RISK MANAGEMENT AND SERVICE MANAGEMENT STRATEGIES FOR CAR RENTAL IN IMPROVING VEHICLE SECURITY QUALITY FOR THE COMPANY

I Gede Panji Krisnayana
Universitas Pendidikan Nasional, Bali, Indonesia
Email: panjikrisnayana1@gmail.com

ABSTRACT

The shift in tourist interest from initially using transportation services through travel agents to now preferring to rent vehicles themselves has become evident. With the increasing number of consumers requiring car rental services and companies expanding their fleet sizes, it is undeniable that the associated risks also increase each year. Therefore, the purpose of this research is to explore the complex risks to vehicle units in car rental companies in Bali and to determine strategies and steps to improve the security quality of vehicle units in these companies. This study employs a descriptive qualitative method with an enterprise risk management approach, which includes risk identification, risk analysis, risk assessment, risk management, and risk monitoring. The research results, using the likelihood impact matrix technique on five car rental companies in Bali, identified four common risks: operational risk, financial risk, human resources risk, and external risk, with varying levels of risk from low risk, medium risk, to high risk. Strategies for managing these risks include mitigating medium risks and accepting low risks. The policies derived from this study are in the form of risk analysis and risk management strategies for car rental companies in Bali to enhance the security quality of their vehicle units.

KEYWORDS
Risk Management, Strategy Management, Rent Car

INTRODUCTION

After the COVID-19 pandemic that hit the whole world, including Indonesia, the state of tourism activities gradually improved. According to the Central Bureau of Statistics, foreign tourist visits to Bali from January to April 2024 increased by 503,194 tourists.
Referring to Table 1.1, the increasing number of tourist visits, both domestic and foreign tourists visiting Bali, the need for transportation is certainly increasing (Hendayanti et al., 2019). The shift in tourist interest, which initially used transportation services through travel agents, has now shifted and prefers to rent their own vehicle. The emergence of car rental services in addition to meeting the needs of transportation facilities is also due to various reasons, including the relatively cheaper cost of renting a car compared to having to buy a car for a short time and cost efficiency for customers whose residence does not have enough space for a car (Shofwan, 2022). In addition, very large income benefits can be obtained by car rental service entrepreneurs.

Currently, the car rental business has become a promising activity to become a trend in society because it meets the increasing need for transportation, serving business, tourism and just meeting the needs of prestige. This is what has led to the increasing growth of car rental services, especially in Bali (Dianperdana, 2021).

The increasing number of consumers who need car rental services, and companies that add the quantity of vehicle units, it cannot be denied that the risks that arise every year are also increasing. This is what encourages car rental companies to start focusing on risk management within the company. Risk management is a study or the purpose of analyzing the impact in the form of threats arising from business operations. (Arta et al., 2021) state that risk management is defined as a comprehensive approach to dealing with all incidents that cause damage. Risk management is considered a logical process for understanding possible losses. Risk management steps taken by implementers to overcome various risks. (Arifudin et al., 2020) defines risk management as one of the important elements in managing the operations of a company because the world of companies that continues to grow and the increasing complexity of its operations causes an increasing level of risk faced by the company. The main objective of implementing risk management is to protect the business from possible losses.

In this case, risk management is a very important part of risk management. The need for risk management aims to empower companies to maintain and develop their operations by limiting the risks that arise when implementing risk management so that they can be controlled (Haryani & Sari, 2021). In risk management, there are basically internal processes to ensure risk management, especially risk identification, risk assessment and measurement, and risk management. Risks can then be managed by avoidance, retention, diversification, or transfer to other parties.
Closely related to risk management are risk control and risk financing (Hanafi, 2016).

