

# Management of Reputational Risk for Tourism on Penyengat Island, Indonesia

Jack F Adel<sup>1,\*</sup>, A Uzaimi<sup>1</sup> and Ardiansyah<sup>1</sup>

{jackfebriandadel@umrah.ac.id}

<sup>1</sup> Department of Accounting, Raja Ali Haji Maritime University, Riau Islands, Indonesia

**Abstract.** The goal of this study is to manage the risk to Penyengat Island Tourism's reputation. This study employs a qualitative research methodology. Data collection techniques include observation, interviews, and literature reviews. The study's findings are presented in the form of reputation risk management for Penyengat Island Tourism, establishing a tourism reputation first, then setting up a reputation risk management organization to recognize, quantify, and keep an eye on the reputation risk of Penyengat Island Tourism. The mechanism for managing the risk to Penyengat Island Tourism's reputation is discussed in the conclusion.

**Keywords:** Penyengat island, observation, interviews.

## 1. Introduction

The COVID-19 pandemic has paralyzed Indonesian tourism. It also leads to the operation of hotels, restaurants, and MSMEs around tourist attractions. Moreover, border control of regions in Indonesia and the prohibition of foreigners from entering the country contribute to the decline in tourism activities.

Tourism is a multi-sectoral industry with a very high level of competition, especially during the COVID-19 pandemic. Reputational risk is inherent in every activity carried out. Managing risk effectively is one of the keys to the survival and success of the tourism industry [1].

One of the tourist destinations that is being developed in the Riau Islands Province is Penyengat Island, which is located in Tanjungpinang City. Natural tourism, religion, art, culture, and Malay history are among the potential reputations of the Penyengat Island tourism industry.

Tourism destinations must carefully manage their reputational risk. A location can only become a popular tourist destination through marketing, through the stories and images that are shared.

To realize the reputation of the island of Penyengat for tourism, references that can be applied are [2] concerning Cleanliness, Health, Safety, And Environmental sustainability in which tourism activities are organized and supported. This standard is formulated to provide a reference for

managers of venues and supporters of tourism activities in meeting the requirements for cleanliness, health, safety, and environmental sustainability so that user confidence in the venue and supporting tourism activities increases

There is already a tourism awareness group (TAG) at Penyengat Island Marine Tourism Destination. TAG's mandate is to support the village government in developing the region's tourism potential, promoting its cultural values, generating new employment, fostering the growth of creative industries, and lowering unemployment [1].

Common qualities of tourist destinations include attraction, comfort, and accessibility. If a location has specific tourist amenities, services, and transportation options, it can draw a certain number of visitors to engage in tourism activities there.

Reputation, according to [8], is the sum of an organization's reactions to stakeholder needs and expectations over time.

Reputational risk is the chance that unfavorable perceptions of a tourist destination will cause tourists' trust to decline. Tourist complaints, unfavorable media coverage and/or rumors, and ineffective tourism marketing tactics can all contribute to reputational risk [1].

*“Reputational risk management is a set of methodologies and procedures for identifying, measuring, monitoring, and controlling reputational risk resulting from all tourism activities, including efforts to mitigate and/or minimize monetary and non-monetary losses that may arise from tourism activities, including the interaction between locals and tourists and other stakeholders [1, 3, 4].”*

The primary goal of reputational risk management is to foresee and reduce the consequences of losses from reputational risk. Statistics compiled from the data collection and management are used to forecast potential losses over the course of the activities for a specific time period [1, 5, 7, 8].

## **2. Methods**

An approach to qualitative research is used in this study. In addition to observation and interviews, literature reviews are also used as data collection methods. Mass media coverage, the Penyengat Island Tourism website, and social network analysis are a few sources of information used to identify and assess reputational risk. Identifying organizations, calculating risks, and mitigating risks are all steps in the data analysis process.

## **3. Results and Discussion**

Based on the findings of observations, it is determined that no organization specifically addresses the issue of the stinging island's reputation and its reputational risk.

According to the findings of interviews with members of the local government, TAG, and the community, Penyengat Island does not have a specific organization that deals with reputational

risks and issues.

The literature review that has been carried out has found a special policy in the form of [6] concerning the Management of Penyengat Island Cultural Tourism. but there is no reputation management content or reputation risk.

Because there is no organization for or practice of reputation risk management in Penyengat Island tourism, the findings of this study are consistent with those of [1].

To reduce the risk to Penyengat Island's reputation as a tourist destination, the following recommendations must be discussed. TAG, the local community, and other stakeholders manage reputational risk. responsible for performing public relations tasks, dealing with and resolving tourist complaints, and providing information needed by stakeholders, including tourists, the community, and other stakeholders.

To identify and assess the impact of reputational risk, data can be gathered from a number of sources, such as media coverage, the Penyengat Island Tourism website, social network analysis, and customer satisfaction surveys. Reports are used to monitor reputational risk, such as The Risk Profile Report, which provides a summary and analysis of news articles from print and online media for each reporting period. TAG creates a trustworthy system for implementing efficient reputational risk management practices.

In general, there are two ways to control reputational risk: by preventing the events that lead to reputational risk and by improving the systems that lessen loss from reputational risk. Taking precautions and recovering from an incident that jeopardizes the reputation of the destination are important steps in reputational risk management, but they must be followed by strengthening procedures and controls for weaknesses.

To put in place a reliable internal control system that can lower the risk of loss. evaluating Penyengat Island's tourism performance in comparison to other locations that offer similar types of travel. Reputation evaluation and monitoring are based on necessity. Check to see if Penyengat Island Tourism's goal of building a solid reputation can be accomplished.

To build a solid reputation for Penyengat Island Tourism, decide on the direction, policies, and improvements that are required. Reporting is a type of written account of internal and external communication activities on problems, communication plans, or specific actions that are thought to have an effect on the reputation of Penyengat Island Tourism.

#### **4. Conclusions**

Due to a number of factors relating to the implementation of the island's tourism reputation risk, it can be concluded from the data collected that Penyengat Island Tourism has not implemented reputation risk management.

There is no information on the risk to Penyengat Island's standing as a tourist destination, and no organization specifically manages it. The process for determining, quantifying, monitoring, and controlling the risk to Penyengat Island's tourism reputation is still lacking.

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