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ABSTRACT

Purpose: The objective of this study was to identify risk management supporting the recovery and sustainability of SME businesses in Indonesia after the COVID-19 pandemic crisis.

Theoretical Framework: Recent literature, Lima et al (2020) researched risk management in SMEs, using a literature review approach, create a concept of risk management in SMEs, which so far have not been widely studied. The result state that financial risk management and enterprise risk management, are among the most studied in the literature.

Design/Methodology/Approach: This research method uses a literature review approach to systematically analyze risk management that has and has not been carried out by SMEs in Indonesia. In addition, it also provides insight and understanding related to risk management needed by SMEs in the recovery period, as well as strategies for adapting sustainable business concepts.

Findings: The results of this study explain that SMEs in Indonesia experience many risks in running their business and are too vulnerable to face economic shocks. To adopt the concept of a sustainable business and business recovery after the COVID-19 pandemic, SMEs in Indonesia must carry out comprehensive risk management.

Research, Practical & Social Implications: We suggest a future research agenda and highlight the contributions made to executive and management education.

Originality/Value: The results indicate that the number of publications is growing, and the management and business area is the one that contributes the most, with the countries that produce in co-authorship also providing the most publications.

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GESTÃO DOS RISCOS PARA A RECUPERAÇÃO E A SUSTENTABILIDADE DAS ATIVIDADES DAS PME NA ERA PÓS-COVID-19

RESUMO

Objetivo: O objetivo deste estudo foi identificar a gestão de riscos que apoia a recuperação e a sustentabilidade das PME na Indonésia após a crise da pandemia de COVID-19.

Quadro Teórico: literatura recente, Lima et al (2020) pesquisaram a gestão de riscos em PME, usando uma abordagem de revisão de literatura, criar um conceito de gestão de riscos em PME, que até agora não têm sido amplamente estudados. Os resultados indicam que a gestão de riscos financeiros e a gestão de riscos empresariais estão entre as mais estudadas na literatura.

Design/Metodologia/Abordagem: Este método de pesquisa utiliza uma abordagem de revisão da literatura para analisar sistematicamente a gestão de risco que foi e não foi realizada por PMEs na Indonésia. Além disso, proporciona também uma visão e compreensão relacionadas com a gestão dos riscos de que as PME necessitam no período de recuperação, bem como estratégias para adaptar conceitos empresariais sustentáveis.

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**Resumen**

**Finalidad:** El objetivo de este estudio fue identificar la gestión de riesgos que apoya la recuperación y la sostenibilidad de las pymes en Indonesia después de la crisis de la pandemia de COVID-19.

**Marco Teórico:** La literatura reciente, Lima et al. (2020) investigó la gestión de riesgos en las pymes, utilizando un enfoque de revisión de la literatura, para crear un concepto de gestión de riesgos en las pymes, que hasta ahora no ha sido ampliamente estudiado. Los resultados indican que la gestión del riesgo financiero y la gestión del riesgo empresarial se encuentran entre las más estudiadas en la literatura.

**Diseño/Metodología/Enfoque:** Este método de investigación utiliza un enfoque de revisión de la literatura para analizar sistemáticamente la gestión de riesgos que han realizado y no han realizado las pymes en Indonesia. Además, también proporciona información y conocimientos relacionados con la gestión de riesgos que necesitan las PYMES en el periodo de recuperación, así como estrategias para adaptar conceptos empresariales sostenibles.

**Hallazgos:** Los resultados de este estudio explican que las pymes en Indonesia experimentan muchos riesgos en el funcionamiento de sus negocios y son demasiado vulnerables para enfrentar los choques económicos. Para adoptar el concepto de empresa sostenible y recuperación empresarial tras la pandemia de COVID-19, las pymes de Indonesia deben llevar a cabo una gestión integral del riesgo.

**Implicaciones Prácticas y Sociales de la Investigación:** Sugerimos una agenda de investigación futura y destacamos las contribuciones realizadas a la educación ejecutiva y de gestión.

