itself is defined as risk arising from failures in internal processes, human error, systems, or external factors. In the context of organizations, operational risk often poses a major challenge because it is directly linked to core activities carried out routinely (Dethan & Pau, 2025).

Research by (Harefa et al., 2022) indicates that failure to manage operational risk effectively can have significant impacts on organizational efficiency and sustainability. Therefore, a risk management system capable of identifying potential risks early on is essential. Key stages in risk management include risk identification, assessment, and mitigation. Risk identification is the initial step to recognize various potential threats that could hinder organizational objectives (ISO 31000, 2018). Subsequently, risk assessment is conducted to evaluate the likelihood and impact of these risks. The final stage is risk mitigation, which involves efforts to reduce, avoid, or transfer risks to minimize their impact.

These three stages must be carried out continuously to ensure effective risk management. Previous research indicates that the success of risk management implementation is heavily influenced by internal organizational factors, such as organizational culture, management commitment, and the quality of human resources. However, most of these studies employed a quantitative approach, thus failing to provide an in-depth understanding of the implementation stages of risk management in operational contexts.

Based on this literature review, this study adopts a qualitative approach; consequently, it does not formulate hypotheses in the form of statistically tested variable relationships but rather as research propositions. The propositions put forward are: (1) a structured risk identification process will enhance the effectiveness of an organization's operational risk management; (2) a thorough risk assessment influences the appropriateness of risk mitigation strategies; and (3) appropriate risk mitigation contributes to the sustainability and operational performance of the organization. These

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propositions will be examined in depth through qualitative data analysis to understand the practical application of risk management within the organization.

METHOD

This study employs a qualitative approach using library research to analyze an organization's operational risk management across the stages of risk identification, evaluation, and mitigation. The research design is descriptive qualitative, focusing on understanding and interpreting concepts and findings from various scientific sources.

The data sources used are secondary data, consisting of scientific journals, books, research reports, and official documents such as ISO 31000 that are relevant to the research topic. Data collection was conducted using documentation techniques by searching and selecting literature from academic databases such as Google Scholar and ScienceDirect based on relevance and credibility (Sutarsa, 2021).

Data analysis employed content analysis, following the stages of data reduction, data presentation, and drawing conclusions. Additionally, a comparison of the literature was conducted to gain a deeper understanding of the application of operational risk management in organizations.

RESULT AND DISCUSSION

Table 1. Summary of Previous Research Findings

No	Researcher & Year	Research Object	Method	Main Findings
1	Putri et al. (2024)	PT Indotraining Multi Solusi (digital training institution)	Descriptive qualitative (ISO 31000:2018)	Fourteen risks were identified and classified into low, medium, high, and extreme categories. The risk management process includes identification, evaluation, mitigation, and periodic monitoring to facilitate the determination of risk handling strategies.

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No	Researcher & Year	Research Object	Method	Main Findings
2	Dahlan et al. (2023)	Production division of CV. Citra Buana Mandiri	FMEA and FTA	Critical risks were found in facilities, employee performance, and production stages with high RPN values. Mitigation was carried out through risk reduction, risk avoidance, and the establishment of supervisory structures to improve operational quality.
3	Abani et al. (2024)	UMKM Sherfis Tech, Kupang	Qualitative case study (ISO 31000:2018)	Operational risks are influenced by internal and external factors such as human error, workplace accidents, and economic uncertainty. A comprehensive risk management approach is required to maintain business sustainability.
4	Hardiati (2025)	Organizations in general	Literature study	Risk control strategies such as elimination, substitution, and administrative controls are effective when integrated with organizational governance and digital systems. Risk

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No	Researcher & Year	Research Object	Method	Main Findings
				management plays a strategic role in improving organizational resilience.
5	Azzahra et al. (2025)	CV XYZ (used car trading business)	Qualitative case study	Operational risks include product damage, document legality, and customer service issues. Risk management implementation is still informal and reactive, but it is beginning to shift toward a more structured system through SOPs and internal evaluations.

Analysis of Operational Risk Identification

Based on a review of five previous studies, the risk identification stage is considered a crucial initial step in an organization's operational risk management. The study by Putri et al. (2024) states that organizations can identify up to 14 types of risks, which are then classified according to their severity. This suggests that a structured risk identification process can provide a comprehensive overview of the potential threats faced by an organization. In line with this, the study by Dahlan et al. (2023) indicates that risk identification in the production division is conducted using the FMEA approach, which can detect potential failures in operational stages (Fadiyah, 2025).

