CHAPTER 5

CONCLUSION, CONTRIBUTIONS, LIMITATIONS, AND RECOMMENDATION

5.1 Introduction

This chapter concludes the research findings for the risk management process in micro businesses. This chapter also explains the contributions of this thesis, the limitations, and the recommendations for future research.

5.2 Conclusion

According to Pojasek (2011), effective risk management means identifying and exploiting opportunities to improve system performance, as well as taking action to avoid or reduce the chances that something will go wrong. The thesis finds the common steps in risk management process by previous studies are risk identification, risk analysis, risk treatment, and risk monitoring. The thesis also finds the practical and easy to use risk management process for micro business has six steps. The steps are establishing the business context, risk identification, risk analysis, risk evaluation, risk treatment, and monitoring and review. This thesis discovers that risk management process for ISO 31000: 2018 can be modified and simplified to fit the needs of micro businesses.

5.3 Contribution

This thesis studies the risk management process for SMEs, focusing on microenterprises. The risk management process developed in this thesis helps ease micro business owners to manage their risk in a formal manner, thus help in business growth.

In terms of knowledge, the thesis enhanced on risk management process developed not only for SMEs, but also for project risk, social media risk, and other types of business risks. The thesis also fills in the research gap especially in risk management practice of micro businesses in Malaysia. Apart from that, the thesis finds there are only two most common steps in risk management process that are risk identification and risk treatment. Apart from that, different authors use different terms for their developed risk management processes. However, the terms lead to the same meaning and purposes as presented in Table 5.1Table 4.1. Moreover, Table 5.1 also shows that not all risk management process is the same as ISO 31000 although ISO is generally accepted worldwide. There are many other risk management processes developed in the field.

In terms of practice, the thesis discovers that business owners segregate between knowledge for their business only, and general knowledge on business including risk management knowledge. They find that risk management knowledge is unnecessary. However, when they are exposed to risk management practice by being the respondent to this study, they find that risk management is important for their business.

The thesis proposed a risk management process that can straight away be used by micro business owners. Unfortunately, although the risk management process is simplified as much as possible, the micro business owners appreciates if they have someone to refer to, like risk consultant or advisor. This indirectly opens an opportunity for risk management advisors to provide services to the micro business owners, just like tax advisors and financial advisors.

Table 5.1: Comparisons risk management processes by previous studies.

Purpose of risk management step following ISO 31000: 2018	Crane et al. (2013)	Ramly & Osman (2018)	Bensaada & Taghezout (2019)	Baranoff et al. (2009)	Srinivas (2019)
Establishing the context. To identify business objective, environment which organization seeks to define its objective and risk criteria.		Determine the purpose, issues, and consequences criteria.	Common terminology and context.	Communication.	
Risk identification To find, recognize and describe risks that might help or prevent an organization achieving its objectives.	Identify risk.	Risk identification.	Risk identification.	Identification.	Identification of risk.
Risk analysis. To comprehend the nature of risk and its characteristics including, where appropriate, the level of risk.	Measure risk; assess risk bearing capacity.	Risk assessment.	Risk analysis and measurement.	Risk profiling.	Risk assessment.
Risk evaluation. To support decision by comparing the results of risk analysis with risk criteria.	Evaluate risk tolerance; set risk management goals.	Determine risk appetite.	Risk capacity and profiling; risk strategic evaluation.		
Risk treatment. To select and implement options for addressing risk	Identify effective risk management; make a decision and implement the plan.	Determine risk treatment.	Response / treatment option identification and analysis; response / treatment implementation.	Risk mapping; risk management alternatives; comparison to current risk handling	Risk response planning.
Monitoring and review. To assure and improve the quality and effectiveness of process design, implementation and outcomes	Evaluate the results.		Monitor; review.	Ongoing monitoring.	Monitoring and controlling risk.

Table 5.1: Comparisons risk management processes by previous studies (contd.)

Purpose of risk management step following ISO 31000: 2018	Demek et al. (2018)	Panigrahi (2012)	Verbano & Venturini (2013)	Ekwere (2016)	Naude & Chiweshe (2017)	Falkner & Hiebl (2015)
Establishing the context. To identify business objective, environment which organization seeks to define its objective and risk criteria.	Objective setting.		Corporate and management objectives.	Establish the context.		
Risk identification To find, recognize and describe risks that might help or prevent an organization achieving its objectives.	Event identification.	Identify.	Identification.	Identify the risk.	Risk identification.	Risk identification.
Risk analysis. To comprehend the nature of risk and its characteristics including, where appropriate, the level of risk	Risk assessment.	Assess & analyse.	Evaluation.	Analysis of the risks.		Risk analysis.
Risk evaluation. To support decision by comparing the results of risk analysis with risk criteria.				Evaluate the risks.	Risk assessment.	Selection of methods.
Risk treatment. To select and implement options for addressing risk	Risk response.	Plan action.	Treatment.	Treat the risk.	Risk response – mitigation strategy.	Strategy implementation.
Monitoring and review. To assure and improve the quality and effectiveness of process design, implementation and outcomes	Control activities.	Monitor & implement. Measure & control.	Monitoring / auditing.	Monitor and review.	Risk monitoring and control.	Control.

5.4 Limitations

This thesis is limited to micro businesses in Malaysia. The respondents are new in the business with an average of one year of experience in the field. They still have a lot of space to grow, hence the knowledge at the time of the study is limited. The study would be more interesting if there is a variety of years in respondents' experience in business field. The different level of knowledge would require a different approach.

The respondents are also limited to sales agents and micro producers. Hence, the result cannot be generalized to all micro business owners and sole proprietors since there are many different sectors of business. Different sectors of micro businesses may need different guidelines or approach of risk management to manage their risks. The study will be more interesting if there are more than four respondents of more focused groups.

In addition, the data is limited to previous studies and feedbacks from respondents. The pandemic situation causes limited movement to interview the respondent face-to-face. The thesis needs to find respondents that are computer literate to evaluate the risk management process. The feedbacks are received through messaging applications and not face-to-face. It would be good if the interview can be done face-to-face or through video calls where the respondents can communicate and talk to express their opinion on the risk management process.

5.5 Recommendations

For a better quality of feedbacks, it is recommended that the evaluation process is done face-to-face with the respondent. Risk management process have to have human connections. Apart from the verbal opinion, body language and voice intonations also play roles in expressing their opinion. Therefore, it is crucial to do a face-to-face interview and data collection to get a better quality of data for the evaluation. In addition, a better-quality feedbacks can be obtained by adding more respondents of the study.

Future research can evaluate the risk management process using different analysis method. For example, a questionnaire can be developed using quantitative method like Likert scale to find the most important risk management steps among micro business owners. Therefore, risk management steps that are the least important can be further studied.

With the growth of micro businesses that uses online platform where everyone can sell anything, research can be conducted on micro business owners who uses e-commerce platforms. Micro business owners that are willing to learn more, expose themselves to unfamiliar environment and courageous to explore the market might manage their risks better. Research on business owners that uses the same e-commerce platform to sell their products may lead to different results, which can help improve the risk management process proposed in this thesis.