**Binus Business Review**, 10(2), July 2019, 139-146
**DOI:** 10.21512/bbr.v10i2.5760

P-ISSN: 2087-1228
E-ISSN: 2476-9053

# Risk Management Framework for Social Enterprise: A Case of Vegetarian Restaurant

**Maitri Purnama Sari[1]; Didi Sundiman[2]**

[1,2]Department of Management, Universitas Universal
Kompleks Maha Vihara Duta Maitreya, Batam 29456, Indonesia
[1]maitripurnamasari27@gmail.com; [2]sundiman.didi@gmail.com

**Received:** 5th July 2019/ **Revised:** 7th August 2019/ **Accepted:**19th August 2019

**How to Cite:** Sari, M. P., & Sundiman, D. (2019). Risk Management Framework for Social Enterprise: A Case of Vegetarian Restaurant. *Binus Business Review, 10*(2), 139-146. https://doi.org/10.21512/bbr.v10i2.5760

## ABSTRACT

The purpose of this research was to find out the risks influenced the field of business for social enterprises, and how these risks affected the aspects of social enterprise. This research used a qualitative research approach. The data analyzed in this research were the results of questionnaires and interviews with 17 informants from the vegetarian restaurants in Batam. The results of the questionnaire were processed using Analytic Hierarchy Process (AHP) as analytical tools. This research used descriptive statistical analysis techniques as a data analysis. The results show that the risks examined in this research influence financial losses, image, growth, and quality of the organization. The intention and behavior risk has the highest effect, while financial risk is the lowest.

**Keywords:** risk management, risk assessment, social enterprise

## INTRODUCTION

Every business activities, organizations, and companies certainly will face risks. A risk is an uncertain event. If it occurs, it will cause positive and negative effects on the sustainability of an organization (Gray & Larson, 2006; Sari & Yuniarti, 2017). The risk that occurs in the rapidly increasing global business environment begins to receive more attention among researchers and practitioners. It can explain the balance between company efficiency and economic risks (Karakaya & Karakaya, 2017). Risk management becomes more complex to be analyzed and more challenging for being managed and optimized in the last few years (Karakaya & Karakaya, 2017). Risks with consequences can affect and harm business activities. Moreover, it can also occur in social entrepreneurship.

Social entrepreneurship can be described as an entrepreneurial activity that uses innovation with risk to generate business profits, especially for society and to create social value (Sengupta & Sahay, 2017; Tan, Williams, & Tan, 2005). Social entrepreneurship can also be defined as a process that involves the use of innovation and combination of resources to pursue opportunities. It is as a catalyst for social change or addressing social needs (Urbano, Ferri, Alvarez, & Noguera, 2017). Social entrepreneurship catalyzes social transformation by solving social problems (Sulphey & Alkahtani, 2017). A concept such as social enterprise, social entrepreneurship, and social entrepreneur are rarely discussed (Defourny & Nyssens, 2010). Social entrepreneurship is increasingly recognized as an element for the economic, social, and environmental contributions to society (Urbano *et al*., 2017).

Social entrepreneurship is an emerging concept and has been progressively applied to solving social problems. In addition, social entrepreneurship creates social and economic value simultaneously and mutually-reinforcing manner. The creation of economic value is seen as important to foster organizational sustainability and enable social enterprises to continue to pursue their mission. The existence of two objectives (social and economic value creation) make social entrepreneurship as an intrinsically hybrid field because it is developed at the intersection of various fields of activity (Bernardino & Santos, 2018).

According to Sulphey and Alkahtani (2017), social entrepreneurship is considered as an important factor of economic security and sustainable development. As a result of the effects of globalization (raising the social and environmental issue,) it makes the researchers and politicians see social entrepreneurs as key to change the situation. It is by offering innovation and entrepreneurial solutions (Urbano *et al*., 2017).

Organizations with concepts and social purpose have existed for many years. Organizations with concepts and social purpose start to receive a lot of attention from several groups such as scholars and government (Urbano *et al*., 2017). A concept such as social enterprise, social entrepreneurship, and social entrepreneur make amazing breakthroughs, especially in European Union countries and United States. These concepts are also attracting attention in other regions such as Latin America and Eastern Asia, especially South Korea, Japan, and Taiwan (Defourny & Nyssens, 2010).