**Originalidad/Valor:** Los resultados indican que el número de publicaciones está creciendo, y el área de gestión y negocio es la que más aporta, siendo los países que producen en coautoria los que más publicaciones aportan.

**Palabras clave:** Gestión de Riesgos, Pymes, Recuperación y Sostenibilidad, Post Pandemia COVID-19, Análisis Sistemático.

**Introducción**

El desarrollo económico de los países en el mundo a menudo se asocia con Pequeñas y Medianas Empresas (SMEs). Las pequeñas y medianas empresas (SMEs) desempeñan un papel crucial para las economías a nivel mundial (Burgstaller & Wagner, 2015). Las SMEs tienen un papel crucial en los sectores que absorben el trabajo, aumentan el ingreso y alivian la pobreza. Martin et al. (2017) destacaron que las pequeñas y medianas empresas desempeñan un papel crucial en varios países en desarrollo ya que pueden ofrecer empleo y ser fuentes de ingresos para las personas, incluyendo a grupos marginados (sin habilidades y mujeres pobres). El sector de SMEs en Indonesia ha absorbido 87.73% de la fuerza laboral y contribuye más del 60% de la GDP nacional (Kemenkopukm, 2019). Por lo tanto, el desarrollo de las SMEs' desempeño ha sido siempre la atención del gobierno.
and priority. The sustainability and development of SMEs is the government's top priority to reduce national inequality (Falentina & Budy, 2019).

SMEs are also a sector that is stronger in facing the economic crisis than large industries. Several economic crises that have occurred in Asia and globally in the last decade have proven that SMEs are the sector that can survive. Bourletidis & Triantafyllopoulos (2014) show that in Korea, after the 1997/1998 crisis, SMEs rose faster because they were more flexible in terms of marketing and technology transfer. Likewise, what happened in Europe, SMEs were considered more resilient to the 2008 economic recession because they easily adapted to investment and marketing tactics. SMEs are considered smaller, more flexible in adapting to economic recessions because they are not affected by swings, are less rigid, are more able to exploit markets, focus more on agglomeration than company economies of scale, and do not depend on formal credit so they are not burdened by debt (Bourletidis & Triantafyllopoulos, 2014).

When the COVID-19 outbreak occurred in almost all corners of the world at the end of 2019, it gave terrible turmoil to the economy, both in developed and developing countries, such as Indonesia. Currently, the world faces a simultaneous health and economic crisis that has never happened before in history (Pierre, 2020). The impact of the current crisis is not only on large industries but also on SMEs. According to Hartmann & Lussier (2020), some of the problems faced by the industry when facing the COVID-19 outbreak include lack of supplies, disruption in supply chains, problems in product delivery, difficulties in carrying out daily production operations, new work arrangements (for example online sales, changes in information flow, division of industry roles, etc.) as well as labor issues related to temporary dismissals or permanent dismissals (layoffs).

Research in China, Shicuan Province, (Lu et al., 2020) shows that this COVID-19 outbreak has a significant impact on SMEs. Many SMEs have cash flow problems because of the fixed costs that must be incurred while decreasing revenue on the other side. Reduced productivity, due to quarantine regulations for workers, makes them unable to produce, so that it will have an impact on the sales of SMEs products. Especially for export-oriented SMEs, it has stopped due to the closure of many modes of transportation among countries to protect their public health. Furthermore, according to research by McGeever, et al. (2020) in Ireland, the liquidity needed by SMEs is affected by the COVID-19 outbreak. The results of this study indicate that most SMEs in Ireland need cash for the next three months to cover their reduced income. This condition occurs in most non-farm SMEs.
Such cases also certainly occur in Indonesia and impact the performance of the national SMEs sector. The current condition clearly illustrates that SMEs cannot escape the impact of the crisis. Risk management is needed to help SMEs be successful and continue to exist in driving the economy. However, there are still many debates related to risk management in businesses, especially SMEs. Brustbauer (2014) said that risk management is the implication for competitiveness by developing a strategy to reduce potential losses while exploiting windows for opportunity. Brustbauer, J. (2014) classifies risk management in SMEs into three categories, namely: 1) risk identification, 2) risk assessment, 3) risk monitoring. On the other hand, He & Lu (2018) based on the Casualty Actuarial Society (2003) classification of the four types of risk management: hazard risk, financial risk, operational risk, and strategic risk. Risk Management may help SMEs identify risks and improve efficiency performance to be successful and experienced (Falkner & Hiebl, 2015).

