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Analysis of risk management implementation at Padang Raya Restaurant in Medan City

Abstract

Every business activity is inherently exposed to various forms of risk. Effective risk management enables these risks to be controlled, thereby minimizing potential losses. This study aims to analyze the implementation of risk management at Padang Raya Restaurant in Medan City by examining four stages of the risk management process, namely risk identification, risk analysis, formulation of risk control strategies, and evaluation of risk control strategies. This research adopts a qualitative approach, with data collected through in-depth interviews with the owner of Padang Raya Restaurant (Mr. Sidik Utami). The findings reveal several operational risks, including fluctuations in customer numbers, labor shortages, increases in the prices of food raw materials, and intense business competition. The business owner has designed and implemented a range of risk control strategies aimed at risk avoidance and mitigation. The evaluation results indicate that these strategies have been effective, as reflected in indicators of business success such as consistent annual profit growth and expansion plans through the opening of new Padang Raya Restaurant branches at several locations in Medan City.

Keywords: Risk management, Operational risk, Restaurant business
Qualitative research, Padang Raya Restaurant, Medan City

Abstrak

Setiap aktivitas bisnis pada dasarnya tidak terlepas dari berbagai bentuk risiko. Manajemen risiko yang efektif memungkinkan risiko-risiko tersebut dapat dikendalikan sehingga dapat meminimalkan potensi kerugian. Penelitian ini bertujuan untuk menganalisis implementasi manajemen risiko pada Rumah Makan Padang Raya di Kota Medan dengan mengkaji empat tahapan dalam proses manajemen risiko, yakni identifikasi risiko, analisis risiko, perumusan strategi pengendalian risiko, dan evaluasi strategi pengendalian risiko. Penelitian ini menggunakan pendekatan kualitatif dengan teknik pengumpulan data melalui wawancara mendalam dengan pemilik Rumah Makan Padang Raya (Bapak Sidik Utami). Hasil penelitian menunjukkan adanya beberapa risiko operasional, antara lain fluktuasi jumlah pelanggan, kekurangan tenaga kerja, kenaikan harga bahan baku makanan, serta tingginya tingkat persaingan usaha. Pemilik usaha telah merancang dan mengimplementasikan berbagai strategi pengendalian risiko yang bertujuan untuk menghindari dan memitigasi risiko. Hasil evaluasi menunjukkan bahwa strategi-strategi tersebut telah berjalan secara efektif, yang tercermin dari indikator keberhasilan usaha berupa peningkatan laba tahunan secara konsisten serta rencana ekspansi melalui pembukaan cabang-cabang baru Rumah Makan Padang Raya di beberapa lokasi berbeda di Kota Medan.

Kata Kunci: Manajemen risiko, Risiko operasional, Bisnis rumah makan, Penelitian kualitatif, Rumah Makan Padang Raya, Kota Medan

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1. Introduction

Medan is the third-largest city in Indonesia and offers a wide range of tourist attractions, one of which is culinary tourism. The development of culinary tourism in Medan is reflected in the increasing number of businesses engaged in food and beverage services, offering dishes from various countries and regions in Indonesia. [Agustini, et al. \(2022\)](#) note that, according to Bobby Nasution, S.E., M.M., former Mayor of Medan and currently Governor of North Sumatra, the city has adopted the slogan “The Kitchen of Asia.” This slogan reflects the richness of Medan’s culinary landscape, which includes Indian, Chinese, and various Nusantara cuisines. These conditions indicate that the culinary sector has considerable economic potential, while at the same time being exposed to complex and dynamic business risks.

Culinary enterprises are among the most attractive types of businesses for the public, as they are perceived to be promising and to have relatively rapid capital turnover. However, such businesses are not free from risks that may lead to losses if not properly managed. [Khaliq \(2023\)](#) defines risk as the possibility of an unforeseen or undesired loss. In the context of culinary businesses, the risks faced are generally operational in nature, including the quality of raw materials, production processes, food hygiene and safety, workforce management, and uncertainty in consumer demand. In the absence of adequate risk management, these risks have the potential to disrupt operational continuity and weaken business performance.