Although the concepts of risk are extensive theoretically, these concepts still have a weak basic grounding in the particular realities of entrepreneurs (Brustbauer, 2016). The initial studies indicate a positive relationship between enterprise risk management adoption and company performance. However, the context of the investigation is mostly confined to the United States (Florio & Leoni, 2017). In addition, many entrepreneurs do not treat uncertainty (related to positive results) as an important factor in risk. Most entrepreneurs do not consider risk as a concept of probability. Although uncertainty is part of the risk factor, the potential level of negative results seems to be more influential (Brustbauer, 2016). Topics regarding social enterprise become interesting because of the lack of research. This study will examine risk in social enterprise. It is because the concept of risk research on social enterprise is still lacking and the concept of social entrepreneurship is getting much attention from the world today.

As a part that cannot be separated from the daily operations of business entities, the risk becomes the main thing that must be considered in making many organizational decisions. Risk arises from the effect of uncertainty on objectives (Da Silva Etges & Cortimiglia, 2019; Soltanizadeh, Abdul Rasid, Mottaghi Golshan, & Wan Ismail, 2016). Therefore, the risk is also part of uncertainty, which has a wider scope (Sari & Yuniarti, 2017). Uncertainty presents risks and opportunities that they have the potential to destroy or add value (Teberga, Oliva, & Kotabe, 2018). Organizations need to know and identify dangerous risks to prevent and reduce it. One of the ways to prevent and reduce the possibility of risk is by using risk management.

Risk management is an important topic in management in research and practice (Bormiley & Rau, 2016; Bogodistov & Wohlgemuth, 2017). Risk management can be defined as the process of identifying, analyzing, and mitigating (alleviating or reducing) uncertainty in investment decision making (Wu, Chen, & Olson, 2014). According to Bogodistov and Wohlgemuth (2017), risk management is the firm's processes to cope with risks to minimize the volatility of returns. It ensures the firm's survival. Risk management is about managing uncertainties associated with threats (Wu, Chen, & Olson, 2014). Risk management has many types of application fields. One of the risk management is Enterprise Risk Management (ERM).

ERM is a systematic and integrated approach to the total risk management faced by the company (Dickinson, 2001). ERM is a holistic approach to risk management (Berry-Stolzle & Xu, 2018; Kurniawan & Wibowo, 2017). ERM has emerged as a framework for more holistic and integrated risk management with an emphasis on enhanced governance of the risk management system (Lundqvist & Vilhelmsson, 2018). Moreover, ERM has become increasingly relevant in recent years, especially due to the increase in complexity of risks and the further development of regulatory frameworks (Lechner & Gatzert, 2018). An organization using ERM notes the benefits of improving information efficiency and better strategic positioning (Brustbauer, 2016). Similarly, there is a positive relationship between ERM and the firms' competitive advantage (Saeidi *et al*., 2019). According to Karakaya and Karakaya (2017), there are eight types of risks. Those are financial risk, other associations risk, own associations risk, student risk, executive staff risk, activity risk, political risk, intentional, and behaviour risk.

This study uses four types of risks to examine its influence on social enterprise. First, financial risk is the economic crisis and rising raw material prices. Second, executive staff risk refers to the excessive employee workload and lack of good communication. Third, activity risk includes the atmosphere and location of organizational activities. Fourth, intention and behavior risk is the existence of a vision and mission in the organization. It can also refer to employees' understanding of the vision and mission of the organization.

Related research to entrepreneurship continues to grow in many business studies. According to Sundiman, Wu, Mursidi, Johan, and Indahingwati (2019), several studies state the importance of Small and Medium Enterprises (SMEs), especially in developing countries. Many researchers reveal SMEs as one of the main economic strengths in a country. In the Asian region, especially in developing countries such as Indonesia, India, China, and others shows that SME has become the main foundation of their economic strength

The famous 19th-century economist, Jean Baptiste Say, says that entrepreneur is the one who creates value by shifting resources for higher productivity (Sengupta & Sahay, 2017). Based on Brustbauer (2016), entrepreneurs are briefly described as risk-takers and business owners. They regulate, manage, make final decisions, and bear the risks of business ventures. One of the entrepreneurs that will be examined in this study is the social entrepreneur. Social entrepreneur is community-based and with a dual mission to fulfill social and economic goals (Sengupta & Sahay, 2017). They are benevolent business people and deeply motivated by a desire to help others (Sulphey & Alkahtani, 2017).

Based on the mentioned theory, the researchers have two purposes in this research. First, the researchers want to find out which one of the risks influences the field of business for social enterprises. Second, it is to find out how these risks affect the aspects of social enterprise.