Financial literacy has a positive effect on the sustainability of SMEs (Parmitasari & Rusnawati, 2023), furthermore, Yusuf, et al., (2023) stated that human resources and digital innovation has positive and significant impact on SMEs Performance. Based on previous studies, shows that the performance of SMEs is strongly influenced by many factors, thus requiring good governance. Therefore, risk management is needed to improve the performance of SMEs in Indonesia in the post-COVID-19 period. Therefore, this study intends to identify risk management supporting the recovery and sustainability of SME businesses in Indonesia after the COVID-19 pandemic crisis..

LITERATURE REVIEW

In theory, risk has many definitions so that it has an impact on the understanding and classification of risk management. In general, the definition of risk is always associated with uncertainty, so risk management is a company's mitigation process in the face of uncertainty. Brustbauer (2014) said that risk management is the implication for competitiveness by developing a strategy to reduce potential losses while exploiting windows for opportunity. Zoghi (2017) said that today's risk management is not anymore only financial, extending its focus on operational and strategic levels, identifying critical business risk, measuring impact on the business outcome, priorities for allocating resources, and communicating the most important criteria. Belas et al. (2015) said that financial risk management has a significant influence on the business operation, financial performance, and long-term sustainability of any firm. Risk management on the financial side is not yet popular with SMEs, especially SMEs
with small business scales, because SMEs often lack assistance on the financial side and are less able to access the financial resources needed to deal with cash flow problems (Husain & Windsperger, 2010).

Brustbauer, J. (2014) classifies risk management in SMEs into three categories, namely: 1) risk identification, 2) risk assessment, 3) risk monitoring. Identification of risks related to reporting as well as professional consultation related to the problems at hand. The next stage, the risk assessment, is creating a business plan, designing, and comparing products with competitors. The last stage is risk monitoring, namely monitoring work realization and comparing it with planning. This strategic orientation to risk management is divided into three main categories: regular investment in new products and technology transfer processes, seeking or expanding new markets, introducing new products to the market regularly. Risk management has a positive effect on the competitiveness and success of SMEs because SMEs cannot identify all related risks. This method helps them to get better understanding in identifying, assessing, and monitoring risk, and raises their awareness of all related risks. There are some level to identify risk management, included: Risk identification, risk assessment, and risk of response and monitoring (Algremazy, Ideris, Muhammad, & Alshammakh, 2023), so risk management are so important for the business growth (Malahim, 2023).

On the other hand, He & Lu (2018) based on the Casualty Actuarial Society (2003) classification of the four types of risk management: hazard risk, financial risk, operational risk, and strategic risk. Hazard risks are property damage, wisdom and other natural perils, theft and other crime, business interruption, disease and disability, and liability claims. Financial risks are price, liquidity, credit, inflation/purchasing power, hedging/essential risk. Operational risks are business operations (eg, product development, human resources, supply chain management), empowerment and IT, business planning and accounting (budgeting), strategic risks are reputation damage, competition, customer wants, socio cultural trends, technological innovation, capital availability, regulatory and political.

Lima et al (2020) researched risk management in SMEs, using a literature review approach. The purpose of this study is to create a concept of risk management in SMEs, which so far have not been widely studied. Literature review is considered the right method to fill the existing research gap on risk management in large companies and SMEs. The results of this study state that financial risk management and enterprise risk management, are among the most studied in the literature. Meanwhile, the complete approach of risk management is still not diffused nor
developed in SMEs, although many types of new risks are occurred now days. The new risk management type including: Project, Strategic, and Supply Chain risk management in SMEs.

