

Risk Management For All Levels Of Business, Underestimated Perspective Soetam Rizky Wicaksono¹; Abdul Hakim²;

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Introduction

Risk management, in general, is often assumed to be needed only for large enterprises or enterprise classes (Berard & Teyssier, 2017). However, risk management is also needed for all classes of companies, both small, medium and large. Because accurate risk calculations will minimize possible failures (Lund et al., 2011).

Risk analysis is needed in enterprises and various fields, including military, information technology, financial institutions and investments (Berard & Teyssier, 2017; Lund et al., 2011). So proper learning about risk is needed in various fields, both by implementers and decision makers. Although the risk is a probability science that may occur and may not occur, the uncertainty must still go through an appropriate assessment so that it can be a preparation for all parties involved in the activity (Aven, 2010).

Therefore, a book on risk management was chosen in this review that specifically discusses risk management in medium and small companies. Because not many books discuss risk management in that scope specifically, it is worth discussing to open the insights of small and medium entrepreneurs, as well as academics, that risk management in that scope also needs to be

studied in depth. In addition, given that the publisher of this book is the leading publisher (Routledge) in the field of academic books, there is no doubt about the book's quality in general. Thus, it is hoped that the results of this book review can pave the way for academics and practitioners to further explore and find more about risk management references in the scope of small and medium enterprises.

In addition, this book also has advantages that are different from other books that both discuss risk management. One of the main advantages is the relatively minimalist size of the book, but the discussion is very precise to the main theme, because this book is the result of research, so previously it was confirmed that it had gone through the review phase first. This book also has concrete case studies, so it not only displays from the theoretical side of risk management, but also directly discusses the application in the company. This of course makes it easier for readers to more quickly understand the main material offered.

Review Points

This book, which has a total of 106 pages (including the bibliography), has six chapters that begin with the introductory chapter, theoretical foundations, case studies to conclusions (Crovini, 2019). In general, this book is a monograph book or research result of the author, but there is no specific mention of the company used as the research object. Thus, making the results and conclusions of this book generic can be a consideration in learning risk management for practitioners and academics. Another interesting point about this book is that the discussion is not verbose but can still present important points for the reader. This is done by depicting various diagrams that are easy to understand and showing the important points of the captions described in the drawing section.

Part One

In the first part, especially the Preface chapter and the Theoretical Background chapter, the author briefly explains the RP (Research Problem) that is trying to be explained in the monograph book. Two important RP points are trying to be answered, namely whether it is true that SMEs (Small and Medium enterprises) require risk management in their operations and whether later risk management will be able to trigger the implementation of special procedures and specific processes in SMEs.

This is supported by various previous research supports that risk management is indeed needed in SMEs. Risk management in SMEs is still needed, evidenced by various empirical research results that state this (Beck, 2007; Dankiewicz et al., 2020; Hudáková & Dvorský, 2018;

Rehman & Anwar, 2019). SMEs that implement risk management well have also proven to be stronger in performance than SMEs that do not (Rehman & Anwar, 2019), so the statement in the book affirming this is indisputable.

The Theoretical Background Chapter also confirms that SMEs are an important component in various countries (Wang, 2016), even in continental Europe, which is dominated by developed countries. It is stated that SMEs can attract more workers and be more productive in their performance (Crovini, 2019). So that in this first part, the author is able to emphasize the purpose of his research, not just explain the theoretical foundations in general. In addition, it was also mentioned that the basis of the interviews conducted in this study used the DECIDE framework, which was previously adapted from the framework produced by Kristina Guo (Guo, 2020).

Part Two

The second part of this book consists of chapters on Case Study and Key Emerging Issues, both of which, in general, discuss the application of risk management to SMEs from the empirical and theoretical sides. There are three companies used as case studies in this book, all of which are categorized as SMEs and are from Italy. However, the three companies are disguised by name so that they only become the initials of companies A, B and C. The three companies have an unstable number of net assets and a production scale that is not large, and this can be seen from the number of employees owned as well as the growth in EBITDA and also net assets in the last five years.