Previous research has tried to analyze the risks and handling of problems that occur to car rental service companies. Like one of the studies from (Basyid, 2022) on risk analysis of car rental services at CV. Anugrah Abadi can be concluded that from the initial steps that have been taken from identifying risks there are several sources of risk that may occur. Risks come from financial risk, operational risk, personnel risk and external risk. As well as the impact of low risk (low risk), medium risk (medium risk), to high risk (high risk). One of the treatments for the results of risk analysis such as consumers who do not pay rent (run away), accidents caused by consumers, pawning and theft of units, physical damage to units by consumers, and others is to install GPS (Global Positioning System) on each vehicle unit, request complete documents such as KTP, SIM to customers and also social media verification. However, to the best of the author's knowledge, there are still many cases found in the field of vehicle unit pawning, vehicle damage, loss of vehicle units without any responsibility from the customer itself even though there is already risk handling such as installing GPS and asking for complete documents.

Referring to Figure 1.1, it can be conveyed that the handling of risks that occur in the field is still not effective even though various kinds of handling have been carried out. Even the embezzlement of vehicle units can be said to be not small in number. Other risks such as tourists who are reckless in driving which can result in losses for tourists, other people and also the vehicle rental company, until the discovery of a car that entered the beach until it had to be transported using heavy equipment, parking vehicles by not complying with traffic signs still often occurs, especially in Bali which results in losses for the vehicle rental company. This effect
resulted in many debates among tourists, vehicle rental business owners and even the government who stated that they would deport tourists who acted in Bali.

Figure 1.2 Dented rental car at Sanur Beach

Referring to Figure 1.2, it can be concluded that the business of a car rental has high income and high risk \textit{(high risk high return)}. This research is important to do in order to make the focus of car rental service entrepreneurs to be able to minimize the impacts that can occur in the operation of car rental service companies and minimize the risks that can occur so that events that occur in the field today can be better anticipated. Formulating management strategies that can have a positive impact on the security of the company's vehicle units can be a good step for decision making to anticipate these risks. Good collaboration between entrepreneurs, tourists and the government can have a good impact on all parties and tourism in Bali.

Previous research on risk analysis and management in vehicle rental services in Bali has revealed important findings. A 2022 study by BALI found that foreign motorcyclists' behavior is influenced by human factors, not road or traffic conditions. Basyid (2022) identified 10 risks at CV Anugerah Abadi Rental, derived from financial, operational, HR, and external risks. Ikhsan (2022) revealed that risk management at Adzkiya Rental Car is not yet in accordance with Islamic economics. Nurjaman (2021) showed that IoT-based security systems are effective in motion detection and data transmission. Setiawan (2021) noted the effectiveness of the "Trac To Go" application during the pandemic. Novita & Wulandari (2020) highlighted the influence of trust dimensions on customer participation in Wulan Rent Car. Iskandar & Nasution (2019) state that trust, security, and service quality have a significant effect on online purchasing decisions. Harahap (2018) revealed a positive relationship between price and promotion with Grab service user satisfaction. Ramadhany (2017) noted that TRAC Astra Rent A Car's strategy has not been effective in increasing the B2C segment. Turang (2016) found that the security management system at PT Perkebunan Nusantara III is still inadequate.
This research focuses on the risk analysis of vehicle units in a car rental company in Bali and management strategies to improve the quality of vehicle security. The aim is to dig deeper into the risks faced and formulate strategic measures to improve security. This research is important because it contributes to efforts to minimize operational risks, formulate business sustainability strategies, and improve the image of Bali tourism. Based on the background explanation above, the author took the research topic "Risk Management and Management Strategies for Car Rental Services in Improving the Quality of Company Vehicle Unit Security”.

**RESEARCH METHOD**

**Research Design**

This research uses a descriptive qualitative method, which aims to explain the phenomena that occur in the field without manipulating the data. According to Wekke (2019), qualitative research has various approaches such as descriptive, Focus Group Discussion (FGD), case study, phenomenology, ethnomethodology, ethnography, discourse analysis, biography, history, and semiotic analysis. This research uses a descriptive qualitative approach to identify and analyze risks at car rental service companies in Bali using Enterprise Risk Management (ERM).