**RESEARCH METHOD**

Literature review research methods are currently widely used as a consequence of the rapid development of science and research. The strength of the literature review method is that it integrates findings and perspectives from many empirical findings so that they can answer research problems. Many studies in the field of management and business use the literature review method through the approach of review papers and systematic reviews. The purpose of this approach is to compare research and conduct systematic reviews that contribute to providing information regarding policies and practices that have been carried out, as well as evidence of impact (Snyder, 2019).

The study about risk management is dominated by large firms, so there is a gap of empirical studies about risk management for medium and small firms (Lima et al 2020). The important rules and the increasing number of SMEs drive the concept of risk management to improve the managerial knowledge and competencies in SMEs. Based on the literature review guidelines (Snyder, 2019), the steps taken in the research include:

**Designing the Review**

In the literature review, designing is a fundamental step. At this stage, decisions are made related to the research area, which includes the objectives, the specific scope of the research. Therefore, the selection of keywords and databases has an important role in determining the quality of research. Designing the review in this study uses 3 main keywords, namely risk management of SMEs, recovery of SMEs business and sustainability business of SMEs. The database used is a paper published in international journals as well as domestic journals related to Risk Management of SMEs from the period 2018-2022.

**Conducting the Review**

The next stage, is to review the article which aims to ensure the quality and conformity with the research conducted. In this study, the review was carried out by reading one by one paper gradually according to the keywords. The review is focused on abstracts, methods and findings in each paper.
Analysis

Analysis is carried out to explore information in detail and suitability related to the topics discussed in the research and described. This study analyzes the impact and findings of each paper. In addition, certain concepts and theoretical perspectives related to risk management of SMEs are also included.

Writing the Review

Writing the review is the last step that aims to provide detailed information related to the research contribution. The contribution of this research is highly dependent on the research design. Based on the research design, the expected contribution in this research is a comparison of risk management and the ideas and concepts of risk management carried out by SMEs during the economic recovery period in the realm of sustainable business concepts.

The data-based articles used in this study were taken from Google Scholar with the selection of topics related to research, namely risk management in SMEs. The publication period of the articles used as the literature database in this study was the last 5 years (2018-2022), because the analysis focused on the closest times to the COVID-19 pandemic, 2 years before (2018-2019) and 2 years after (2021-2022).

RESULTS AND DISCUSSION

Warwick & Roshen (2020) stated that all companies in the world are affected by the COVID-19 outbreak regardless of the company's size, either large industries or small and medium-sized enterprises (SMEs). In Pakistan, 94.57% of SMEs were affected by the crisis pandemic COVID-19 (Shafi, Junrong, & Wenju, 2020). In the UK, about 41% of SMEs stop operations, and about 35% of SMEs are unable to reopen again, about 50% of SMEs in Germany expected a negative effect due to crisis, more than 70% of SMEs in Italy were directly affected by this crisis (Juergensen, Jose, & Rajnessh, 2020). In Indonesia, 82.4% of SMEs were affected by the decline of income of about 84.2% SMEs (BPS, 2021).

Based on BPS survey data (2021), only 15% of businesses in Indonesia adapt through diversification of businesses to prevent losses or survive during pandemics. While only 5% of businesses are on the road to switch to other business sectors to survive during a pandemic. SMEs in Indonesia were growing faster to adopt the new normal regulations. As many as 80% of SMEs have adapted to implementing new habits in the work
environment. A total of 79.47% of SMEs apply physical distancing, 80.23% provide hand washing facilities, and 83.96% apply the use of masks.

The COVID-19 pandemic limited conventional marketing that required face-to-face. Based on data, only 47.75% of businesses in Indonesia use the internet in marketing. But at the beginning of the 2020 pandemic, there was an increase of 5.76% of businesses who switched to online marketing. The government created a digital platform in the form of Gerakan Nasional Bangga Buatan Indonesia (GNBBI) as a promotion of national SMEs products. By the end of 2020 there are already 11.7 million SMEs entering on this digital platform. During the pandemic SMEs switched to online in cities increased by 7.12% and in the district increased by 5.19% (BPS, 2021).