Previous studies have shown that operational risk in culinary businesses is a real issue that must be managed systematically. [Jeni \(2024\)](#), for example, identified several operational risks at Ondo Grill Batak Restaurant and emphasized the importance of regular employee training on food hygiene and safety, routine maintenance and inspection of cooking equipment, and the development of an employee attendance management system. These findings indicate that operational risk is not only related to technical aspects of production but also involves human resource competencies and internal management systems. In line with this, [Pelatta et al. \(2023\)](#) state that risk management is an effort to manage risk comprehensively, in a planned and structured manner within a sound system, in order to prevent unforeseen events. Thus, the implementation of appropriate risk management is crucial for culinary businesses to survive and compete in an increasingly competitive market environment.

Another study conducted by Paeng, Tarigan, and Panjaitan on the culinary business Ayam Geprek Bunda demonstrates that effective risk management can reduce the negative impact of various risks, thereby improving performance and ensuring the sustainability of business operations. This finding reinforces the view that every business, including culinary enterprises, cannot completely avoid risk but can minimize the likelihood of loss through the application of appropriate risk management. Nevertheless, there remains a dearth of studies that examine in depth the implementation of risk management in restaurants featuring specific regional cuisines, particularly within the context of Medan as a culinary city.

The development of the culinary sector in Medan is also reflected in the emergence of various regional specialty restaurants, one of which is Padang Raya Restaurant, located at Jalan Selamat Ketaren No. 114, Medan. This restaurant offers a variety of traditional Padang dishes and operates in an environment characterized by many competing establishments in its vicinity. Preliminary interviews with the owner revealed several risks that have been encountered, including unsold food, fluctuations in customer

numbers, and intense local competition. These risks have the potential to generate financial losses if they are not managed appropriately through a structured risk management system.

In light of the foregoing, it is important to conduct a more in-depth examination of how risk management is implemented at Padang Raya Restaurant in Medan. This study aims to analyze the implementation of risk management at Padang Raya Restaurant through several key stages, namely: (1) risk identification, (2) risk analysis, (3) formulation and implementation of risk control strategies, and (4) evaluation of the effectiveness of these control strategies. The findings of this study are expected to provide a comprehensive overview of risk management practices in small-scale culinary enterprises and to offer practical insights for business owners in enhancing the sustainability and competitiveness of their businesses.

2. Literature review

2.1 Business risk and risk management in SMEs

In contemporary business environments, micro, small, and medium enterprises (MSMEs) operate under high uncertainty stemming from market fluctuations, supply instability, regulatory changes, and competitive pressure. Risk is generally understood as the effect of uncertainty on organizational objectives, which can be positive or negative and may create both threats and opportunities (ISO, 2018). Because MSMEs typically face resource constraints, limited managerial capacity, and less formalized systems, they are particularly vulnerable when risks are not managed systematically. A comprehensive review by [de Araújo Lima et al. \(2020\)](#) notes that risk management in SMEs remains fragmented, often based on intuition and informal practices rather than structured frameworks, even though proactive risk management is increasingly recognized as a strategic capability for survival and growth. Recent empirical work in developing-country contexts also shows that many small firms understand risk conceptually but do not implement documented procedures for identification, analysis, treatment, and monitoring ([Arthur, 2025](#)).

Business risks in SMEs generally include financial, market, operational, legal, and strategic risks that jointly shape the perceived future of the firm. [Dvorsky et al. \(2020\)](#) demonstrate that entrepreneurs' attitudes toward financial, operational, market, and personnel risks significantly influence how they assess the future prospects of their enterprises, highlighting that risk is embedded in day-to-day operational and strategic decisions. [Jecson dan Sitokdana \(2022\)](#) further argues that the failure to adopt a holistic or enterprise-wide risk management (ERM) approach is one of the main reasons many SMEs in developing countries struggle to grow sustainably, and calls for simplified frameworks tailored to SME realities. In the Indonesian context, [Hanggraeni et al. \(2019\)](#) find that internal, external, and ERM variables jointly and significantly affect MSME performance, implying that risk management should not be seen merely as a compliance tool but as an integral part of strategic management.

2.2 Operational risk in culinary and hospitality businesses

Operational risk, often defined as risk arising from failures of internal processes, people, systems, or external events, is particularly salient in service sectors such as restaurants and cafés, where customer contact is intensive and service quality highly visible. Studies on risk management in hospitality highlight recurring risks related to service failures, hygiene and food safety, supply chain disruptions, staff shortages, and technology-related issues (e.g., reservation or cashier systems) that may directly affect customer satisfaction and reputation. Pandey (2021), examining risk management in a small Asian restaurant, notes that even seemingly minor operational disturbances—such as inconsistent ingredient supply, equipment breakdowns, or miscommunication among staff—can escalate into financial losses and reputational damage if not anticipated and controlled. These patterns are consistent with broader hospitality literature, which underscores that operational and reputational risks are among the most critical categories perceived by hotel and restaurant managers.