**Research Setting**

The research was conducted at a car rental service company in Bali by going directly to the field. The aim is to obtain valid results in accordance with the real conditions in the field, so as to manage existing risks and formulate appropriate management strategies.

**Data Collection**

Data was collected through primary and secondary data sources. Primary data was obtained through interviews and direct observation in the field, while secondary data came from books, magazines, articles, and company documents. Data collection techniques included passive participatory observation, semi-structured interviews, and documentation.

**Informant**

The informants in this study were divided into three: key informants, main informants and supporting informants. The key and main informants are the company owners or managers, who have extensive knowledge of the entire leasing process. Supporting informants are operational employees who assist in the leasing process. The selection of informants was done through purposive sampling, by choosing companies that are already incorporated and located in areas with high levels of tourist visits.

**Data Analysis Technique**

Data analysis is carried out interactively and takes place continuously until the data is saturated. The analysis process includes data reduction, data presentation, data verification, and conclusion drawing. Data reduction was done by selecting relevant data, while data presentation was done by compiling structured information.
Data verification involved interpretation and triangulation to ensure data validity, and conclusions were drawn from the verified analysis results.

**Verification of the Validity of Analysis Results**

Data validity was tested through triangulation and member checking. Triangulation was done by using multiple sources to obtain strong evidence, while member checking was done by asking for confirmation from participants to ensure accurate representation of the information provided.

## RESULT AND DISCUSSION

### Company Profile

In this study, there are five companies that will be the object of the source of information needed to support research writing data. The five companies are car rental service companies that have legal entities such as PT or CV. The five companies were chosen because they meet the criteria as research data sources.

1. **CV Ayu Mas Sari**: CV Ayu Mas Sari was established in 2001 and is located at Jalan Toyo Ning Gang Drupadi No. 08, Kedonganan, Badung, Bali. Its strategic location close to I Gusti Ngurah Rai International Airport and South Bali tourist destinations makes it a choice for travelers. The company has 70 units of cars, with 90% owned by the company and 10% owned by investors. With 15 employees divided into various operational sections, CV Ayu Mas Sari is also active on social media such as Instagram and TikTok.

2. **PT Autoz Trans Indonesia**: PT Autoz Trans Indonesia is a new company that has been incorporated for one year. Located at Jalan Taman Sari Gang Pucuk Merah No. 5, Kelan Tuban, Badung, the company has 50 units of cars with a 50% investor and 50% company composition. Its location close to I Gusti Ngurah Rai International Airport and tourist destinations such as Kuta, Nusa Dua, and Jimbaran makes it fast growing.

3. **CV Bali Mutia**: CV Bali Mutia, established in 2010, is well-known among domestic travelers thanks to its activities on social media and marketing techniques through endorsing national artists or celebgrams. The company has 110 cars and 20 employees divided into four divisions. CV Bali Mutia is located in Kerobokan Kelod, North Kuta, and Tuban, South Kuta, serving vehicle rentals for various durations.

4. **PT Dashih Nadi Amerta**: PT Dashih Nadi Amerta, formerly known as Bali Fun Trans, has been operating for 20 years and incorporated for two years. Located at Jalan Tangkuban Perahu No. 137, Padangsambian Kelod, West Denpasar, the company has 50 vehicles with only two investor-owned units. The company serves domestic and international customers as well as local Balinese drivers, and is active on social media.

5. **CV. Dian Bali Car Rental**: CV Dian Bali Car Rental was established 18 years ago and has 90 vehicles. Located at Jalan Raya Kedampang No. 100, North Kuta, Bali, the company offers various types of vehicles and has a clear organizational structure with operational, marketing, and finance
divisions. CV Dian Bali Car Rental also actively markets its services through various online platforms. These five companies were chosen as data sources for the study because they met the criteria of being incorporated and engaged in car rental services.

**Risk Identification Through Interview Results**

Risk identification in the five car rental service companies through the results of these interviews focused on several risk categories such as operational risk, financial risk, HR risk, and external risk. This is because from the results of the interview, some of these risk factors greatly affect the quality of the security of the company's vehicle units. The following interview results will be summarized in the form of a table as follows.