Based on the data obtained and the results of intensive interviews with company leaders, the author of this book conclude that there are several things that are of concern in handling SME risks. Companies A and B prioritize risks stemming from employee recruitment, job environment safety and product differentiation strategies due to the intense level of SME competition. This makes the operational level the focus of the risk management they manage. Meanwhile, company C further steps in managing risk management. This is evidenced by the concern for work planning and analysis of costs constantly and periodically. This risk management ultimately brings company C to more stable in growth and able to face the challenges of business competition so that it is stronger in the decision-making process.

So, in the end, the conclusion in the next chapter states that risk management should be more integrated with the company's strategy and fully integrated with the company's management. Risk management that only focuses on the operational level and is not implemented holistically can affect the performance of the company as a whole (Arfiansyah, 2021). Especially for SMEs who often underestimate the existence of risk management and tend not to care at the strategic level (De Vincentiis et al., 2019). Whereas empirically, it is proven that the application of good

risk management can have a significant effect on company performance.

This book also reveals a new model obtained from the results of research that has been carried out, namely a model that can be applied in SMEs, as shown in figure 1. The model consists of six stages, namely: Understand, Problematize, Evaluate, Decide, Act and Monitor. The six components synergize with each other and must be supported by intense communication within the company as well as a company culture that cares about risks that can occur at the operational level and strategic levels.

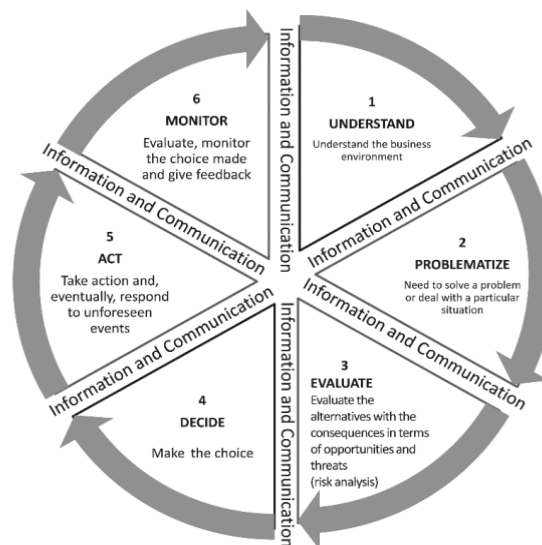


Figure 1. Risk Model for SME (Crovini, 2019)

Part Three

The third part of the last chapter in the book is the conclusion and summary of the results of the research that has been carried out by the author of the book. In this chapter, the author tries to write down the results of a review of the research that has been carried out in the three companies. It is stated that risk management is important for SME business actors to be agile and able to survive in competitive business competition (Khairi & Syahwani, 2019; Schön et al., 2020). However, based on the results of the study, SMEs found it difficult to formalize risk management either in the form of flowcharts or official procedures due to the size of the company and limited resources.

In addition, it is stated that risk management needs to be understood by every individual in the company, not only by the owner or leader of the SME. Because in risk management, there are uncertainties that must be faced both at the operational level and at the strategic level (van Daelen & Van der Elst, 2013), it is necessary to develop a better risk management framework in the scope of SMEs.

Conclusion

This *Risk Management in Small and Medium Enterprises* book as a whole is a monograph book that is very easy and light to read for both practitioners and academics. The research carried out is packaged in sentences that are not convoluted but in accordance with the goals set at the beginning of the book.

Another thing that is important to note in this book is that the case studies given are of a qualitative type, so they are obtained based on the results of in-depth observations and also interviews with decision-makers in the company that is used as the object of research. On the one hand, it provides very in-depth results in terms of culture and reasons regarding the application of risk management, but on the other hand, it also requires empirical studies quantitatively to provide justification for the results obtained. However, the weakness of this book is the lack of detailed discussion of the theory in the early chapters. For readers who are really beginners in the field of risk management and are just learning, then this will be an obstacle in itself in further understanding. So for novice readers, it is advisable to keep reading other books on theoretical risk management in order to be helped in understanding the content of the book comprehensively. Especially about the types as well as measures of the risk analyst in applying the expected conditions. Overall, this book is well worth reading for academics who have just studied risk management, as well as SME business practitioners who want to understand the importance of risk management at the operational and strategic levels. In addition, case studies that are very easy to understand can also make this book a worthy reference for research in the scope of risk management and SMEs, both operational and strategic scopes.

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