More specifically in culinary MSMEs, recent research has begun to document operational risk profiles and their management practices. Wilyanto et al. (2023) examine a vegetarian culinary business and find that key operational risks include raw-material price volatility, demand uncertainty, food waste, and employee turnover; they show that the adoption of basic risk controls (e.g., supplier diversification, stock monitoring, and standard operating procedures for food handling) can reduce the frequency and impact of such risks. Mutiaratulhikmah et al. (2024), in a case study of Chiller Cafe, identify priority risks related to customer service, digital marketing, and human resources using the Business Impact Analysis method, and emphasize that service quality lapses and unresolved customer complaints can quickly undermine business continuity in café-type culinary MSMEs. In addition, digital systems used by restaurants—such as cashier applications—constitute a specific source of operational risk; Jecson and Sitokdana (2022), applying ISO 31000 to the Rene Kasir application in a restaurant setting, show that failures or errors in such systems may cause transaction delays, data inaccuracies, and service bottlenecks if not properly assessed and treated.

2.3 Risk management and business performance/sustainability in SMEs

The relationship between risk management and firm performance has been examined in various SME and MSME contexts and generally indicates that more mature risk management practices contribute positively to financial and non-financial outcomes. Using a large sample of MSMEs in Indonesia, Hanggraeni et al. (2019) find that internal factors, external environment, and ERM implementation jointly and significantly influence business performance, suggesting that risk management operates as a mediating capability that allows MSMEs to transform resources and market opportunities into sustainable performance. Yakob et al. (2019) specifically analyze the effect of ERM on SME performance and report that ERM has a significant overall effect, although different ERM components (such as objective setting or risk assessment) may vary in their

individual impact. Consistent with these findings, [Samudera \(2023\)](#) shows that ERM adoption improves both financial and market performance, underscoring that systematic risk management is not merely defensive but can enhance competitiveness.

Beyond ERM at the enterprise level, studies on business risk management emphasize that attitudes toward risk and the quality of operational risk controls influence perceptions of future business prospects and survival. [Dvorsky et al. \(2020\)](#) demonstrate that effective management of operational, financial, market, and personnel risks is associated with a more positive perception of an SME's future, reinforcing the argument that risk management helps stabilize revenues and maintain customer relationships. In service-oriented SMEs, [Arthur \(2025\)](#) finds that systematic risk identification and analysis significantly mediate the relationship between risk exposure and risk response, and that firms that institutionalize these processes tend to handle disruptions more effectively. Within culinary MSMEs, [Wilyanto et al. \(2023\)](#) and [Mutiaratulhikmah et al. \(2024\)](#) provide evidence that risk management initiatives—such as supply-chain diversification, staff training, digital marketing optimization, and the use of information systems—help reduce the impact of operational disturbances and support business continuity. These empirical patterns support the assumption underlying the present study that implementing a structured risk management process in a Padang restaurant context can contribute to controlling operational risks, limiting losses (e.g., from unsold food and competition), and supporting business expansion and long-term sustainability.

3. Method

This study was conducted in a small-to-medium scale culinary enterprise, namely Padang Raya Restaurant (RM Padang Raya), located at Jl. Selamat Ketaren No. 114, Kenangan Baru, Percut Sei Tuan District, Deli Serdang Regency, North Sumatra, Indonesia. The research employed a qualitative approach with a case study design, as it focuses on an in-depth exploration of risk management implementation within a single business unit in its real-life, contextual setting ([Creswell & Poth, 2018](#); [Yin, 2018](#)). The data used in this study are qualitative and derived from primary sources, enabling the researcher to capture the experiences, perspectives, and risk management practices as understood and enacted by the business owner.