**Table 4.1 Risk Identification to Five Car Rental Service Companies in Bali**

<table>
<thead>
<tr>
<th>Risk Type</th>
<th>Code</th>
<th>Events</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operational Risk</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A1</td>
<td>Risk of car pawn or embezzlement</td>
<td></td>
</tr>
<tr>
<td>A2</td>
<td>Occupational accident risk</td>
<td></td>
</tr>
<tr>
<td>A3</td>
<td>Risk of customer accidents</td>
<td></td>
</tr>
<tr>
<td>A4</td>
<td>Risk of car engine damage</td>
<td></td>
</tr>
<tr>
<td></td>
<td>resulting from wear and tear over the life of the rent from customers and companies</td>
<td></td>
</tr>
<tr>
<td>A5</td>
<td>Risk of damage to the physical vehicle unit</td>
<td></td>
</tr>
<tr>
<td>A6</td>
<td>Risk of detention of cars that caused by the customer so that it must dealing with the police</td>
<td></td>
</tr>
<tr>
<td><strong>Financial Risk</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B1</td>
<td>Late payment or non-payment of rent</td>
<td></td>
</tr>
<tr>
<td>B2</td>
<td>Customer does not want to pay the compensation money caused by damage to the vehicle unit</td>
<td></td>
</tr>
<tr>
<td><strong>HR Risks</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C1</td>
<td>Does not record any type of condition vehicle which results in no evidence which is clear when the car has new damage</td>
<td></td>
</tr>
<tr>
<td>C2</td>
<td>Not explaining the SOP to the customer so that there is a miss communication</td>
<td></td>
</tr>
<tr>
<td>C3</td>
<td>Not finding valid personal data for new customers who will rent a vehicle</td>
<td></td>
</tr>
<tr>
<td><strong>External Risks</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>D1</td>
<td>Reputation risk resulting in customer complaints</td>
<td></td>
</tr>
<tr>
<td>D2</td>
<td>Vehicle damage or loss caused by rent to rent to other companies</td>
<td></td>
</tr>
<tr>
<td>D3</td>
<td>Cars that have been fined for speeding tickets electronics conducted by the customer who rented the vehicle</td>
<td></td>
</tr>
</tbody>
</table>

(Source: Interview Results)
Risk Analysis
After identifying the risks in five car rental service companies, the next step is to conduct a risk analysis to determine the impact on vehicle units, operations, or the company as a whole. The severity and seriousness of the risk is assessed based on the probability of the risk occurring. The results of the interviews regarding the probability and impact of risks are summarized in the table.

Risk Probability Category
- **Scale 1**: Very Rare (probability <10 times a year)
- **Scale 2**: Infrequent (10-20 times a year)
- **Scale 3**: Occasionally (20-30 times a year)
- **Scale 4**: Frequent (30-40 times a year)
- **Scale 5**: Very Frequent (>50 times a year)

Risk Impact Category
- **Scale 1**: Very Small (no effect on company activities)
- **Scale 2**: Small (few operational, financial and external constraints)
- **Scale 3**: Medium (using company operating budget)
- **Scale 4**: Large (using insurance to personal budget)
- **Scale 5**: Very Large (bankrupt company)

Risk Assessment
From the results of the interview, there are fourteen risks that can be concluded. The next step is to conduct a risk assessment based on probability and impact. The risk assessment is summarized in a likelihood impact matrix table to facilitate risk grouping.

**CV. Ayu Mas Sari**
- **Low Risk**: Risk of car pawnshop, work accident, customer accident, detention of car by customer, miss communication, not seeking valid personal data of new customers, reputation risk, damage or loss of vehicle due to rent to rent, and electronic ticket fines.
- **Medium Risk**: Damage to the car engine, physical damage to the vehicle, the customer is late or does not pay the rent, does not want to pay compensation money, and does not record the condition of the vehicle.
- **High Risk**: There are no risks that fall under this category.

