

ABSTRACT

Pratiwi MSME is business engaged in the production of prayer garments, but in activity it faces challenges in the form of high levels of defective products and failure to meet production targets. This study aims to identify operational risks and propose effective risk mitigation strategies in the production process using the House of Risk (HOR) method. The HOR method is used to analyze the relationship between risk events and risk causes (risk agents), as well as to determine mitigation action priorities based on the Aggregate Risk Potential (ARP) value and the Effectiveness to Difficulty Ratio (ETD). The results of the study indicate that there are 18 risk events and 12 risk agents that significantly impact quality objectives. The proposed mitigation measures are performance monitoring with objective indicators and creating a list of common errors. With the implementation of these strategies, it is expected that Pratiwi SMEs can enhance product quality and achieve company targets.

Keywords: Operational Risk, SME, House of Risk, Risk Mitigation, Mukena Production