Data were collected through in-depth interviews with the owner of Padang Raya Restaurant, Mr. Sidik Utami, who served as the key informant with direct authority and knowledge regarding operational processes and risk management practices. The interviews were conducted face-to-face using a semi-structured interview guide that had been prepared beforehand. This approach ensured that the discussion remained focused on the main topic—namely, risk management implementation—while still allowing sufficient flexibility for the informant to elaborate on his experiences and considerations ([Creswell & Poth, 2018](#)). The interview questions were designed to elicit information on the types of risks encountered in the restaurant's operations, how these risks were identified and analyzed, the strategies adopted to control them, and how the effectiveness of these control strategies was evaluated. To enhance the credibility of the data, member checking was conducted by presenting a summary of the interview results back to the

informant, allowing him to verify the accuracy and alignment of the researcher's interpretations with his actual views and experiences.

Data analysis was conducted in several stages by reviewing, organizing, and interpreting the interview results to understand the patterns and risk management strategies applied at Padang Raya Restaurant. The first stage of analysis involved transcribing the entire interview recordings into written text to ensure that all information was thoroughly documented. Subsequently, the researcher engaged in repeated readings of the transcripts to gain a comprehensive understanding of the business context and the dynamics of the risks faced. The data were then coded and categorized into key themes relevant to the focus of the study, particularly the stages of risk management: risk identification, risk analysis, formulation and implementation of risk control strategies, and evaluation of risk control (ISO 31000:2018; Miles, et al., 2014).

Following the categorization process, an in-depth analysis was carried out for each theme to uncover the owner's patterns of reasoning, considerations, and decision-making logic in managing risk. Data interpretation was conducted by linking the empirical findings from the interviews with concepts and theories of risk management in the literature, including ISO 31000-based risk management principles and prior research in culinary businesses and MSMEs. This step aimed to assess the extent to which risk management practices at Padang Raya Restaurant are aligned with established theoretical frameworks, while also identifying contextual or distinctive aspects that characterize local culinary enterprises. Consequently, the analysis is not merely descriptive but also interpretive and comparative, enabling the study to provide a comprehensive account of risk management implementation at Padang Raya Restaurant.

4. Results

This study was conducted at Padang Raya Restaurant, located at Jl. Selamat Ketaren No. 114, Kenangan Baru, Percut Sei Tuan District, Deli Serdang Regency, North Sumatra, Indonesia. Padang Raya Restaurant is a family-run culinary enterprise that has been operating for more than thirty-three years since it was first established in 1991. The business was initially founded by the parents of Mr. Sidik Utami, who now manages and continues the family enterprise. The restaurant is operated entirely by family members without employing external staff. At present, Padang Raya Restaurant is preparing for business expansion through the opening of a new branch in another area of Medan City.

Based on in-depth interview findings with the owner, the researcher identified and analyzed the stages of risk management implemented in the restaurant, encompassing risk identification, risk analysis, risk control, and evaluation of risk control. The following subsections present the empirical results for each of these stages.

4.1 Risk identification

The findings indicate that in its day-to-day operations, Padang Raya Restaurant faces several key risks that may adversely affect business continuity. These risks can be grouped into three main categories: operational risk, the risk of rising food raw material prices, and competitive risk.

First, operational risk primarily relates to the uncertainty in customer numbers and the limitations in available labor. Fluctuations in the number of customers result in production volumes that are not always aligned with actual demand. In certain situations, prepared food remains unsold, leading to wastage of raw materials and higher operational costs. In addition, because the business is fully managed by family members without external employees, limited manpower has the potential to reduce service quality, particularly during peak hours or when there is a surge in customer visits.

Second, the risk of rising food raw material prices arises when there are increases in the market prices of key inputs such as meat, chili, cooking oil, and other primary ingredients. These price increases have a direct effect on production costs, thereby placing the owner in a position where they must choose between raising selling prices for customers or accepting lower profit margins.

Third, competitive risk is considered significant because there are several other Padang restaurants in the vicinity offering similar dishes. This condition creates the possibility that customers will switch to competitors, especially if competitors offer lower prices, more attractive promotions, or a dining experience perceived as more appealing. Such customer shifts may lead to a decline in customer numbers and, consequently, reduced revenue.

4.2 Risk analysis

After the key risks were identified, the owner informally but consciously assessed the level of each risk and its potential impact on business performance. The analysis shows that the risks of unsold food and a high number of nearby competitors are categorized as high-level risks, as both directly affect costs and revenue. Unsold food does not only generate raw material wastage but also reduces cost efficiency and can erode the restaurant's profitability. Similarly, intense competition increases the likelihood of customers choosing other establishments, which can directly reduce the number of patrons and negatively influence sales.