**PT Autoz Trans Indonesia**
- **Low Risk**: Work accidents, customer accidents, customer detention of cars, miss communication, not seeking valid personal data of new customers, and electronic ticket fines.
- **Medium Risk**: Car pawnning, car engine damage, late or non-payment of rent, unwillingness to pay compensation, failure to record vehicle condition, reputational risk, and damage or loss of vehicle due to rent to rent.
- **High Risk**: Physical damage to the vehicle.

**CV. Bali Mutia**
- **Low Risk**: Work accidents, customer accidents, miss communication, not seeking valid personal data of new customers, and electronic ticket fines.
- **Medium Risk**: Car pawnning, car engine damage, detention of the car by the customer, the customer is late or does not pay the rent, does not want to pay...
compensation money, does not record the condition of the vehicle, reputation risk, and damage or loss of the vehicle due to rent to rent.

- **High Risk**: Physical damage to the vehicle.

### PT Dash Nadi Amerta

- **Low Risk**: Work accidents, customer accidents, customer detention of cars, miss communication, not seeking valid personal data of new customers, and electronic ticket fines.
- **Medium Risk**: Car pawning, car engine damage, customer unwilling to pay compensation money, not recording the condition of the vehicle, reputation risk, and damage or loss of vehicles due to rent to rent.
- **High Risk**: Customer is late or does not pay the rent.

### CV. Dian Bali Car Rental

- **Low Risk**: Work accidents, detention of cars by customers, miss communication, not seeking valid personal data of new customers, and electronic ticket fines.
- **Medium Risk**: Car pawning, customer accidents, car engine damage, late or non-payment of rent, unwillingness to pay compensation, failure to record vehicle condition, reputational risk, and damage or loss of vehicle due to rent to rent.
- **High Risk**: Physical damage to the vehicle.

### Risk Management

After conducting a risk assessment using the likelihood-impact matrix, the next step is to manage the risk to reduce the likelihood of the risk occurring at the car rental service companies, protecting their vehicle units. The risk assessment of five car rental companies shows different levels of probability and impact in one year. The table shows the risk assessment results for five companies in Bali with low, medium, and high risk categories. The next step is to determine risk management strategies, which include sharing, reducing, avoiding, and accepting risks. These strategies involve actions such as additional GPS installation, cooperation with third parties, regular service records, customer education on traffic regulations, and the use of insurance. Risk management also includes measures to mitigate the impact of physical damage to vehicles, late payments, and loss or damage to vehicles due to rent to rent.

### Risk Monitoring and Review

Monitoring and reviewing is done by monitoring the effectiveness of risk management plans, strategies, and systems. Monitoring is the regular monitoring of the actual performance of the risk management process compared to the plan or resulting expectations. Review is a periodic review or assessment of the current situation, with a particular focus on, for example, how the current risk analysis can be refined. Monitoring and review are a fundamental and very important part of the risk management process, particularly within the organization as a whole.

It is essential to monitor and review the evolution and changes of the risk landscape, the effectiveness of the strategy, and the implementation of risk treatment and control, as well as the overall risk management system and risk
management plan. The purpose of continuous monitoring and review is to ensure adequate achievement of objectives when implementing the overall risk management system. In implementing a monitoring and review process that can achieve the desired functionality. In this study, the results of risk monitoring and review are in the form of constructive criticism and suggestions to car rental service companies in Bali.

Discussion

5.1 Risk Management in Car Rental Business in Bali

Risk management is a strategy to identify, analyze, manage, evaluate, and monitor risks in an organization. In a car rental service business, risk management is very important because this business has a high risk. This research involves direct observation of five car rental service companies in Bali to analyze risk management in protecting their vehicle units.