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Meanwhile, Abani et al. (2024) found that risk sources stem not only from internal factors—such as human error—but also from external factors—such as economic conditions and the work environment. This reinforces the notion that risk identification must be conducted thoroughly, taking into account various risk sources. However, research by Azzahra et al. (2025) indicates that in small-scale organizations, the risk identification process is still conducted informally and is not well-documented. This situation highlights a gap in the implementation of risk management, particularly in small and medium-sized enterprises (Tech & Kelurahan, 2021).

Operational Risk Assessment Analysis

The risk assessment phase plays a crucial role in determining the priority level of risks that an organization must address. Based on the findings of Putri et al. (2024), risk assessment is conducted by classifying risks into low, moderate, high, and extreme categories. This classification facilitates the organization's ability to determine appropriate mitigation strategies based on the risk's urgency level (Fitria et al., 2018). Furthermore, the study by Dahlan et al. (2023) employed a quantitative approach using the FMEA method to calculate the Risk Priority Number (RPN) for identifying critical risks. The results indicate that risks with high RPN values should be the top priority in management decision-making. This approach suggests that measurable risk assessment can help organizations allocate resources more effectively (Hardiati et al., 2025).

On the other hand, the study by Abani et al. (2024) emphasizes that risk assessment should not only consider the likelihood and impact levels but also contextual factors, such as environmental conditions and organizational capacity. This aligns with Aven's (2020) theory, which states that risk assessment must be dynamic and contextual. However, in the study by Azzahra et al. (2025), it was found that risk assessment is still conducted intuitively without using specific standards. This suggests that without a structured assessment system, organizations are at risk of making errors in determining risk priorities (Soleh et al., 2025).

Analysis of Operational Risk Mitigation

Risk mitigation is an advanced stage aimed at reducing the impact or likelihood of a risk occurring (Azzahra et al., 2025). Based on the findings of Putri et al. (2024), risk mitigation is carried out according to the classified risk levels, so that each risk has a different management strategy. In addition, regular monitoring and evaluation are conducted to ensure the effectiveness of the implemented mitigation measures. Research by Dahlan et al. (2023) states that risk mitigation is carried out through risk reduction and avoidance, as well as the establishment of a clearer organizational structure to enhance operational oversight. This

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indicates that mitigation is not merely technical in nature but also involves managerial and organizational aspects (Fitri et al., 2024).

Furthermore, Hardiati (2025) explains that risk mitigation strategies can be implemented through various approaches, such as elimination, substitution, administrative controls, and the use of digital technology. The integration of mitigation strategies and organizational governance has been shown to enhance the overall effectiveness of risk management. However, research by Azzahra et al. (2025) indicates that in some organizations, risk mitigation remains reactive rather than preventive. This situation creates barriers to the organization's ability to proactively address risks (Fadhilah & Lestari, 2024).

CONCLUSION AND SUGGESTION

Based on the results of the analysis and discussion, it can be concluded that effective operational risk management in an organization heavily depends on the implementation of three main stages: the systematic and continuous identification, assessment, and mitigation of risks. A thorough risk identification process can help organizations identify various potential threats, whether they stem from internal or external factors. Furthermore, a structured risk assessment—whether through risk level classification or quantitative approaches such as RPN—has proven to play a crucial role in determining the appropriate priorities for risk management.

Additionally, risk mitigation carried out in a planned, integrated manner, and supported by robust monitoring systems, can enhance the effectiveness of risk management and strengthen organizational resilience. However, gaps in risk management implementation still exist, particularly in small-scale organizations that tend to adopt informal and reactive approaches. Therefore, implementing risk management based on standards such as ISO 31000 is essential to enhance operational performance and ensure the organization's sustainable continuity. This study has limitations due to its literature review approach, which does not directly involve empirical data from the field. This means that the analysis conducted relies on the results of previous studies and does not fully provide a picture of the actual conditions in various types of organizations. Based on these limitations, it is recommended that future research use an empirical approach, such as case studies or in-depth interviews, to explore the implementation of risk management in a more contextual manner.

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