# METHODS

The object of research used as a data source in this study is a social enterprise business in the culinary field. It is in the form of vegetarian (plant-based materials) restaurants in Batam. Vegetarian restaurant as social entrepreneurship is a precarious activity that must always strike a delicate balance between commercial principles and social concerns (Lamy, 2019). Data collection in this study is the purposive sampling method. The respondents are managers, representative manager, or owner of vegetarian restaurants in Batam. The number of respondents is 17. It consists of 8 male and 9 female managers or owners. About 9 respondents are under 35 years old. Then, 8 people are 35 years old or over. The respondents' education level is dominated by junior and senior high school (14 respondents).

This research uses primary data and secondary data. Primary data are obtained directly from the source data. Primary data in this study are interviews and questionnaires conducted at several vegetarian restaurants in Batam City. Meanwhile, the secondary data are obtained from the source indirectly. Secondary data are found through the Internet, websites, and previous research articles.

This study uses analytical tools to help to measure the influence of the risk from questionnaire results. The analytical tool used is Analytic Hierarchy Process (AHP). It is one of the risk measurement models and decision-making developed by Thomas L. Saaty (Karakaya & Karakaya, 2017; Saragih, 2013). AHP method is used to calculate the value of the risk to determine the amount of risk efficiently. Risks that will be examined in this study will be given a scale using the scale of importance.

The scale of importance is a scale that will show the value of the importance or influence of risk. Then, the researchers compare the scale value between risk x and risk y (Karakaya & Karakaya, 2017; Saragih, 2013). To understand the scale of importance better, the researchers present it in Table 1.

After each risk gets its value scale, these data will be processed using AHP. Before the data are processed by AHP method, it will be divided and grouped into four criteria. AHP method consists of three phases. First, it is risk comparison. In this phase, a pairwise comparison matrix is made. Each column and row matrix represents a risk that has been set. Each matrix is labeled or named according to the type of data in the evaluation criteria. The risk that has previously been scaled to the value of the criteria is included in the matrix created and divided by each risk. The result of dividing one risk with other risks is the value of the risk comparison with the criteria evaluated.

Table 1 Scale of Importance

| **Intensity of Importance** | | **Definition** |
|---|---|---|
| 1 | Equal Importance | Both elements are equally important |
| 3 | Moderate Importance | One element is a little more important than the other elements |
| 5 | Strong Importance | One element is more important than the other elements |
| 7 | Very Strong Importance | One element is clearly more important than the other elements |
| 9 | Extreme Importance | One element is absolutely important than the other elements |
| 2, 4, 6, 8 | Intermediate Value | The two values are adjacent considerations |

Second, it is building normalization. This phase includes mathematical calculations to determine the relative weight values of the decision criteria. To normalize the criteria, each comparison value is divided by the summation in the evaluation criteria column. Once it is divided by the summation in the evaluation criteria column, risk criteria in the row matrix are added in total. Then, it is divided by the number of identified risks to produce an average of each risk. The average obtained is the relative weight of each risk.

Third, it is the determination of risk ranking. In this phase, all values are calculated from each risk factor depending on the evaluated criteria. To determine the most important type of risk, the researchers sum the result of each risk normalization in each type of pairwise comparison matrix. After all types of risks are added to each criterion evaluated, it can be seen the percentage from the biggest impact of risk to the smallest impact. After that, the risk ranking can be made and compiled for the organization.

# RESULTS AND DISCUSSIONS

The first step in analyzing the data is through a phase of risk comparison. In this phase, a pairwise comparison matrix is made in which each column and row matrix represents a risk that has been set.

The risk that has been scaled to the evaluation criteria is included in the matrix made and divided by each risk. The result of dividing one risk to another risk is the value of the risk comparison against the criteria evaluated. Research data in this study are. Each data set is prepared for each risk comparison. Thus, there are 17 data sets of risk comparisons in this study.

In the risk comparison phase, Tables 2−5 show the comparison between one risk and another risk. For example, executive staff risk with the value of 7 is very strong importance, and financial risk with a value of 5 is strong importance. Then, the comparison of executive staff risk and financial risk is 7/5 = 1,4. Tables 2−5 show one set of risk comparison data from informant 01 with Financial Risk (Fin), Executive Staff Risk (Exe), Activity Risk (Act), Intention and Behavior Risk (Intent) data.