Companies Studied and Type of Risk

The companies studied were CV Ayu Mas Sari, PT Autoz Trans Indonesia, CV Bali Mutia, PT Dasih Nadi Amerta, and CV Dian Bali Car Rental. The four main types of risks identified are operational risk, financial risk, human resource risk, and external risk. Some of the events experienced by the companies include car pawning or embezzlement, customers who do not want to pay compensation, and cars that are subject to electronic ticketing fines.

Risk Assessment Process

Risk assessments are conducted using a likelihood impact matrix, which identifies significant risks and determines mitigation priorities. The risk of pawning or embezzling a car, for example, is rare but has a big impact so it is categorized as medium risk. CV Ayu Mas Sari has had a low risk assessment for this case in the past five years thanks to the professionalism of its human resources and good SOPs.

Risk of Accident and Car Damage

The risks of work accidents and customer accidents are rare and the impact is insignificant. The risk of car engine damage is at a medium level because cars are often used on extreme roads. Physical damage to vehicle units is also common, especially in companies with many car units, such as PT Autoz Trans Indonesia and CV Bali Mutia.

External Risk Management and Human Resources

External risks, such as the car being fined with an electronic ticket, can be anticipated by briefing customers on traffic regulations. SOPs and professionalism of human resources are very important to avoid car embezzlement. Car rental companies also work with national volunteer organizations to exchange information about potential customers.

Strategic Management of Car Rental Services in Bali in Improving the Quality of the Company’s Vehicle Unit Security

According to Miftakhatun (2020), several risk management strategies include dividing risk (Transfer Risk), reducing risk (Mitigate Risk), avoiding risk (Avoidance Risk), and accepting risk (Acceptance Risk). This study shows that the risk in car rental companies in Bali is dominated by low risk and medium risk levels.

Risk Management and Service Management Strategies for Car Rental in Improving Vehicle Security Quality for the Company
Risk Management Strategy
The strategy used to manage low risk is to accept risk, because the probability of the event is low and the impact is minimal. For medium risk, the strategy used is to mitigate risk, because the probability of the event is moderate but the impact is significant for the company.

With the right strategy in place, car rental companies in Bali can minimize risks and ensure the smooth operation of their business.

CONCLUSION
This study concludes that risk management in five car rental service companies in Bali involves four main types of risks: operational, financial, human resources, and external. Through analysis using the likelihood impact matrix, it was found that the risks faced ranged from low to moderate risks. Low risks include unclear SOPs to customers, electronic ticketing, and lack of validation of new customer data. Meanwhile, moderate risks include damage or loss of vehicles due to leasing to other companies, late payments by customers, and embezzlement or pawning of cars. To manage these risks, the company uses the strategy of accepting risk and reducing risk, which is in line with their risk assessment.

This research provides a theoretical contribution in understanding risk management and management strategies to minimize risks in companies with high risk levels. The results of the study are expected to explain the current phenomenon in Bali and provide solutions to the unrest of car rental service companies in improving the security of their vehicle units.

Practically, this research is intended to assist car rental companies in Bali in improving services to customers by implementing strict SOPs to protect their assets. Also, customers are expected to take good care of the rented assets and follow the rules set by the company and the government. The government is expected to facilitate traffic regulations for tourists to ensure the safety of the rented vehicle units.

The policy contributions of this research include risk analysis and risk management strategies that can be implemented by car rental service companies in Bali to improve the security of their vehicle units. This research is expected to provide benefits in protecting company assets and minimizing risks, as well as improving Bali’s tourism image.

Guidelines for future research include further studies on risk management in vehicle rental companies in Bali, including tourist characteristics and human factors in motorcycle and car rider behavior. This aims to understand factors other than company risk that may cause losses and affect tourism in Bali.

REFERENCES
Arta, I. P. S., Gede Satriawan, D., Kadek Bagiana, I., Loppies, Y., Agusetiawan Shavab, F., Matari Fath Mala, C., Malik Sayuti, A., Agnes Safitri, D.,

6517 http://eduvest.greenvest.co.id
Risk Management and Service Management Strategies for Car Rental in Improving Vehicle Security Quality for the Company