Meanwhile, the risks associated with limited labor and fluctuations in raw material prices are classified as moderate-level risks. Limited manpower can lead to slower service and lower service quality, which in the long term may affect customer satisfaction and loyalty. Fluctuating raw material prices, on the other hand, affect cost structure and profit levels but may still be managed through gradual price adjustments and more efficient use of ingredients. Thus, although the risk level is moderate, both types of risk still require systematic management to prevent them from developing into more serious issues.

4.3 Risk control

The interview findings reveal that the owner of Padang Raya Restaurant has implemented a number of practical and adaptive risk control strategies tailored to the characteristics of the business.

With regard to operational risk, particularly the problem of unsold food, the owner adjusts production volumes based on experience and observation of customer visit patterns. Over time, the owner has developed a simple forecasting approach by monitoring daily and seasonal sales trends in order to determine production quantities that more closely match actual demand. Additionally, to reduce wastage, the owner

occasionally applies price reductions (discounts) to food items that are nearing the end of their freshness period. This measure aims to minimize the volume of food discarded while still generating some revenue.

In managing the risk stemming from limited labor, the owner employs a control strategy by clearly assigning tasks among family members involved in operations—for instance, dividing roles between food preparation, serving, and customer service. In line with the expansion plan, the owner is also considering the gradual recruitment of additional staff if customer volume continues to increase, so that service quality can be maintained.

Regarding the risk of rising raw material prices, two main control strategies are applied. First, the owner builds and maintains long-term, mutually beneficial relationships with primary suppliers to secure more stable prices and reliable supply. Second, the owner diversifies suppliers by identifying alternative vendors that offer more competitive prices while maintaining comparable quality. This diversification provides flexibility for the restaurant to select the most advantageous supplier under particular market conditions without compromising food quality.

In response to competitive risk, the owner focuses on a quality-based differentiation strategy. This is operationalized through consistent efforts to maintain the taste of the dishes, ensure cleanliness, uphold neat presentation, and preserve a pleasant dining environment. The owner also implements simple promotional activities, such as occasional discounts or special offers for loyal and new customers, with the goal of strengthening customer loyalty and attracting potential customers amidst intense competition.

4.4 Evaluation of risk control

The effectiveness of risk control measures is evaluated periodically in a practical manner that aligns with the nature of a family business. For operational risk control, the owner maintains daily sales records and reviews these data on a monthly basis to compare revenues and expenses. If revenues consistently exceed expenses and raw material wastage declines, the strategies of adjusting production volume and managing food nearing the end of its freshness period are deemed successful. Evaluation also includes assessing the performance of family members involved in operations, especially when workload intensifies.

In evaluating the control of raw material price risk, the owner routinely monitors price developments in the market and compares them with the prices offered by existing suppliers. Monthly records of raw material purchases are used to detect patterns of price increases or decreases. If raw material costs can be kept relatively stable, or if cost increases can still be offset through price adjustments and operational efficiencies, then the strategies of maintaining strong supplier relationships and diversifying suppliers are assessed as effective.

Evaluation of competitive risk control is carried out by monitoring changes in the number of customers, including both new and repeat customers. The owner observes customer responses to flagship (best-selling) menu items and compares the restaurant's customer traffic with the presence and activity of nearby competing establishments. An increase in the number of new customers, a high rate of repeat visits, and sustained sales performance despite strong competition are taken as indicators that Padang Raya

Restaurant's quality differentiation and promotional strategies are functioning effectively.

Overall, the findings of this study indicate that, although risk management practices at Padang Raya Restaurant are relatively simple and largely experience-based, the owner has consciously implemented the key stages of risk identification, analysis, control, and evaluation. These practices have contributed to the restaurant's ability to sustain its operations for more than three decades and to prepare for future business expansion.