Table 2 Risk Comparison of Financial Losses Aspects from Respondent 01

| Financial Losses | Fin | Exe | Act | Intent |
|---|---|---|---|---|
| Fin | 1,00 | 0,71 | 0,63 | 0,63 |
| Exe | 1,40 | 1,00 | 0,88 | 0,88 |
| Act | 1,60 | 1,14 | 1,00 | 1,00 |
| Intent | 1,60 | 1,14 | 1,00 | 1,00 |
| Total | 5,60 | 4,00 | 3,50 | 3,50 |

Table 3 Risk Comparison of Image Aspects from Respondent 01

| Image | Fin | Exe | Act | Intent |
|---|---|---|---|---|
| Fin | 1,00 | 0,43 | 0,38 | 0,33 |
| Exe | 2,33 | 1,00 | 0,88 | 0,78 |
| Act | 2,67 | 1,14 | 1,00 | 0,89 |
| Intent | 3,00 | 1,29 | 1,13 | 1,00 |
| Total | 9,00 | 3,86 | 3,38 | 3,00 |

Table 4 Risk Comparison of Growth Aspects from Respondent 01

| Growth | Fin | Exe | Act | Intent |
|---|---|---|---|---|
| Fin | 1,00 | 0,56 | 0,63 | 0,63 |
| Exe | 1,80 | 1,00 | 1,13 | 1,13 |
| Act | 1,60 | 0,89 | 1,00 | 1,00 |
| Intent | 1,60 | 0,89 | 1,00 | 1,00 |
| Total | 6,00 | 3,33 | 3,75 | 3,75 |

The second phase is the building normalization phase. Normalization can be performed after risk comparison results are completed. This phase includes mathematical calculations to determine the relative weight values of the decisions criteria. To normalize the criteria, each comparison value is divided by the summation in the evaluation criteria column. Once it is divided by the summation in the evaluation criteria column, risk criteria in the row matrix are summed in total and divided by the number of identified risks. It is to produce an average of each type of risk being studied. The average yield obtained is the relative weight of each risk. This relative weight will be used in the next phase to determine risk ranking for 1 set data. Similar to the first phase, there are 17 sets of normalized data in this study. Tables 6−9 will show one set of normalized data informant 01 for Financial Risk (Fin), Executive Staff Risk (Exe), Activity Risk (Act), Intention and Behaviour Risk (Intent) data.

Table 5 Risk Comparison of Quality of Organization Aspects from Respondent 01

| Quality of Organization | Fin | Exe | Act | Intent |
|---|---|---|---|---|
| Fin | 1,00 | 1,00 | 1,00 | 0,56 |
| Exe | 1,00 | 1,00 | 1,00 | 0,56 |
| Act | 1,00 | 1,00 | 1,00 | 0,56 |
| Intent | 1,80 | 1,80 | 1,80 | 1,00 |
| Total | 4,80 | 4,80 | 4,80 | 2,67 |

Table 6 Normalization on Financial Losses (FL) Aspect from Respondent 01

| FL | Fin | Exe | Act | Intent | Sum | Ave |
|---|---|---|---|---|---|---|
| Fin | 0,18 | 0,18 | 0,18 | 0,18 | 0,71 | 0,18 |
| Exe | 0,25 | 0,25 | 0,25 | 0,25 | 1,00 | 0,25 |
| Act | 0,29 | 0,29 | 0,29 | 0,29 | 1,14 | 0,29 |
| Intent | 0,29 | 0,29 | 0,29 | 0,29 | 1,14 | 0,29 |

Table 7 Normalization on Image (Im) Aspect from Respondent 01

| Im | Fin | Exe | Act | Intent | Sum | Ave |
|---|---|---|---|---|---|---|
| Fin | 0,11 | 0,11 | 0,11 | 0,11 | 0,44 | 0,11 |
| Exe | 0,26 | 0,26 | 0,26 | 0,26 | 1,04 | 0,26 |
| Act | 0,30 | 0,30 | 0,30 | 0,30 | 1,19 | 0,30 |
| Intent | 0,33 | 0,33 | 0,33 | 0,33 | 1,33 | 0,33 |

Table 8 Normalization on Growth (Gr) Aspect from Respondent 01

| Gr | Fin | Exe | Act | Intent | Sum | Ave |
|---|---|---|---|---|---|---|
| Fin | 0,17 | 0,17 | 0,17 | 0,17 | 0,67 | 0,17 |
| Exe | 0,30 | 0,30 | 0,30 | 0,30 | 1,20 | 0,30 |
| Act | 0,27 | 0,27 | 0,27 | 0,27 | 1,07 | 0,27 |
| Intent | 0,27 | 0,27 | 0,27 | 0,27 | 1,07 | 0,27 |

