



The Role of Risk Management as an Organizational Management Strategy: A Literature Study

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Abstract:

This study explores the strategic role of risk management in enhancing organizational performance amid increasing uncertainty. The research aims to analyze how risk management contributes to performance improvement through systematic implementation across various organizational contexts. Using a qualitative method with a literature review design, data were obtained from national and international journals, reference books, and risk management frameworks such as ISO 31000 and COSO ERM published in the past ten years. Thematic analysis was employed to identify patterns, practices, and key factors influencing successful implementation. The findings show that organizations applying structured risk management—from identification, analysis, evaluation, control, to monitoring—achieve higher stability, improved decision-making, and stronger stakeholder trust. The study concludes that risk management is not only a defensive measure but also a strategic tool that supports sustainability and competitive advantage.

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Introduction

In today's increasingly complex and uncertain business and organizational environments, uncertainty and change, both internal and external, are inevitable parts of every organizational activity. Therefore, the existence of a sound risk management system is crucial to maintaining operational continuity and the success of organizational strategies. Risk

management enables organizations to detect potential threats or opportunities, evaluate their impact, and design preventative or adaptive actions to minimize negative impacts and maximize opportunities.

Numerous empirical studies and literature reviews have demonstrated that implementing risk management positively impacts organizational performance. Research on pension funds indicates that risk management significantly improves organizational performance (Indrayati Dewi, 2023a)). Other literature reviews also emphasize that risk management, when implemented comprehensively through the stages of identification, analysis, control, and monitoring, is a crucial element for organizations to achieve their strategic goals (Novriadi & Setiawati, 2025).

Various previous studies have also examined the relationship between risk management and organizational performance from various perspectives. Research conducted on public companies in Malaysia showed that the implementation of enterprise risk management (ERM) integrated with a performance measurement system can improve the effectiveness of internal controls and overall organizational performance (Rasid et al., 2017). Furthermore, recent literature studies confirm that risk culture within an organization plays a crucial role in determining the success of risk management implementation, particularly in shaping more risk-aware decision-making behavior (Bockius & Gatzert, 2024). However, most of this research still focuses on the context of large companies and capital markets, thus opening up opportunities for research examining risk management in more diverse organizational contexts.

However, despite evidence supporting the benefits of risk management, not all organizations implement it optimally. In many cases, risk management is understood only as a form of reactive control over threats, rather than as part of a sustainable, integrated institutional strategy. This creates a gap between theory and practice, even though risk management frameworks have evolved and become integrated with organizational governance and performance measurement systems. The effectiveness of risk management is also influenced by an organization's risk culture, management structure, and dynamic external environmental conditions (Rasid et al., 2017; Bockius & Gatzert, 2024).

This gap is the urgency of conducting in-depth research into the role of risk management in an organizational context. By systematically studying how risk management is implemented from identification to monitoring and its contribution to organizational stability, sustainability, and performance, this research is expected to provide both theoretical and practical contributions. Therefore, this study aims to analyze the role of risk management in improving organizational performance and understand the mechanisms through which risk management can help organizations navigate uncertainty and achieve their goals effectively.

Research Methods

This study uses a qualitative approach with a literature review design, aiming to comprehensively examine the role of risk management as a strategy in organizational management. This research design was chosen because it allows researchers to examine, compare, and synthesize various concepts, empirical findings, and theoretical frameworks developed in risk management studies without involving direct primary data collection. The



main focus of this study is on how the concept of risk management is applied in various organizational contexts and how it contributes to improving organizational performance based on previous research findings.

The data sources in this study are entirely secondary data obtained from national and international scientific journal articles, academic reference books, and risk management standards and guidelines such as ISO 31000 and COSO Enterprise Risk Management. The literature search was conducted through several scientific databases, such as Google Scholar, ScienceDirect, Scopus, and national journal portals. Keywords used in the literature search process include "risk management", "enterprise risk management", "organizational performance", "risk culture", and "ISO 31000". The literature used was selected based on the criteria of topic relevance, source credibility, and year of publication, with priority given to articles from the last five to ten years to obtain an overview of the current state of risk management in organizations.

Data collection techniques were carried out through a systematic process of literature search, selection, and documentation. Each selected article was thoroughly read to identify the research objectives, methods used, organizational context, studied variables, and key findings related to risk management and organizational performance. Important information from each source was then recorded and classified to facilitate the analysis process. The instrument used in data collection was a literature recording sheet containing the reference's identity, a summary of its contents, and its relevance to the research topic.

Data analysis was conducted using qualitative analysis techniques through a thematic synthesis approach. The collected data were grouped based on key themes, such as the definition of risk management, the stages of risk management, the relationship between risk management and organizational performance, and factors supporting successful risk management implementation. Next, a comparison process was conducted between research findings to identify patterns of similarities, differences, and research gaps that are still open for further study. The results of this synthesis were used to build a comprehensive understanding of the strategic position of risk management in organizational management.

Results and Discussion

This study aims to analyze the role of risk management as a strategy in organizational management through a literature review approach, examining various relevant scientific journals and reference books. Data collection was conducted by reviewing national and international scientific publications over the past ten years that discuss risk management, enterprise risk management (ERM), organizational performance, and risk culture. The data obtained were then analyzed thematically to identify patterns of risk management implementation, common problems in practice, and its contribution to improving organizational performance.