5. Discussion

The culinary sector is a type of business that not only contributes to local economic activity but also serves as a key attraction for tourism in many regions. In Medan City, the strengthening of its image as a culinary tourism destination—as reflected in the slogan “The Kitchen of Asia”—has progressed in tandem with the increasing number of small- and medium-scale culinary enterprises. This situation creates opportunities while simultaneously heightening the intensity of risk, particularly for restaurants that depend on stable raw material supplies, service quality, and customer loyalty. The findings from Padang Raya Restaurant confirm that, in the context of a family business that has operated for more than three decades, business continuity is determined not only by the taste of the dishes but also by how the business systematically identifies, manages, and evaluates risks on an ongoing basis. This is consistent with various studies on culinary MSMEs that emphasize effective risk management as a crucial prerequisite for business sustainability and long-term performance (Paeng et al., 2024).

This study identifies three main categories of risk faced by Padang Raya Restaurant, namely operational risk, the risk of increasing raw material prices (financial risk), and competitive risk. This pattern is consistent with recent literature on risk management in culinary MSMEs, which shows that business owners are confronted with a combination of internal risks (operational, human resources, cash flow) and external risks (raw material prices, consumer preferences, and competition) (Paeng et al., 2024). Case studies on Ayam Geprek Bunda, Mie Bakso Sarirasa 81, and Sempol Ayam Cak Ali, for example, also identify market, operational, and financial risks as dominant factors threatening business continuity, and highlight the need for systematic implementation of risk management stages—from identification to evaluation. Thus, the present findings reinforce prior studies and confirm that similar risk patterns also emerge in traditional Padang restaurants in Medan.

The most prominent risk at Padang Raya Restaurant is the uncertainty in daily customer numbers, which leads to the possibility of unsold food. For a ready-to-serve food business, this issue is critical because it is directly related to the perishable nature of food products and the hygiene and quality standards that must be maintained. Recent literature on operational risk in culinary MSMEs underscores that fluctuating demand, limited shelf life of ingredients, and shifts in consumer preferences are major sources of risk that can trigger waste, rising costs, and declining profitability if not properly managed (Rafnasya et al., 2025). In this context, the owner's decision to consistently maintain food quality and freshness to encourage repeat purchases is in line with empirical findings on the importance of product and service quality as key determinants of customer satisfaction and revisit intention in restaurant settings.

The risk control strategies adopted by Padang Raya Restaurant for operational risk indicate the adaptation of modern management practices within a family business context.

The owner uses simple data-based planning by monitoring daily and weekly sales trends to estimate more accurate production volumes. This approach is consistent with recent research on restaurant supply chains, which stresses the importance of sales recording and demand forecasting to reduce overproduction and waste (Hidayati et al., 2025). In addition, offering discounts on food items that are nearing the end of their freshness period represents a mitigation strategy aimed at minimizing losses from unsold products. This practice is consistent with retail marketing literature that recommends price reductions for products approaching their expiration date as a way to reduce waste without entirely forfeiting potential revenue.

Another important finding is that limited labor at Padang Raya Restaurant is categorized as a medium-level risk, yet still requires close attention. As the business is entirely managed by family members, potential labor shortages during peak hours or specific periods (for instance, during Ramadan at iftar time) may reduce service speed and quality. The service quality literature on restaurants consistently indicates that the dimensions of reliability, responsiveness, assurance, and empathy contribute significantly to customer satisfaction and loyalty. The strategy employed by Padang Raya Restaurant—clearly dividing tasks among family members and hiring additional workers on a temporary basis during periods of high demand—illustrates an adaptive effort to maintain service quality. This aligns with findings from various restaurant studies that recommend enhancing human resource competence and capacity as a form of operational risk control oriented toward service quality and customer satisfaction.

The risk of rising raw material prices at Padang Raya Restaurant is also classified as a medium-level risk, but it has direct implications for cost structure and profit margins. Studies on food price fluctuations and producer price volatility in Indonesia show that instability in the prices of commodities such as rice, chili, shallots, chicken, and eggs is often influenced by fragmented supply chains and limited logistics infrastructure, thereby creating cost uncertainty for downstream businesses, including restaurants (Theresia et al., 2025). In this context, Padang Raya Restaurant's strategy of building long-term relationships with primary suppliers while simultaneously diversifying its supplier base is in line with international research findings showing that supplier relationship management practices can improve operational efficiency and support customer satisfaction in restaurants (Mitchell, 2025). By maintaining relationships with more than one supplier, the owner gains flexibility to choose the most advantageous source of raw materials without compromising product quality.