Table 9 Normalization on Quality of Organization (QO) Aspect from Respondent 01

| QO | Fin | Exe | Act | Intent | Sum | Ave |
|---|---|---|---|---|---|---|
| Fin | 0,21 | 0,21 | 0,21 | 0,21 | 0,83 | 0,21 |
| Exe | 0,21 | 0,21 | 0,21 | 0,21 | 0,83 | 0,21 |
| Act | 0,21 | 0,21 | 0,21 | 0,21 | 0,83 | 0,21 |
| Intent | 0,38 | 0,38 | 0,38 | 0,38 | 1,50 | 0,38 |

Next phase is the determination of risk ranking perception. In this phase, all values are calculated from each risk factor, depending on evaluated criteria. To determine the most important type of risk, the researchers assume the result of each risk normalization in each pairwise comparison matrix is with the evaluation criteria. Those are financial losses (FL), image (Im), growth (Gr), and quality of organization (QO).

After all types of risks are added to each criterion evaluated, it can be seen the percentage from the greatest impact of risk to the smallest impact. The risk types are financial risk (Fin), executive staff risk (Exe), activity risk (Act), and intention and behavior risk (Intent). Table 10 shows one set of determining risk rank from respondent 01. Table 10 shows that average priority on Informant 01 data. First, for intention and behavior risk, it has 126% of the impact. Second, activity risk has 106% of the impact. Third, executive staff risk and financial risk have 102% and 66% of impact respectively.

Table 10 Risk Rank from Respondent 01

| QO | Fin | Exe | Act | Intent | Sum | Ave |
|---|---|---|---|---|---|---|
| Fin | 0,21 | 0,21 | 0,21 | 0,21 | 0,83 | 0,21 |
| Exe | 0,21 | 0,21 | 0,21 | 0,21 | 0,83 | 0,21 |
| Act | 0,21 | 0,21 | 0,21 | 0,21 | 0,83 | 0,21 |
| Intent | 0,38 | 0,38 | 0,38 | 0,38 | 1,50 | 0,38 |

Table 11 Risk Ranking Average from 17 Informants

| AVE | FL (%) | Im (%) | Gr (%) | QO (%) | Σ | Priority |
|---|---|---|---|---|---|---|
| Intent | 29 | 27 | 28 | 29 | 114 | 1 |
| Act | 25 | 27 | 25 | 25 | 103 | 2 |
| Exe | 22 | 24 | 24 | 25 | 95 | 3 |
| Fin | 23 | 21 | 23 | 21 | 88 | 4 |

Table 11 presents the average risk rank of 17 data. The results of the total effect of risk on four aspects in 17 average data show the influence of different risks. Financial risk has a risk impact of 88%. It ranks fourth out of four types of risk. Financial risk influences most in financial losses and growth up to 23% for each. This shows that if the financial risk occurs, it will influence 23% on financial losses and 23% on financial growth.

The results of interviews suggest that when one of financial risk occurs (economic crisis and increasing the price of goods), it causes consumers' purchasing power to decrease and reduce. When it occurs, restaurants growth will be hampered too. Furthermore, at the same time, when the consumers are decreasing, restaurants still pay fixed cost such as electricity and water bills, salary, and rent. This results in a decrease in the restaurant's income. Thus, its growth will be slow.

However, financial risk is not the most important risk to be focused on. It is not the biggest threat to restaurants in this research. According to the respondents, foods are the primary needs for human. This indicates that consumers will always need food even though their purchasing power is decreasing in some occasions. Therefore, restaurants should not too concern about the impact of financial risk compared to other risks in this study. Restaurant's income will probably decrease a lot (plus some fixed cost need to be paid), but some consumers will still come (although the frequency of visits and consumer orders are reduced) that makes a restaurant unlikely go bankrupt.

Creating innovation is one of the ways to survive in the business world. Companies that are far behind in competing other companies are lagging in terms of innovation (Rumiyati & Sundiman, 2017). Therefore, innovation is something that needs to be done so a company can move forward without lagging behind the competitors. One of the respondents in this study also gives the same opinion in terms of innovation. According to respondents in this study, when the financial risk occurs, the restaurant can innovate by creating and adding new menus. This can help restaurants to attract attention and curiosity of the consumers to visit a restaurant.