Risk management in SMEs can be used to organize and adapt the new business affected by pandemic COVID-19, through identifying, minimizing and preventing that impact to the business (Sergeeva & Volkodavova, 2022). There needs to be risk management for SMEs to anticipate the occurrence of bankruptcy. Risk Management support to sharpen the management decision of strategic and operational to increase the competitiveness value of SMEs (Hanggraeni, et al., 2019). Every company (large, medium and small companies) should be ready to face and minimize risk by implementing risk management (Ass Sajjad et al., 2020).

Referring to the literature review approach, this study calculates the amount of literature based on keywords and the research period that has been determined. There are six (6) keywords that are divided into two (2) different periods according to the topics discussed, namely risk management in SMEs in Indonesia. The data based on Google Scholar is shown in the following table.

<table>
<thead>
<tr>
<th>Keywords</th>
<th>Period</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk Management for SMEs</td>
<td>unlimited</td>
<td>556,000</td>
</tr>
<tr>
<td>Risk Management for SMEs</td>
<td>2018-2022</td>
<td>32,200</td>
</tr>
<tr>
<td>Risk Management for SMEs in Indonesia</td>
<td>unlimited</td>
<td>58,000</td>
</tr>
<tr>
<td>Risk Management for SMEs in Indonesia</td>
<td>2018-2022</td>
<td>17,900</td>
</tr>
<tr>
<td>Risk Management, Recovery, Sustainability for SMEs in Indonesia</td>
<td>unlimited</td>
<td>21,600</td>
</tr>
<tr>
<td>Risk Management, Recovery, Sustainability for SMEs in Indonesia</td>
<td>2018-2022</td>
<td>13,500</td>
</tr>
</tbody>
</table>

Source: Authors, 2022.

The Google Scholar database displays a lot of literature that appears and is related to research keywords, which is as many as 556,000 articles. But the number continues to decrease.

along with the focus of research keywords. By using the keywords risk management, recovery, sustainability for SMEs in Indonesia with a time limit of five (5) years, only 13,500 articles were found. In this study, 21 articles were taken that were closely related to the research discussion, namely the analysis of risk management on SMEs in Indonesia during the COVID-19 pandemic for business recovery and sustainability. The articles taken in this study came from 10 international journals, 2 international proceedings, and 9 domestic journals. Most of the literature used in this study used descriptive qualitative methods in analyzing risk management in SMEs (33% of articles). While 24% of articles used qualitative case studies on certain SMEs, 19% of articles used quantitative methods, 4% of articles used literature review, and the rest used mixed quantitative and qualitative methods.

Based on the literature database collected in this study, it is divided into several types of discussion related to risk management in SMEs, namely: risk management stage, risk management strategy, types of risk management, and definition/implementation of risk management. The article that discusses the risk management stage in its findings discusses the steps taken by SMEs in risk management. An article that discusses risk management strategies, in its conclusion describes the activities or activities carried out during managerial decision making to avoid the risks faced by SMEs. The discussion that focuses on the types of risk management discusses various types of risk management based on the characteristics of the company. Meanwhile, the discussion related to the definition/implementation explains the theoretical concepts of risk management and also the operational risk management concepts in SMEs.

Pamungkas & Atmojo, (2021) stated that to overcome various risks in SMEs, risk management is needed that refers to the ISO 3000 standard is carried out in 3 stages, there are risk identification, risk analysis and risk evaluation. Referring to the same method He & Lu, (2018) in their research divides the stages of risk management into two, namely risk assessment and risk treatment. The stages of risk assessment are carried out through three stages, namely risk identification, risk analysis and risk evaluation. Research conducted by Sitanggang & Sitanggang (2022) also carried out risk management stages in SMEs using the ISO 3000 method including: risk identification, risk analysis, risk evaluation, risk treatment, risk monitoring, risk review, recording, and finally reporting.

