



Strategic Business Sustainability: A Comprehensive Risk Management Examination of SME Participation in Maritime Events

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Abstract

The Pinisi Festival in Bulukumba, Indonesia, showcases the cultural heritage of the Kajang community and offers a platform for Micro, Small, and Medium Enterprises (MSMEs) to participate and benefit from the tourism sector. This study examines the role of effective risk management in enhancing the sustainability of MSME participation in the festival. Using a qualitative descriptive approach, data were collected through in-depth interviews, observation, and document analysis. Findings reveal that MSMEs demonstrate a good understanding of risk management, identifying key risks such as damage to goods, a decrease in visitor numbers, and adverse weather conditions. To mitigate these risks, MSMEs employ strategies such as maintaining backup stock, intensifying marketing efforts, and investing in weather-resistant infrastructure. The application of effective risk management not only helps MSMEs address challenges during the festival but also enhances their competitiveness in the market. Furthermore, government support and collaboration with private entities play a crucial role in overcoming challenges and ensuring the success of the festival. This study contributes to the understanding of risk management practices in MSMEs and highlights the importance of collaboration in promoting sustainable tourism development.

Introduction

Indonesia, as an archipelagic nation, boasts an extensive marine area of approximately 5.8 million square kilometers. This vast maritime expanse supports a rich biodiversity and significant economic potential, particularly in the tourism sector. According to Greenpeace, around 65% of the total area of Indonesia's 467 regencies and cities lies in coastal regions, where 80% of Indonesia's population of 273.5 million people resides. This strategic location, nestled between the Pacific and Indian Oceans, places Indonesia within the heart of the Coral Triangle, a global epicenter of marine biodiversity, encompassing six countries: the Philippines, Malaysia, Indonesia, Papua New Guinea, East Timor, and the Solomon Islands. Indonesia, with its extensive coral reefs and marine life diversity, stands as the largest country in this Coral Triangle Center (Goulding & Dayrat, 2023; Mangubhai et al., 2012).

Given its marine wealth, Indonesia is exceptionally positioned as a premier destination for marine tourism (Dimitrovski et al., 2021). Effective tourism development planning seeks to harmonize the demand side (market needs) with the supply side (tourism products and destinations), ensuring that the needs of tourists are met while supporting local development (Stalmirska, 2024; Lesmana et al., 2022). Among Indonesia's most valuable tourism resources are its coastal and marine areas, which offer abundant opportunities for maritime tourism due to their natural beauty, historical significance, cultural heritage, and diverse ecosystems (Cervený et al., 2020; Supriyanto, 2022).

Event management plays a crucial role in organizing successful events. It involves gathering people for various purposes such as celebrations, training, marketing, and meetings. Effective event management is characterized by systematic planning, coordination, and execution (Rizun et al., 2021; Tagarev & Ratchev, 2020). Collaboration and hard work, aligned with a shared vision, are essential for the success of any event. Events serve as a powerful communication tool, often used by organizations to engage with the public and promote their activities through social media, event marketing, and special promotions (Fraccastoro et al., 2021; Williams & Chinn, 2010; Kharouf et al., 2020).

In Indonesia, events, especially festivals, are widely recognized for their potential to drive economic development and cultural preservation. Intason et al. (2021) identifies eight types of events, including cultural events that showcase local traditions, arts, culinary practices, and other cultural assets in various settings. Cultural festivals, in particular, play a significant role in promoting economic growth, environmental sustainability, and cultural awareness. They provide a platform for showcasing local culture, attracting tourists, and fostering community pride (Sormin & Sihombing, 2023; Liao & Huang, 2021).

The Pinisi Festival, held annually in Bulukumba Regency since 2010, is a prime example of a cultural event that has successfully integrated local heritage into a tourist attraction (Zulkifli, 2023). The festival features various cultural activities, including the Anyyorong Lopi boat making ceremony in Bonto Bahari, the Kampong Addingi and Attunu Panroli rituals in the Kajang traditional area, traditional dance performances, and the fishermen's sea rituals in Kalomemi. These activities not only preserve the Kajang culture but also attract a significant number of tourists, both domestic and international (Dassir, 2022; Riska et al., 2020).