Second, the executive staff risk has the risk impact of 95%. It ranks third out of four risks. It affects four aspects of business in social enterprise. Executive staff risk influences most in quality of organization (25%). This shows that if executive staff risk occurs, it will influence 25% on the quality of an organization.

Based on one of the respondents, three aspects determine restaurant quality standards. Those are the taste of food, speed of service, and cleanliness. The respondents explain that those factors are carried out by employees. Therefore, the work performed by employees will greatly affect the restaurant. Hence, employees become valuable asset for restaurants. They also mention that troubled employees, such as employees who do not focus and care about the surrounding environment, can cause problems for the restaurant. In addition, if there are conflicts between the employees, this can cause an uncomfortable atmosphere for the restaurant.

The excessive workload must be noticed as well. The results of interviews suggest that if employees get excessive workloads, it possibly can affect the decline in employees' performance. Then, the quality of restaurants can also be affected and decreased. The quality of restaurants can be judged from good performance. Declining in the performance can cause a decreasing quality of restaurants. Therefore, the restaurant needs to ensure that the employees' performance remains good and in prime condition.

Then, restaurants growth can be disturbed if employees' performance decreases. Employees help in running the restaurant as the accomplice of a restaurant. A declining in the performance will absolutely impact restaurants' growth. Without working with full performance, restaurants' growth will be slow. Next, the image of restaurants becomes bad. Good and sincere services must be provided by the restaurants to comfort the consumers. When employees do not focus or care, it will affect the impressions and images that consumers see about the restaurant. Consumers can misunderstand the small things that are accidentally done by employees. For example, when employees rush to close the door, it seems like they slam the door. Consumers may see this as a bad and disrespectful manner. Although it is an accident, this accident can cause bad image of the restaurant.

In addition, the declining in serving can cause consumers to wait too long. They can be annoyed. Thus, the restaurant image will be bad. Then, the restaurant income will also decrease. As an illustration, the restaurants spend the same expenses every day. The employees who can usually complete 20 jobs can only complete 10 jobs when performance is declining. Even though the restaurant pays the same salary every month, the restaurant will not get maximum results from employees who are not performing well.

According to Sundiman (2017), companies need to motivate and encourage employees by giving awards. The employees must also share information and conduct discussions about difficulties and new things. All employees must understand their position, role, and function in work well to maintain the best quality. The same thing can also be done by the restaurant to minimize an unwanted risk.

Third, activity risk has a risk impact of 103%. It ranks second out of four risks Activity risk influences most in the image (27%). This shows that if executive staff risk occurs, it will influence 27% on the image.

Interview results mention that a good location of restaurants can also affect the increasing frequency of consumers. Therefore, daily income will increase. Opening vegetarian restaurants in the area of vegetarians or crowded area is one of the right location strategies to attract consumers and increase the restaurant's income. One of the bad location strategies is placing the restaurant with limited parking area. It causes bad image and declining income.

Restaurant activities such as ordering speed, good service, and cleanliness can determine consumers' visit frequency. Restaurants image will be good if consumers feel comfortable and happy with the environment of the restaurants. For example, a road construction project in front of a restaurant makes consumers feel uncomfortable because the restaurant seems to be dirty and have dust. The impression of the consumers will be told to other people. Then, it can affect the image of the restaurant. This is the word of mouth of consumers that cannot be controlled by the restaurant. Word of mouth can be a help or a threat to restaurants depending on what information is spread among consumers.

Furthermore, the respondents also agree that the existence of social media also supports the image. Dissemination of information about restaurants spreads faster with social media than conventional methods. The use of social media is supported and recommended by the respondents in this study.

Last, intention and behavior risk has a risk impact of 114%. It has the biggest impact out of four risks. Intention and behavior risk influences most in financial losses and quality of organization (29%) for each. This shows that if the financial risk occurs, it will influence 29% on financial losses and quality of the organization.

Interview results mention that the purpose of opening a vegetarian restaurant is to introduce the community about vegetarianism. It also spreads the culture of vegetarianism to reduce global warming and sustainability of the earth. Thus, fellow beings can love one another. The introduction of a vegetarian to the public is expected to increase vegetarian interest. In addition, the increase in vegetarian interest is ultimately expected to increase consumers' frequency to come to the restaurants.