Meanwhile, according to Suhaimi, (2020) the stages of risk management for SMEs in Indonesia in dealing with COVID-19 include risk identification, risk analysis, risk evaluation, risk treatment, monitoring and review, risk recording and reporting. Santosho & Mujayana,
Dewi, D. N. A. M., Sari, S. R. (2024) 
Risk Management Towards the Recovery and Sustainability of the SMEs Business in the Post COVID-19 Era  

2021) stated that in general, risk management carried out by SMEs in Indonesia goes through four stages, namely: i) risk identification, ii) risk assessment, iii) risk response plan, iv) risk evaluation and control. Pulka et al., (2018) in their research revealed that the stages of risk management in SMEs are identifying, analyzing, assessing, treating, monitoring and communication risk. Tariqali & Subramanian (2022) in their research revealed that the stages of risk management include identifying risk, assessing risk, mitigating risk, removing or reducing the impact. 

Furthermore, the literature database that discusses risk management from a strategic point of view explains the activities of SMEs during the risk management process. Hanggraeni et al., (2019) in the study concluded that a risk management strategy using an Enterprise risk management approach and carried out on financial and non-financial variables will reduce costs from external factors. According to Nugroho & Utami (2022), risk management strategies in SMEs will not have an impact on sustainability if they only focus on the financial aspect. Risk management strategies in SMEs generally focus on minimizing costs and living expenses for families, not on business expansion. 

Meanwhile, Atmajaya & Andriantantri (2020) stated that supply chain risk management in SMEs is carried out by implementing rewards and punishment strategies, division of labor, training for workers, integration of information systems, and the use of applications. Research conducted by Saka & Abere, (2022) has four main strategies in risk management, namely: 1) avoidance risk, 2) risk reduction, 3) sharing risk, 4) retention risk. (Motovic, (2021) focuses risk management on SMEs when facing a crisis, namely by strengthening business strategies through strategic and operational risks, making business processes to make important decisions.

Meanwhile, a risk management database that discusses of risk management analyzes various types of risk management. SMEs can implement risk management in accordance with business criteria. Singgalen et al., (2021) explained that there are 3 (three) types of risk management, namely supply risk, operational risk, and customer risk. On the other hand, Ass Sajjad et al., (2020) divided the types of risk management into three, namely financial risk, product risk and market risk. Saputra et al., (2021) divided the types of risk management into risk management objectives, risk management principles and commitments, risk management framework, risk management process, and risk management cost. Lima et al., (2020) divide risk management into 6 types, namely, financial risk management, supply chain risk management, strategic risk management, project risk management, disaster risk management and engineering

Furthermore, based on the definition/implementation related to risk management, Crovini et al., (2021) define risk management of SMEs as immature which is mainly due to the additional costs and also unawareness of the benefits and opportunities deriving from an integrated process, so the risk management for SMEs is an innovation. Tan et al., (2021) define risk management as the art of maintaining balance risk and rewards, processes and people.

Comprehensively, risk management carried out on SMEs can be used to get through the post-COVID-19 economic recovery period and also have an impact on business sustainability. Many small businesses survive during the pandemic because they have implemented risk management properly. In addition, risk management is one of the schemes to save SMEs from the impacts caused during COVID-19 (Santoso & Mujayana, 2021). Reinforcing this statement, Lima et al (2020) stated that risk management in SMEs is important for recovery and sustainability. Suhaimi (2020) in a case study of SMEs in Indonesia found the fact that companies that have good risk management can survive and recover during the COVID-19 pandemic. On the other hand, Nugroho & Utami (2022) stated that risk management does not have a significant impact on the sustainability of SMEs because of the dependence of business operations on business owners.

CONCLUSION

Based on the literature database on risk management in SMEs, there are 3 aspects of risk management that are usually discussed in the article, that are: risk management strategies, types of risk management and also the definition/implementation of risk management. Most of the paper stated that the recovery and business sustainability of SMEs was more or less influenced by the risk management. SMEs should be encouraged to implement all aspects of risk management in the post-COVID-19 era in Indonesia, as a form of anticipation of uncertain economic fluctuations in the future.

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