

Employee Readiness and Implementation of Risk Management in the Work Rule Changes / Standard Operation Procedure and Its Effect on Performance

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ABSTRACT

The purpose of this research is to understand the effect of employee readiness and Risk Management Implementation at pharmacy company Group in facing SOP/work rules changes and its effect to the performances. This research is a quantitative research that using survey method conducted to the Personnel that implementing Risk Management at entities in Pharma Company Group. Sample taken as a Purposive - Non probability Sampling. Research result shows that there is no significant influence between employees readiness with SOP/work rules changes. Risk Management Implementation will give a significant affect to SOP/Work rules changes. Employee readiness and risk management implementation simultaneously give a significant affect to SOP/ Work rules changes. SOP/ Work rules changes will give a significant affect to performances.

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1. INTRODUCTION

Nowadays changes is happening fast, so if company start doing improvement or developing when the change is already occur than company will find difficulties to be able to face industry competition. According to previous studies by George Matthew, Sulphey M.M., Rajasekar S. in the journal of Organizational Performance and readiness for change in public sector undertakings stated that organizations need to adapt to changes as a part of competition, technology, innovation, international integration and many others [1][2]. Risk Management is a tools that commonly used in banking industry to analyze risk and it just recently known in Indonesia for Non-Banking industry[16]. The implementation of Risk Management become an important factor to build company resistances and resiliency. In the Risk Management process, we are expected to identified the possible problem that may occur and the impact to the company, especially in the process to achieve company objectives. More further, Risk Management also enables company to identified the opportunities that available, that will make company is one step ahead from the competitor[5] [9].

In many cases, Management are not realizing that there is a potential risk or deficiencies because already accustomed to the environment and condition, so even there is a problem, management will assume and do business as usual[17]. There is always a possibilities that risk may occur and if the occurence is within the measured frequencies and repeated, it become a sign that some problem will arise in the current process [3].

Implementing Risk Management means doing Change Management and by doing this means we applied a transformation in two landscape that are the transformation in Organization landscape and to Individuals in the Organization (Susilo and Kaho, 2010 : 26[6]). This transformation is needed to align with company appetite to obtain one of the advantages in implementing Risk Management especially the improvement in operational effectivity and efficiency (Susilo and Kaho, 2010: 2) [6].

Based on previous studies on ERM by Mirna Jabour on the journal of Enterprise Risk Management and changes in Organizational Structure and Roles and Responsibilities of Senior Management – A Case study of a Non Life Insurance Company, state that ERM will initiate transformation in the organization[8]. That means to implement Risk Management, company have to be ready in making changes, especially in the business process. Changes in the business process will make functions to coordinate better with other function to assure process improvement, so the risk will be mitigated properly. With proper coordination, company performance is expected to be increased[12].

Company approach in the implementation of Risk Management on current condition is business process approach. Business process that is used is business process mapping that is currently available in the entities, which is available to the working instruction level[4].

In Risk Management, working instruction is a group of activity and control that is management set to be applied on business procedures to face the possible risk available, so by implementing risk management, we can identified if all risk already been managed properly and/or in other ways to detect if there is control that is not giving any value addition, but still be performed because it is stated in the working instruction[17].

Therefore, a transformation is needed and in the implementation there is factors that is affecting the succession of the implementation in the company. Based on the statement that ERM is a change management in two landscapes either the organization level and the individual, so the research will be focusing on the individu landscape that will be represent by the employee readiness[14].

Align with Prof. Dr. Wibowo, S.E., M.Phil (2012:367) statement, that transformation must be initiated by prepares all human resources to accepting the transformation, because the essences of transformation is human as the subject and also the objects, and also human has a resistency in facing transformation[11]. Therefore, transformation in the human resources needs to be started by disbursing the old behaviour that have a tendency to retain the status quo, to be changed into willingness to accept new mindset that will become more dynamic[16].

Based on previous studies by Mansoor Hussain, Muhammad Saleh, Sajjad Akbar, dan Zeb Jan in their journal “Factors Affecting Readiness for Business Process Reengineering Developing and Proposing a Conceptual Model”, stated that lack of readiness in the main factor that will affect the high level failure off [7] Business Transformation. In the context of this research is in the form of working instruction.

The formulation of this research is how the readiness of employees and the implementation of Risk management will influence the changes in working instruction that will affect employee performance in the end. The benefit of this research will be input to the management of Pharmaceutical Company Group, about if the employee is ready in facing the business process/working instruction changes that is affected by implementing risk management and the affect to company and employee performances and also it benefits. With this the implementation of Risk management will be seen as benefit if it’s implementation in holistic and not only as a regulation requirement as been stated by Mirna Jabour in the Journal “Enterprise Risk Management and changes in Organizational Structure and Roles and Responsibilities of Senior Management – A Case study of a Non Life Insurance Company” [8].