The hopes of the respondents in this study make social enterprises have a special vision and mission. Having missions and visions can show directions. Therefore, a social enterprise can survive and thrive in an increasingly tight and growing business environment. Without having a clear mission and vision, a social enterprise is likely looking only for profit without paying attention to attitudes and behaviors. Having vision and mission will greatly affect the sustainability of social enterprises.

This study gives different results from Karakaya and Karakaya (2017). They showed that financial risk had the greatest influence on aspects of non-profit organizations. However, this study finds that the intention and behavior risk has the highest effect, while the financial risk is the lowest. The respondents also state that the employee's comprehensions about the social enterprises' vision and mission are very important. It can determine the quality, financial losses, growth, and image of social enterprises. Without understanding the mission and visions of the social enterprises, employees will likely only work to earn money for their purposes (although basically, most employees work to earn money). The employees can truly feel like part of the social enterprises. They will work with maximum performance, which can improve the quality of social enterprises. In addition, the performance of employees can also increase growth and the image of social enterprises to be better.

## CONCLUSIONS

The risk examined in this study (financial risk, executive staff risk, activity risk, and intention and behavior risk) influences four aspects in this study (financial losses, image, growth, and quality of organization). Each risk is important, but there still will be risks with a higher priority in the respondents' perception. The effect of overall risks on the four aspects shows that the effect of financial risk has the smallest effect. Meanwhile, intention and behavior risk has the highest effect.

The most affected aspects from intention and behavior risk are financial losses and quality of the organization. On the other hands, the image is the most affected aspect of activity risk. Then, the most affected aspects of executive staff risk are the quality of the organization. Last, financial losses and growth are the most affected aspects of financial risk.

This research has several limitations, such as the scope of the research area and the type of social enterprise used. Moreover, the aspects of the risk can be developed more broadly and deeper. The limitations of this research can be used as future research. It can further provide a comprehensive discussion of how risk management run in social enterprise to support organizational performance improvement.

## REFERENCES


Bernardino, S., & Santos, J. F. (2018). Perception of feasibility and social new ventures success: An exploratory study. *International Journal of Advances in Management, Economics and Entrepreneurship, 5*(06), 1-8.

Berry-Stolzle, T. R., & Xu, J. (2018). Enterprise risk management and the cost of capital. *Journal of Risk and Insurance, 85*(1), 159-201. https://doi.org/10.1111/jori.12152

Bogodistov, Y., & Wohlgemuth, V. (2017). Enterprise risk management: A capability-based perspective. *The Journal of Risk Finance, 18*(3), 234-251. https://doi.org/10.1108/JRF-10-2016-0131

Bormiley, P., & Rau, D. (2016). *A better way of managing major risks.* Retrieved from https://commons.lib.niu.edu/bitstream/handle/10843/16860/Rau%20A%20better%20way%20of%20managing%20strategic%20risks.pdf?sequence=1&isAllowed=y

Brustbauer, J. (2016). Enterprise risk management in SMEs: Towards a structural model. *International Small Business Journal: Researching Entrepreneurship, 34*(1), 70-85. https://doi.org/10.1177/0266242614542853

Da Silva Etges, A. P. B., & Cortimiglia, M. N. (2019). A systematic review of risk management in innovation-oriented firms. *Journal of Risk Research, 22*(3), 364-381. https://doi.org/10.1080/13669877.2017.1382558

Defourny, J., & Nyssens, M. (2010). Conceptions of social enterprise and social entrepreneurship in Europe and the United States: Convergences and divergences. *Journal of Social Entrepreneurship, 1*(1), 32-53. https://doi.org/10.1080/19420670903442053

Dickinson, G. (2001). Enterprise risk management: Its origins and conceptual foundation. *The Geneva Papers on Risk and Insurance. Issues and Practice, 26*(3), 360-366.

Florio, C., & Leoni, G. (2017). Enterprise risk management and firm performance: The Italian case. *The British Accounting Review, 49*(1), 56-74. https://doi.org/10.1016/j.bar.2016.08.003

Gray, C. F., & Larson, E. W. (2006). *Project management: The managerial process*. Boston: McGraw Hill/ Irwin.

Karakaya, E., & Karakaya, G. (2017). Developing a risk management framework and risk assessment for non-profit organizations: A case study. In H. Dinçer & Ü. Hacioğlu (Eds.), *Risk management, strategic thinking and leadership in the financial services industry: A proactive approach to strategic thinking* (pp. 297-308).