General Conditions for the Implementation of Risk Management in Organizations

Analysis of various literature shows that in many organizations, particularly those without a mature governance system, risk management remains reactive and partial. Risks are often only addressed after a loss occurs, rather than as part of strategic planning. Furthermore, there is still weak risk documentation, a lack of integration of risk management with



performance planning, and low risk awareness at the operational level. This situation leaves organizations ill-prepared to face the uncertainties of a dynamic business environment. These findings align with the view that failure to systematically manage risk can increase potential losses, reduce operational stability, and hinder the achievement of organizational goals (Widyastuti & Zakiyah, 2021).

Risk Management Stages as an Organizational Management Strategy

Based on the results of the literature synthesis, effective risk management must be designed as a structured system integrated with all organizational business processes. The implementation of risk management begins with the risk identification stage, which is the process of recognizing all potential threats that could hinder the achievement of organizational goals. Identified risks are then analyzed to assess the likelihood of their occurrence and the magnitude of their impact. The next stage is risk evaluation and control, which is carried out through selecting risk management strategies such as avoiding, reducing, transferring, or accepting risks according to the organization's risk tolerance level. This entire process is then complemented by continuous monitoring and evaluation to ensure risk control remains relevant to changes in the organizational environment. This stage, as emphasized in the ISO 31000 framework and reinforced by findings (Indrayati Dewi, 2023b) and (Zaidah & Mahbubah, 2021), shows that implementing systematic risk management stages can help organizations control operational risks more effectively and in a structured manner.

The Role of Organizational Structure and Risk Culture

The study also shows that the success of risk management implementation is significantly influenced by the organizational structure and risk culture established. Organizations with top management commitment to risk management tend to be better able to integrate risk into strategic decision-making(Desai, 2025) emphasized that a strong organizational culture, supported by risk-oriented leadership and open communication, can significantly increase the effectiveness of risk management in multinational organizations. These findings indicate that risk management is not only relevant to the private sector but also plays a vital role in various types of organizations when supported by a sound organizational structure and risk culture.

Risk Management and Organizational Performance

From an organizational performance perspective, the analysis shows that organizations that consistently implement risk management tend to have more stable and measurable performance (Farhan & Raheem, 2024) showed that organizational performance is determined not only by financial aspects, but also by the effectiveness of internal processes, stakeholder satisfaction, and the organization's ability to manage change. These findings are reinforced by (Utami et al., 2021), who proved that the implementation of enterprise risk management (ERM) has a positive effect on company value in the manufacturing sector listed on the Indonesia Stock Exchange, reflecting an increase in overall organizational performance. In this context, risk management plays a role in maintaining operational stability, minimizing disruption to organizational activities, and increasing stakeholder confidence in the organization's sustainability. Thus, it can be concluded that risk management functions not only as an organizational protection mechanism but also as a strategic factor supporting the achievement of optimal and sustainable performance.



Conformity with Previous Research and Research Novelty

The alignment between this study's findings and previous research is evident in the consistent finding that risk management has a positive impact on organizational performance. Research (Zaleha et al., 2017) shows that the implementation of risk management combined with good corporate governance significantly improves the financial performance of companies listed on the Indonesia Stock Exchange. This finding confirms the crucial role of risk management in helping companies anticipate uncertainty and improve the effectiveness of strategic decision-making.

Furthermore, research (Sibagariang & Silalahi, 2025) also found that risk management has a positive impact on company performance, particularly in maintaining operational stability and reducing potential losses due to poorly managed risks. These research findings reinforce the view that risk management functions not only as a control tool but also as a strategic instrument for enhancing company competitiveness.

Furthermore, research (Nevin SERT et al., 2024) revealed that the implementation of risk management is influenced by various antecedent factors and significantly impacts company value. This indicates that risk management not only impacts short-term performance but also contributes to long-term sustainability and value creation.

However, most previous research has focused on public companies, the financial sector, and large-scale organizations. Unlike these studies, this study emphasizes that risk management is also highly relevant for application to various types of organizations in general, both small and medium-sized, as well as the non-financial sector, as a sustainable organizational management strategy. Therefore, this research has novel elements in terms of the object and broader context of risk management application. Furthermore, this research is expected to provide practical contributions to non-financial organizations in designing risk management systems that are more adaptive to environmental dynamics. The results of this study are also expected to serve as a reference for further research in developing risk management studies in more diverse organizational contexts..

Conclusion and Recommendation

Based on the analysis and synthesis of the various literature discussed, it can be concluded that risk management plays a highly strategic role in organizational management. The systematic application of risk management through the stages of identification, analysis, evaluation, control, and monitoring of risks has been proven to improve organizational readiness in facing dynamic environmental uncertainty. Furthermore, risk management also contributes to increased operational stability, decision-making effectiveness, and stakeholder trust. Therefore, risk management is not only relevant for large companies and the financial sector, but is also important for various types of organizations, including small and medium-sized organizations, and the non-financial sector, as a sustainable organizational management strategy.

Based on these conclusions, it is recommended that organizations integrate risk management into all business processes and build a risk-aware culture at every level of the organization with full support from top management. Furthermore, this study has limitations because it only used a literature study approach without involving direct empirical data.



Therefore, further research is recommended to use quantitative and qualitative approaches through field studies to obtain a more comprehensive picture of the implementation of risk management in various organizational sectors, as well as examine other variables that could potentially influence the effectiveness of risk management.

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