2. METHOD

2.1 Research Types

This research is using Linier Quantitative research types, with clear steps, start from problem formulations, research objectives, theory based, Hypothesis, research method used, collecting data techniques, data analysis, drawing conclusions, and give an advice from the researcher (Rosady Ruslan, 2010: 253) [15]. This research is using survey method, is a method in collecting data by asking a question / statement to the respondent in writing/ verbally by the researcher (Anwar Sanusi, 2013:105) [1].

This research will be done to test the relation between variables in the studies, one variable to others. The variables are contain of an independent variables (X1 = employee readiness and X2 = Risk Management Implementation), intervening variable (Z = working instruction/SOP transformation) and dependent variable (Y = performance improvement).

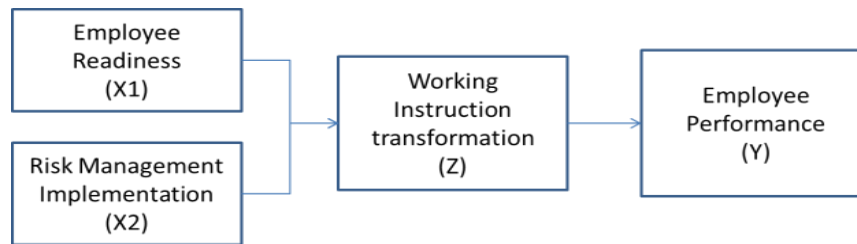


Figure 1. Conceptual Framework

2.2 Research Areas

Research is going to be done in a few entities in a Pharmaceutical Company Group that already implementing Risk Management. The entities are located in Greater Jakarta, mostly in the center of Jakarta and in the East Jakarta. The respondent will be limited from the 9 (nine) entities inside the Group that already implement the Risk Management.

2.3 Research Periods and Objectives

Research is done for the entities that already implement more than 1 year implementation periods. For the data collection period is around August 2020. Questionnaire will be distributed to all PIC of the implementation in each entities and to some of process owner that is involved in implementing risk management in their entities.

2.4 Preliminary Testing

1. Sample Collection Techniques

The techniques used to take the sample is Nonprobability sampling is the techniques that not giving the same opportunities to all aspect/member of the population to be chosen to be a sample[10]. The type of Nonprobability Sampling that will be used is a Purposive Sampling, is a sampling choosing techniques with taking into consideration in choosing a group of subject based on special condition that has strong relation to the population that is picked before. In other words the sample unit picked is adjusted to specific criteria that is align with the research objectives. For this research, sample taken is the sample from the division in the entities that already implement the Risk Management.

2. Collecting Data Method

Collecting data will be done using a questionnaires, is the method of collecting data by giving a set of written question to a respondent to be answered. Questionnaire will be composed by question regarding the impact of employee readiness in facing working instruction/SOP transformation related to the implementation of Risk Management and its effect to employee performances.

3. Data Source

Data source to be used is primary data, is the data that is obtain from the original source or the first hand. This kind of data must be search from sources or in the technically known as the respondent, is the person that we used as research object or person that can be used to gather information or data. In this research, the data will be obtained from the result of questionnaire distributed. Other sources of data is from secondary data, is the data that is indirectly give the data to the researcher. Secondary data is a data that will support primary data, such as books, literatures, and other text related. In this research we will also using data obtained from books or text and also journals and the internet data.

4. Data Analysis Techniques

For analyzing the data, we used quantitative method using statistic and descriptive, which is mean analyze the data by describing or portraying the collected data as it is without any meaning to take any conclusion in general or generalization[13].

5. Population and Sample

This research is taking a sample from a population. Population is the overall research object. The Population is 60 people, but the sample we take for research is only a part of the population, that are 35 respondents.

3. RESULTS AND DISCUSSION

Based from questionnaire data processing result regarding the implementation of risk management and employee readiness that will affect working instruction transformation so can increased the performance, the T test result show that employee readiness is not significantly affect to working instruction transformation, but it is on the opposite affect for implementing the risk management. Even though that change management stated that Human Resources is the subject as well as object of changes and also have a resistance to transformation, so the readiness is important to ensure a smooth and clear transformation. But as we can see if employee readiness is also influence by other factor that igniting transformation than it will make employee readiness also affect positively on the transformation. This is means this variable is depend on existence of other variable that ignite the transformation.

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-2,752	11,215		-,245	,808
	Employee Readiness	1,187	,604	,313	1,966	,058
	Risk Management Implementation	,411	,156	,420	2,636	,013

a. Dependent Variable : working instruction transformation

Figure 2. T test Result variable X1 and X2 towards Z

With taking into consideration that most of the respondent already working more than 5 years and already in the higher position so it is already become the part of policy maker. This will make the employee readiness to be no effect.