The competitive risk surrounding Padang Raya Restaurant—given the presence of several other Padang restaurants offering similar products in the vicinity—highlights the importance of differentiation strategies and the creation of quality-based competitive advantage. The strategies adopted by the owner, including maintaining consistency in taste, cleanliness, and presentation, developing best-selling signature dishes, and providing discounts to potential customers, reflect efforts to build a competitive advantage grounded in customer value. Recent research on culinary MSMEs shows that business owners who actively manage competitive risk through menu innovation, enhancement of service quality, and selective promotional programs tend to achieve higher levels of business sustainability and performance (Paeng et al., 2024). These findings are consistent with studies on restaurant service quality and customer loyalty, which demonstrate that a combination of product quality, good service, and a pleasant dining experience can strengthen loyalty and reduce customer sensitivity to the presence of competitors.

The final stage in the risk management cycle is the evaluation of the effectiveness of the implemented control strategies. The findings at Padang Raya Restaurant show that the owner routinely conducts simple yet consistent evaluations by recording daily sales and periodically reviewing raw material costs, service performance, and customer trends. This practice is in line with the monitoring and review principles of the ISO 31000 framework, which emphasize the importance of periodic reassessment to ensure that risk controls remain relevant and effective in light of changing business conditions (Zaman, 2025). Evidence of the success of risk control at Padang Raya Restaurant is reflected in two main indicators: the business's ability to survive for more than 30 years and the existence of plans to expand through the opening of new branches. This is consistent with findings from various studies on risk management in culinary MSMEs, which show that structured risk management practices contribute positively to improved performance and operational sustainability (Paeng et al., 2024). Overall, this discussion confirms that risk management implementation at Padang Raya Restaurant—although still relatively simple and largely experience-based—has encompassed the key theoretical stages of risk identification, analysis, control, and evaluation. The findings of this study strengthen the recent literature on risk management in culinary MSMEs and provide empirical evidence that consistent risk management practices in family businesses can serve as a critical foundation for business sustainability and readiness for expansion in an increasingly competitive environment.

6. Conclusion

Based on the findings of this study at Padang Raya Restaurant, it can be concluded that the owner, Mr. Sidik Utami, has consistently implemented risk management practices in the management of the business. These practices are carried out through four main stages, namely risk identification, risk analysis, formulation of risk control strategies, and evaluation of the effectiveness of those strategies. This process indicates that, although Padang Raya Restaurant is a family-run business managed in a relatively simple manner, it has developed adequate awareness and capacity to manage uncertainties that may potentially disrupt business continuity.

The study further confirms that Padang Raya Restaurant is exposed to several key categories of risk, including operational risk (particularly the uncertainty of daily customer numbers and limited labor), the risk of rising food raw material prices, and competitive risk arising from the presence of similar Padang restaurants in the surrounding area. In response to these risks, the owner has designed and implemented a range of adaptive risk control strategies, such as adjusting production volumes based on sales trends, providing discounts to reduce waste, strengthening collaboration with suppliers, diversifying sources of raw materials, and pursuing quality-based differentiation in terms of taste and service to address competition. The evaluation results indicate that these strategies have been effective, as reflected in the restaurant's ability to generate consistent annual profits and the existence of concrete plans to expand the business through the opening of new branches of Padang Raya Restaurant in other locations. Thus, this study concludes that the structured implementation of risk management, even within the context of a family-owned enterprise, makes a tangible contribution to the sustainability and growth prospects of traditional culinary businesses such as Padang Raya Restaurant.

7. Theoretical and practical implications

This study contributes to the literature on risk management in micro, small, and medium enterprises (MSMEs), particularly in the culinary sector, by providing an in-depth case illustration of how a family-owned restaurant operationalizes the stages of risk management in a real, resource-constrained context. The findings show that the four core stages of risk management—identification, analysis, control, and evaluation—can be implemented in a relatively informal yet systematic manner, relying on experiential knowledge, simple sales records, and relational networks with suppliers and customers. This enriches existing theory by demonstrating that “structured” risk management in MSMEs does not necessarily require sophisticated tools or formalized systems; instead, it can be embedded in everyday managerial routines, such as daily monitoring of sales, intuitive demand forecasting, and ongoing adjustment of production and pricing decisions. The study thus nuances risk management frameworks (such as those inspired by ISO 31000) when applied to micro and family businesses, showing how these frameworks are adapted, simplified, and hybridized with local practices.