Micro, Small, and Medium Enterprises (MSMEs) play a vital role in the Pinisi Festival, contributing to the local economy through sectors such as accommodation, food and beverage services, and other related industries (Prasetyo et al., 2022; Knollenberg et al., 2021; Wondirad et al., 2021). The involvement of MSMEs in the festival underscores the importance of effective risk management to ensure their sustainable participation and the overall success of the event. This study aims to provide a comprehensive examination of risk management strategies to enhance the sustainability of MSME participation in the Pinisi Festival, thereby supporting local economic growth and cultural preservation.

Methods

Research Design

This research being exploratory in nature adopts a qualitative descriptive research design as it can provide an in depth understanding of the participants' experiences as it deals with complex issues. This approach is rather effective for capturing the fine distinctions in risk management behaviors of the MSMEs during the Pinisi Festival run-up and actualisation. Since this design is purely descriptive, it enables the research to gather a broad perspective of participants' experience without guessing how they fit into relevant theories, giving the research a detailed coverage of the true-face of these MSMEs.

Sampling Strategy

Purposive sampling technique was employed and was given adequate attention so that only those participants with considerable and comprehensive experience in managing risks preferably during the Pinisi Festival were chosen. a purposive sampling method was used in order to sample and select some select MSMEs that offered better understanding of the range of risk management strategies that can be applied in a range of situations in the festival.

Criterion for sample selection were clearly specified to capture several dimensions, in order that the study offered an extensive coverage of the subject area.

First, and most certainly not last, the heterogeneity of sectors of the participants was an important criterion for selection. Hospitality, food and beverages and crafts and other related businesses were included purposely to capture a realization of the various practices in risk management across the different industries. This enabled the study to establish a comparison on how various business types within the festival environment manage similarly challenging risks; the study benefited from such diversity in undertaking the research. Second, the experience levels were deemed to be critical components in making the selection decisions. To that end, the sample comprised first-time participants in the festival as well as other candidates with prior years of experience. This stratification was important in capturing longitudinal variability of the risk management practice and how experience is related to the effectiveness in risk anticipation. To this level of analysis, this study could involve participants at various levels of engagement with the festival to understand how learning and adaptation take place in as much as risk management is concerned.

Third, the study considered the size and scale of business activities of the MSMEs that were the subject of observations. Pre-SMEs of different categories from micro to medium were included in the sample for the purpose of comparing the practices across the size of the risk. Micro companies could experience different problems and manage different resources than more significant companies; this aspect of the study was intended to discover how these disparities play out in terms of risk management. Concerning this aspect, the study had 25 MSME actors. The decision arrived at this figure was influenced by the concept of data saturation, whereby data collection and analysis is continued until none new themes are being discovered. During data collection, processes of analysis were on-going in order to determine when saturation was at an optimum to provide a sufficient sample to adequately address all the given research questions.

The justification for the kind of sampling done is usually anchored on the characteristics of the study. For this reason, purposive sampling was used instead of the other forms of sampling like the random sampling because the researcher wanted to involve only participants with expertise and real life experience in risk management of the Pinisi Festival. It was crucial for the study to obtain data that was detailed and closely related to the goals of the investigation, which gave the opportunity to obtain highly accurate and closely connected conclusions from the results of the research.

Data Collection

For purposes of the present study, data collection was therefore meticulously planned and executed, with a view to obtaining rich and highly detailed information about the risk management practices of the MSME during the time of the Pinisi Festival. One of a kind qualitative: the principal form of data collection used in this study was in depth semi structured interviews so as to get detailed quality responses while at the same time flexible enough to accommodate emerging themes. The interview guide was carefully designed with prior consideration to the findings in the available research literature about risk management, business sustainability as well as events management. This set of questions was designed following traditional guidelines for qualitative interviews which presupposes that questions are not the only means of getting information, but rather they are a means of creating a context within which offtopic questions that may appear during the conversation are also important. The semi-structured approach to the interviews was very beneficial in this qualitative study

since it provided a structure and at the same time focused more of the interviews around participant's individual experiences.