Table 1. Respondent working period

No	Lama Bekerja	Total	Percentage
1	Kurang dari 1 tahun	0	0%
2	1 – 5 tahun	12	34%
3	>5 – 10 tahun	10	29%
4	>10 – 15 tahun	5	14%
5	Lebih dari 15 tahun	8	23%
Total		35	100%

Table 2 Position

No	Working Position	Total	Percentage
1	Dept Head	4	11%
2	Manager	15	43%
3	Supervisor/Staff	14	40%
4	Others	2	6%
Total		35	100%

Meanwhile the relation between working instruction transformation with the performance is significantly affected with a positive value, which that means the relationship of this variable is in line. This is mean increasing in one variable will increased the variable it affects. This is shown by the T test that is using SPSS on the questionnaire result.

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	22,914	2,982		7,684	,000
	Working Instruction transformation	,296	,059	,659	5,034	,000

a. Dependent Variable: Employee Performance

Figure 3. T-test Result variable Z toward Y

But according to F test, all the dependent variable (Risk Management Implementation, employee readiness, and working instruction transformation), simultaneously affect the performance in a positive and inline value.

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	389,193	3	129,731	21,352	,000 ^b
	Residual	188,350	31	6,076		
	Total	577,543	34			

a. Dependent Variable : Employee performance
 b. Predictors: (Constant), Employee Readiness, Risk Management Implementation, Working Instruction transformation

Figure 4. F test Result

However independent variable (employee readiness and Risk management Implementation) abilities and intervening variable (Working Instruction transformation) in explaining Dependent variables (performance) are very limited, as it seen on coefficient determination test that has tendency value near 0. Employee readiness and risk management implementation only affect working instruction transformation for 41.3% while the rest of 58.7% is affected by others variable that is not stated in this research. Contribution of this two variables achieve 41.3% that means employee readiness and risk management implementation is affecting enough on working instruction transformation

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,643 ^a	,413	,377	7,255

a. Predictors: (Constant), Risk Management Implementation, Employee Readiness

Figure 5. Coefficient Determination test result (1)

Likewise working instruction transformation only affect employee performance for 43.4%, the rest of 56.6% is affected by other variable that isn't stated in this research. If seen from the contribution of working instruction transformation contribution as of 43.4%, so it can be stated that working instruction transformation is affecting enough to the employee

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,659 ^a	,434	,417	3,146

a. Predictors: (Constant), working instruction transformation

Figure 6. Coefficient Determination test result (2)

Based on research result, can be concluded as below :

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1. Employee readiness not significantly affected to working instruction transformation
2. Risk Management Implementation significantly affecting working instruction transformation. Risk management implementation will analyze the sufficiency of control on facing company risk, therefore will initiate a transformation in SOP or working instruction if there is control deficiency.
3. Employee readiness and Risk Management Implementation simultaneously affecting SOP/ working transformation
4. Working Instruction Transformation significantly affecting performances

Recommendation that could be given is as below

1. Management can make an improvement according to the respondent answers in the related field as mentioned in the questionnaire by prioritizing the most important aspect to be first to handle
2. Questionnaires can be distributed to other level rather than the policy makers (operational Level) in the same company, to be able to see the comparison of understanding in each level and to obtain more fully analysis of the company.
3. Future research can be focused specifically in one entity so the result can be more holistic.

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BIOGRAPHIES OF AUTHORS

The man who is familiarly called Uncle Joe, born in Manado on March 13 1968, is a lecturer in International Business and Business Strategy at Bhayangkara University, Greater Jakarta. Currently, Uncle Joe has the academic rank of Associate Professor or Associate Professor 700 equivalent to Class IV C. He is an MBA Alumni from the Asean Institute of Management (AIM) Makati Philippines, the Harvard Business School of Asia with The AACSB Accredited and completed his doctoral studies at Indonesia several years later. In the world of practitioners, he had a career in leading multinational and international companies starting from career manager, area manager, CEO and President Commissioner. In the world of professional organizations, he serves as Chair of 2 Bekasi City Education Councils, Management of the Indonesian Economic Scholars Association (ISEI) Jaya, Chair of Community Service for the Central Management of the Indonesian Catholic Lecturers Association (IKDKI), Chair of the Expert Council for the Management of the Kawanua Catholic Harmony Center.

In the field of training, he has experience providing training in organizations, agencies and private companies such as PT. Indosat Ooredoo Hutchison, PT. Enseval Tbk, PT. Kalbe Farma Tbk, PT. Radana Finance, Bank Mega Tbk, Bank BNI Tbk, Bank Sudara, BSI Kelapa Gading Branch, Ministry of Transportation Pulo Gadung Weigh Bridge, National Private Bank Association Organization (Perbanas) West Java Branch, Principals of both Public and Private Schools. The type of training provided is both Soft Skills and Hard Skills. Approach pattern in training using case studies.