Kurniawan, A., & Wibowo, A. (2017). Maturitas enterprise risk management kontraktor besar di Indonesia dan faktor-faktor yang memengaruhinya. *Jurnal Teknik Sipil, 24*(3), 257-268. https://doi.org/10.5614/jts.2017.24.3.9

Lamy, E. (2019). How to make social entrepreneurship sustainable? A diagnosis and a few elements of a response. *Journal of Business Ethics, 155*(3), 645-662.

Lechner, P., & Gatzert, N. (2018). Determinants and value of enterprise risk management: Empirical evidence from Germany. *The European Journal of Finance, 24*(10), 867-887. https://doi.org/10.1080/1351847X.2017.1347100

Lundqvist, S. A., & Vilhelmsson, A. (2018). Enterprise risk management and default risk: Evidence from the banking industry. *The Journal of Risk and Insurance, 85*(1), 127-157. https://doi.org/10.1111/jori.12151

Rumiyati, & Sundiman, D. (2017). Peran manajemen pengetahuan pada kapasitas inovasi Usaha Kecil dan Menengah (UKM) (Studi pada UKM di Kota Sampit). *Profit (Jurnal Penerapan Ilmu Manajemen dan Kewirausahaan), 2*(2), 136-148.

Saeidi, P., Saeidi, S. P., Sofian, S., Saeidi, S. P., Nilashi, M., & Mardani, A. (2019). The impact of enterprise risk management on competitive advantage by moderating role of information technology. *Computer Standards & Interfaces, 63*(March), 67-82. https://doi.org/10.1016/j.csi.2018.11.009

Saragih, S. H. (2013). Penerapan metode Analytical Hierarchy Process (AHP) pada sistem pendukung keputusan pemilihan laptop. *Pelita Informatika Budi Darma, IV*(2), 82-88.

Sari, R. A., & Yuniarti, R. (2017). Analisa manajemen risiko pada industri kecil rotan di Kota Malang. *Journal of Industrial Engineering Management, 2*(2), 40-47. http://dx.doi.org/10.33536/jiem.v2i2.151

Sengupta, S., & Sahay, A. (2017). Social entrepreneurship research in Asia-Pacific: Perspectives and opportunities. *Social Enterprise Journal, 13*(1), 17-37. https://doi.org/10.1108/SEJ-11-2016-0050

Soltanizadeh, S., Abdul Rasid, S. Z., Mottaghi Golshan, N., & Wan Ismail, W. K. (2016). Business strategy, enterprise risk management and organizational performance. *Management Research Review, 39*(9), 1016-1033.

Sulphey, M. M., & Alkahtani, N. S. (2017). Economic security and sustainability through social entrepreneurship: The current Saudi scenario. *Journal of Security and Sustainability Issues, 6*(3), 479-490. https://doi.org/10.9770/jssi.2017.6.3(12)

Sundiman, D. (2017). Human resource management in the enhancement processes of knowledge management. *Binus Business Review, 8*(3), 167-173. https://doi.org/10.21512/bbr.v8i3.3708

Sundiman, D., Wu, C. H., Mursidi, A., Johan, S. B. P., & Indahingwati, A. (2019). Knowledge management key factors: An empirical research on small and medium-sized enterprises in Indonesia. *International Journal of Business and Systems Research, 13*(2), 139-161. https://doi.org/10.1504/IJBSR.2019.098650

Tan, W. L., Williams, J., & Tan, T. M. (2005). Defining the 'social' in 'social entrepreneurship': Altruism and entrepreneurship. *The International Entrepreneurship and Management Journal, 1*(3), 353-365. https://doi.org/10.1007/s11365-005-2600-x

Teberga, P. M. F., Oliva, F. L., & Kotabe, M. (2018). Risk analysis in introduction of new technologies by start-ups in the Brazilian market. *Management Decision, 56*(1), 64-86. https://doi.org/10.1108/MD-04-2017-0337

Urbano, D., Ferri, E., Alvarez, C., & Noguera, M. (2017). Social entrepreneurship and institutional conditions: An empirical analysis in Spain. In M. Peris-Ortiz, F. Teulon, & D. Bonet-Fernandez (Eds.), *Social entrepreneurship in non-profit and profit sectors* (pp. 53-64). Cham: Springer.

Wu, D. D., Chen, S. H., & Olson, D. L. (2014). Business intelligence in risk management: Some recent progresses. *Information Sciences, 256*(January), 1-7. https://doi.org/10.1016/j.ins.2013.10.008