The conduct of the interviews was done in a manner that would ensure the participant's comfort and quality data. The interviews were carried face to face usually after or during the time of the Pinisi Festival in preferred places preferred by the participants. This timing and setting was useful for participants to review their immediate past experiences and thus offered credibly contextualised data. Interviews ranged from 60 to 90 minutes long and were long enough to consider those sections of the interview where participants are elaborating on their ideas and where topic complexity means more time has been needed. All the interviews were conducted in a recorded mode so that no information could be missed during the conversations; the recordings were transcribed word to word. This approach enabled the drowning of the participants' voices, and any response diverging from other participants would be well captured and analyzed.

A preliminary survey of the interview questions was also conducted with other three MSME actors who did not form part of the study sample. This pilot was carried out with the aim of fine tuning the questions that were to be asked during the interviews and the flow of the interview. Some of the issues raised by the pilot participants included issues that needed clarification or restructuring of the questions so that the interview guide for the main study targeted the right information.

Other than interviews, participant observation formed part of the data collection activities used during the study. The researcher followed the operations of MSMEs throughout the period of the festival observing their operations, characterizing their interaction with customers, and studying the application of risk management approaches pragmatically. Observations and notes of the MSME booths during the SE Asia Banks Annual Meeting were in as much detail as possible: what was said and done; people's body language, verbal and non-verbal; the arrangements made at the booths and the general environment. These observations helped us contextualise the information that was collected from the interviews as well as gave more depth on how risk management was implemented on the ground.

In order to make observations more organised, an observation framework was constructed from the literature relating to event management and risk management. This framework entailed an observation checklist where the researcher was able to document critical aspects of risk management including measures in place in the case of unfavourable weather and the organisation or company's inventory management practices. It made the observations to be comparable and the areas of observation to be confined to the ones that are relevant in the context of the research questions.

The current study also comprised of document analysis part where secondary data in form of festival reports, MSME promotional materials, local government publications and media articles were reviewed. These documents were considered according to the topic covered and the relation to the Pinisi festival and particularly the role of MSMEs. This reduced the chances of using unreliable secondary data and the selection criteria used focused on using mainly academic sources, government reports and reputable media houses. These surveys were useful to support and enrich the material collected by interviews and observations, contributing to offer a more complete dimension of the risk management practices in MSMEs.

Data Analysis

On the same note, thematic analysis was conducted with a lot of enthusiasm to meet the purpose of analyzing the qualitative data that was gathered from interviews, observation and documents

analysis. This methodological approach was considered to be more ‘safe’ to identify, analyze, and report patterns (themes) in qualitative data. The present undertaking followed a detailed thematic analysis process, which is described below as consisting of some significant steps. The first was getting acquainted with the data. The first step was to familiarise with data by reading the interviews transcripts, field notes and documents more than once. This immersion process makes the researcher familiar with the content, context, and the best interpretation of data. At this stage, information was documented in the form of analytic memos that included notes taken by the researchers in the course of participating in discussions and interacting with participants, they also contain ideas that were deemed worthy of refinement during the coding process.

Common to other researches methodology, the next process was coding of data after familiarization. Coding was in a double manner inductive and deductive to afford a rich analysis and exhaustiveness in the scraping of data. Inductive coding was used to come up with themes that were derived from the data hence making the results of the study rooted on the participants views and experiences. At the same time, deductive coding had to be linked to the theoretical notions that were explored in the literature review to maintain the research’s ties with major academic discourse. Coded data was made easier by using the research software known as NVivo which is ideal for data coding and management of the codes. This software also helped the researcher to sort out coded data and make ease and effectiveness in the analysis of the data.