Furthermore, the study advances theoretical understanding of business resilience and sustainability in traditional culinary enterprises. It illustrates how risk management practices in a long-established family restaurant function as a micro-level capability that supports both survival and growth (e.g., the ability to operate for more than three decades and to prepare for expansion). By linking operational risk controls (for example, minimizing food waste, maintaining service quality, and managing supplier relationships) to long-term outcomes such as profitability and expansion plans, the case suggests that risk management can be conceptualized as part of the dynamic capabilities of MSMEs—enabling them to sense, interpret, and respond to environmental uncertainty in a gradual but consistent way. This provides a theoretically grounded example of how risk management, quality management, and competitive positioning interact in traditional foodservice businesses, especially in emerging-market urban settings like Medan.

Practically, the findings offer actionable insights for owners and managers of small and family-run restaurants. First, the experience of Padang Raya Restaurant shows that even very small businesses can and should formalize a simple risk management cycle: routinely listing key risks, assessing their likelihood and impact, designing concrete control strategies, and periodically evaluating whether those strategies are effective. In operational terms, this can be done through basic practices such as maintaining daily sales records, using simple demand estimates to determine production volume, offering timely discounts to reduce food waste, and clearly dividing roles among family members or staff. Second, the case highlights the importance of building and maintaining strong relationships with multiple suppliers to manage the risk of fluctuating raw material prices, as well as the need to protect product and service quality as a key weapon in facing intense local competition. Other culinary MSMEs can adopt similar low-cost strategies—data-based production adjustment, supplier diversification, and quality-based differentiation—to improve their resilience and competitiveness.

In addition, the study has implications for policymakers, business support institutions, and financial or training agencies working with MSMEs in the culinary sector. The findings suggest that capacity-building programs should not only focus on generic entrepreneurship and marketing, but also explicitly incorporate practical risk management training tailored to small food businesses. Training modules can, for example, teach simple tools for risk mapping, demand forecasting, cost monitoring, and

evaluation of control measures that are compatible with the realities of family-run enterprises. Local governments and cooperatives can use cases like Padang Raya Restaurant as exemplary models in mentoring programs to show that consistent, structured risk management can be implemented without sophisticated technology or large investments. In the longer term, strengthening risk management literacy among culinary MSMEs has the potential to enhance business continuity, reduce vulnerability to shocks (such as price spikes or demand fluctuations), and support sustainable growth of the local culinary tourism ecosystem.

8. Limitations and suggestions for further research

This study has several limitations that should be acknowledged when interpreting its findings. First, the research adopts a single-case study design focusing solely on Padang Raya Restaurant, a family-owned Padang restaurant in Medan. As such, the results are context-specific and cannot be generalized to all culinary MSMEs, even within the same city or cuisine category. Second, the data are drawn primarily from in-depth interviews with one key informant, namely the owner, without systematic triangulation through additional perspectives (e.g., family members involved in operations, employees, suppliers, or customers). This reliance on self-reported information may introduce subjective bias in the description of risks and the perceived effectiveness of control strategies. Third, the study is cross-sectional in nature and does not capture temporal dynamics in risk exposure and risk management practices, for example across different seasons, economic cycles, or external shocks (such as pandemics or sudden price spikes). Finally, the analysis does not incorporate detailed quantitative performance indicators (e.g., time-series data on profit margins, food waste rates, or customer traffic), which would allow a more robust assessment of the direct impact of risk management on business performance.

In light of these limitations, future research is encouraged to adopt broader and more diverse designs. Comparative multiple-case studies involving several Padang restaurants or other types of culinary MSMEs in different locations would be useful to examine whether the risk patterns and management strategies identified in this study are shared, modified, or contrasted across contexts. Subsequent studies could also employ mixed-methods approaches by combining qualitative interviews with quantitative surveys or financial data analysis, for instance using structured questionnaires to measure perceived risk, risk management practices, and performance outcomes across a larger sample of businesses. In addition, involving multiple stakeholders—owners, workers, suppliers, and customers—would enrich the analysis and reduce single-informant bias. Longitudinal research could further explore how risk management practices evolve over time, particularly in response to external shocks, regulatory changes, or digitalization trends such as online food delivery platforms. Finally, future studies may explicitly apply and test formal frameworks such as ISO 31000 in micro and family business contexts, to evaluate which components are most feasible and impactful, and how they can be adapted to the operational realities of traditional culinary enterprises.

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