Basically, after the data was coded, the method of constructing the themes followed: In this stage, the codes obtained from the analysis of the data source were sorted into more general categories to represent the material. Theme development encompassed gradual optimisation in which the emergent themes were successively matched with the raw data collected in the study, as well as with other themes until internal and external coherence, sensibility, and comprehensibility were respectively achieved with regards to the posed research questions. This iterative process was essential in strengthening the themes so that the identify significant pattern that this paper depicts within the data. The following stage was on the analysis and integration of the themes. The identified themes were discussed and analysed in view of the research questions, literature and theoretical frameworks. In the course of this stage, the researcher remained acknowledge of the fact that they may impose their own values and beliefs as well as prejudices into the analysis of the data collected. Pertinent to this, reflexivity was upheld to guarantee that the results dated from the participants’ experiences.

Peer debriefing sessions were used in the verification of developed themes so as to establish the validity of the findings. These sessions included interaction with other researchers in qualitative methods of data analysis and in the management of events. These debriefings are useful in order to corroborate the themes and the interpretations that were developed, the analysis being checked by an external source. From these sessions, feedback was subjected to further definition of the themes so as to make them more closely aligned to data collected.

Last but not the least, the method of triangulation was used as a last method to make the results more credible. The technique used for merging the data collected from interviews, observation and documents was data triangulation in which data collected from one method were compared to that of the other methods. This strategy helped the study rectify biases, inconsistencies and incongruencies based on the elaborate themes and insight gathered from the data sources thus also validating the finding that the study was competent to offer all-round and holistic conclusion.

Result and Discussion

Implementation of Risk Management

MSMEs participating in the Pinisi Festival show a good understanding of risk management. They identified key risks that may occur during the festival, such as the risk of merchandise damage, decreased number of visitors, and the risk of severe weather. To overcome this risk, MSMEs are implementing various mitigation strategies, such as the provision of reserve stock, more intensive marketing, and the preparation of tents or sales places that are more weather resistant.

One of the MSME actors stated,

"We always prepare a reserve stock of merchandise to anticipate damage or loss during the festival. In addition, we also intensively promote through social media to attract more visitors".

In the event of bad weather, one of the strategies implemented is to prepare tents or sales places that are more weather-resistant.

"We invested in stronger, more waterproof tents to protect our merchandise from the rain. This is important to ensure that our sales operations continue to run smoothly even though the weather is not supportive," said one of the other small business actors.

Risk management is seen as the process of measuring or assessing risks and developing management strategies.

"Through the implementation of good risk management, we can identify and measure risks that may occur during the festival and develop strategies to manage those risks. This helps us to stay calm and focus on sales," said an MSME actor.

The implementation of this risk management not only helps MSMEs in overcoming the challenges faced during the festival, but also increases their competitiveness in the market.

"With good risk management, we can be better prepared to face all possibilities and continue to provide the best service to customers. This of course increases customer trust and helps us compete with other MSMEs," he added.

The implementation of good risk management by MSMEs in the Pinisi Festival not only helps them in dealing with existing risks but also improves the sustainability of their business. Risk management is an important key in maintaining the operations and competitiveness of MSMEs amid the challenges that exist during the festival.

Business Sustainability

Participation in the Pinisi Festival has a positive impact on the sustainability of MSME businesses. Many MSME actors reported an increase in income during the festival. For example, one of the MSME actors stated that,

"This festival provides a space for MSMEs to participate by offering various products to visitors".

In addition, the festival also opens up opportunities for long-term cooperation with new distributors and customers, which helps to expand their marketing network.

During the Pinisi Festival, MSME income increased significantly due to the high purchasing power of the people during the event.

One of the MSME actors revealed, *"The increase in MSME income occurred because of the number of MSMEs involved in this event, besides that the purchasing power of the people in the Pinisi festival is quite high so that it increases the income of MSMEs"*.

Not only has income increased, but also the number of MSMEs involved in the festival has increased. Initially, only 44 MSME actors registered to participate, but the number doubled before the festival started. In fact, this festival also invited at least 100 MSME actors and thousands of sports lovers to take part in the 2022 Bira Sunset Run, which lasted for two days in the area's tourist destinations.

This festival also encourages the creativity of MSME actors through various design competitions, which are attended by several MSMEs. This competition is expected to spur the creativity of MSME actors in creating new products that can attract tourists' buying interest.

One of the MSME owners said that this festival not only brings short-term economic benefits, but also opens up opportunities for long-term business relationships.

"One of the facilities provided by the government is to provide facilities and infrastructure in the event, where this event is one of the effective ways to promote the area and the Pinisi Boat which ultimately prospers the community" (Hj.UN, Owner of the Pinisi Ship, September 11, 2023).

Thus, participation in the Pinisi Festival not only provides a direct economic impact for MSMEs, but also contributes to the sustainability of their business through improved marketing networks and long-term cooperation. Support from the government in the form of the provision of facilities and infrastructure also plays an important role in the success of this festival and in encouraging MSME participation.

Government and Stakeholder Support

The study found that support from local governments and other stakeholders was crucial to the success of the Pinisi Festival. The support includes training assistance, capital, and business facilities during the festival, which greatly helps MSMEs in maximizing their potential. Good collaboration between the government, festival organizers, and MSMEs creates an ecosystem that is conducive to the growth of small businesses.

The Bulukumba Regency Government has improved utility facilities and infrastructure at the Pinisi boat manufacturing site, such as providing clean water, electricity, roads, and parking lots. This increase facilitates access to marketing of Pinisi boats. As conveyed by an informant from the Department of Domestic and Foreign Marketing:

"The improvement of basic facilities and infrastructure at the Pinisi boat construction site such as clean water, electricity, roads, parking, and others from year to year has been improved, making it easier to access boat marketing to complete" (AT, August 23, 2023).

In addition, the government also provides facilities and infrastructure to organize the Pinisi Festival event, which is one of the effective ways of promotion for the Pinisi area and boats. Hj. UN, a Pinisi boat owner, explained:

"One of the facilities provided by the government is to provide facilities and infrastructure for festival events, where this event is one of the effective ways of promoting the Pinisi area and boats which ultimately prospers the community" (Hj.UN, September 11, 2023).

Other stakeholder actions include collaboration with the private sector such as PT Yasika Kreasi Utama as the event organizer, PT Suraco Jaya Abadi Motor, and BPD SULSELBAR which provides financial support. In addition, the Same Resort Hotel offers discounts on room rates, and maritime businessman Syarifuddin along with traditional leaders of Bonto Bahari and Kajang are actively involved in a series of rituals and festival activities.

Overall, this collaboration shows strong support from various parties in making the Pinisi Festival a success. Government support is not only limited to the provision of physical facilities, but also involves strategic efforts in empowering MSMEs and promoting tourism through the organization of annual festivals that can boost the local economy and introduce cultural heritage to the wider community.

Challenges Faced by MSMEs at the Pinisi Festival

Participation in the Pinisi Festival in Bulukumba provides many benefits for local MSMEs, including increased income and wider exposure to the market. However, MSMEs are also faced with a number of significant challenges. Fierce competition between MSMEs is one of the main challenges, where every MSME competes to attract visitors and increase their sales. In addition, the increased operational costs during the festival are also a burden for many MSMEs, considering that the costs for venue rental, raw materials, and other logistics tend to increase along with the increase in demand during the event.

The uncertainty of the number of visitors is another challenge that is often faced. Although the festival has been widely known and usually attracts many visitors, factors such as weather and economic conditions can significantly affect the number of visitors. This makes planning and projecting income difficult for MSMEs.

To stay competitive and retain customers, MSMEs need to continue to improve the quality of their products and services. One of the MSME owners, in an interview, stated,

"We must always innovate and maintain product quality so that we can still compete. Visitors will always be looking for the best, so we must not let our guard down" (AS, MSME Owner, August 15, 2023).

In addition, some MSMEs also face challenges in terms of marketing and promotion. A local businessman revealed,

"Although this festival provides a lot of visitors, we still need to put a lot of effort into promoting our products. Not all visitors will come to our booth, so we must be active in attracting their attention" (HR, MSME Owner, August 20, 2023).

On the other hand, support from the government and festival organizers is crucial in overcoming some of these challenges. The Bulukumba Regency Government has made efforts to improve basic facilities and infrastructure, such as the provision of clean water, electricity, and better roads, to support MSME activities during the festival. One of the informants from the Department of Domestic and Foreign Marketing stated,

"The improvement of basic facilities and infrastructure at the festival site such as clean water, electricity, and roads is very helpful for MSMEs in managing their operations during the festival" (AT, Department of Domestic and Foreign Marketing, August 23, 2023).

By continuing to improve the quality of products and services and taking advantage of support from the government, MSMEs are expected to overcome these challenges and reap the maximum benefits from their participation in the Pinisi Festival.

Participation in the Pinisi Festival in Bulukumba provides many benefits for local SMEs, including increased income and wider market exposure. However, SMEs also face several significant challenges. Intense competition among SMEs is one of the main challenges, with each SME striving to attract visitors' interest and increase their sales. This competitive environment is noted in the literature, where small businesses often face stiff competition in the tourism industry, especially during festivals and events (Ritchie & Crouch, 2000). Moreover, the increased operational costs during the festival period can be burdensome for many SMEs, given that costs for venue rental, raw materials, and logistics tend to rise with the increased demand during the event (Hall, 2013; Bladen et al., 2022).

Another challenge is the uncertainty of visitor numbers. Despite the festival's widespread recognition and usual attraction of many visitors, factors such as weather and economic conditions can significantly affect visitor numbers (Jarvis et al., 2016). This challenge aligns with findings from previous studies, which highlight the impact of external factors such as weather conditions and economic fluctuations on tourism demand (Song et al., 2012). This uncertainty makes planning and revenue projections difficult for SMEs participating in the festival.

To remain competitive and retain customers, SMEs need to continuously improve the quality of their products and services. This is consistent with the findings of research indicating that maintaining and enhancing service quality is essential for small businesses in the tourism sector to remain competitive and attract repeat customers (Arslan, 2020). Additionally, some SMEs also face challenges in terms of marketing and promotion. A local entrepreneur expressed, "Although the festival brings many visitors, we still need to work hard to promote our products. Not all visitors will come to our booth, so we have to be active in attracting their attention" (HR, SME Owner, August 20, 2023).

On the other hand, government support and the festival organizers are crucial in overcoming some of these challenges. The Bulukumba District Government has endeavored to improve basic facilities and infrastructure, such as providing clean water, electricity, and better roads, to support SME activities during the festival. An informant from the Department of Domestic and Foreign Marketing stated, "The improvement of basic facilities and infrastructure at festival sites such as clean water, electricity, and roads greatly helps SMEs manage their operations during the festival" (AT, Department of Domestic and Foreign Marketing, August 23, 2023).

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Conclusion

The Pinisi Festival in Bulukumba provides substantial benefits for local Micro, Small, and Medium Enterprises (MSMEs), including increased income, market exposure, and opportunities for collaboration. However, these MSMEs also face significant challenges, such as intense competition, uncertain visitor numbers, and increased operational costs. To address these challenges and ensure the sustainability of their businesses, MSMEs must continuously improve the quality of their products and services, as well as enhance their marketing and promotional efforts. Government support and collaboration with private entities are crucial in overcoming these challenges. The Bulukumba District Government's efforts to improve basic facilities and infrastructure, as well as the support provided by private entities, demonstrate the effectiveness of public-private partnerships in supporting MSMEs. These collaborative efforts not only benefit individual businesses but also contribute to the overall success of the Pinisi Festival and the local economy. Moving forward, it is essential for stakeholders to continue working together to support MSMEs and promote tourism through events like the Pinisi Festival. By doing so, they can help ensure the long-term sustainability of MSMEs and contribute to the economic development and cultural preservation of the region.

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