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STRATEGIC ORIENTATION AND FIRM PERFORMANCE: A CONCEPTUAL MODEL

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ABSTRACT

Purpose of the study

In SME context and environment, this study aims to conceptualize a model that could explain the relationship between the strategic orientation of a firm and organizational performance. Moreover, this study undertakes extensive literature review to find possible other impelling, regulating, and interrelated variables in the above-mentioned context.

Design/methodology/approach

We review includes the research articles published from 2000 to 2021 which are indexed in Scopus and WOS data base. At first stage 257 articles included in the search using, "Strategic orientation", Industry type ", and "Firm Performance" to reduce interpretation bias after a careful assessment of each article based on the objective and scope of the study finally 57 articles for the review by following procedure as suggested by (Kitchenham, 2004).

Findings

In an SME environment, size of the firm (organization) has a moderating effect on the firm's strategic orientation and organizational performance. However, the study finds that such moderating effect may vary depending on the size of the firm. Further, it also opens the windows for the opportunity and enhances the firm's survival by increasing stakeholders capital.

Research limitations/implications

The proposed model of the study is based on the hypothetical viewpoint that can be empirically confirmed by exploring each statement for the respective dimension. This study opens up future research possibilities to find how the risk management mediates and influences the connection between strategic alignment and organizational performance?

Practical implications:

The proposed model will assist SME owners and managers who want to scrutinize the strategic positioning and related influence on firm performance and what significant factors the firm needs to manage due to internal and external environmental shocks.

Originality/value

The study and the proposed model are capable of developing further the theoretical base of the incorporated risk management procedure. The study also contributes significantly to risk management and organizational performance literature.

Keywords- *Risk management, Strategic orientation, firm performance, firm size, environmental uncertainty, SME.*

I.INTRODUCTION

The study of the relationship between "strategic orientation of a firm" and "the firm performance" is a prevalent subject in the field of strategic management research. Strategic orientation of an organization or firm can be defined "as the strategy to adapt to the environment to gain a more favourable alignment" (Smith et al., 1986; Brustbauer, 2016). Strategic orientation is treated as a powerful driver to predict the firm's performance (Conant et al., 1990). The prominence of the research reflects the importance attributed to the traits of strategic orientation by small business research in the academic community. As noted by (Barney, 1991) "A business firm operates for the main purpose of earning a profit, thus using different strategies to achieve this goal". Business level strategies are essential in explaining business performance variations and the ability of the firm long-term performance. Defining these strategies is crucial for small business owners. Simon's .R (1995) proposes that the organisation strategy implementation process must consider, monitor and manage uncertain events and unexpected conditions. However, the increase in competition, dynamics of markets are directing tremendous obstacles to alter business strategy to fit with firm internal resources. Small businesses are more challenging to operate with their large counterparts in the same dynamic environment with limited resources.

"*All firms face environments that are more or less uncertain, but small firms have fewer resources to call upon to acclimatise to these uncertainties. One poor decision can jeopardise the very survival of the small firm"* (Grimmer et al., 2017).

Managing these uncertainties and exploiting opportunities for business growth is a prerequisite for business survival (Agrawal, 2016). According to Wu and Olson (2009), "maintaining a certain level of risk has become a key strategy to make profits in today's economy". However, it is a critical aspect of SME's due to limited resources with less formalised management practices (Henschel & Durst, 2016). In recent years, the risk management system has emerged as a robust management control system, supports the firm decision-making process, and positively directs to achieve organisational objectives (Peljhan et al., 2018; Yang et al., 2018). The perspective of risk and related risk management varies from firm to firm depending on the firm size and business management. In this matter, SMEs have quite different perspective than large organizations (Henschel, 2009; Henschel & Durst, 2016). Thus, while a growing body of literature suggests that "Risk management has considerable implications for competitiveness and business; it enables, for instance, the development of a strategy to reduce potential losses and opens windows for an opportunity" (Bérard & Claveau, 2017; Brustbauer, 2016; Nair et al., 2014). Risk management has emerged as a tool to enhance the value system in both commercial and communal parts of the business (Wu & Olson, 2009).

Extensive literature is available in examining SME's strategic orientation on performance (Aragón-Sánchez et al., 2005; Covin et al., 1989; Grimmer, 2017). However, there is little research has been done empirically probing the impression of risk management systems on the relationship between strategic orientation and organizational performance. Nonetheless, the literature which can conceptualise a holistic model on various factors that may impact the firm business strategy to enhance the firm's performance in the present continues evolving and dynamic era. There are few empirical studies suggest top management support, industry type, industry size, and resources available have moderating effect on SME strategic orientation and performance (Aragón-Sánchez et al., 2005; Escribá-Esteve et al., 2009; Smith et al., 1986). Theoretical evidence makes it clear that management philosophy, risk management system and culture, business structure, perceived environmental uncertainty influence the firm strategic orientation and firm risk management practices along with performance in the organisation is available in the literature (Brustbauer, 2016; Escribá-Esteve et al., 2009; Peljhan et al., 2018).

This study offers four important propositions:

- First, the study offers a conceptual model that shows the size of the firm as a moderating variable between firm strategic orientation and firm or organizational performance.
- Second, the study explores several dimensions.
- Third, the study explores literature based on themes firm strategic orientation, firm risk management system and capability, and firm overall performance.
- Fourth, the study explores the possibility of development of different dimensions based on a firm's subjective performance and objective performances.

The rest of the paper is organized in the following way:

- First, research methodology,
- Second, literature review,
- Third, dimensions and propositions of the model,
- Fourth or the last part, firm performance conceptualization, discussion, and conclusion.

II.RESEARCH METHODOLOGY

Here the literature review procedure and related steps are shown. Identification of literature apposite for the current study where the strategic orientation of firms, their performances, and risk management systems come first, the author proposes two research questions:

- How strategic orientation helps SME's to achieve competitive advantage? 2. What are significant pull and push factors for achieving the firm strategic goal? Papers were explored adopting the procedure as suggested by (Kitchenham, 2004). Manuscripts published in journals listed in electronic databases and indexed with Scopus, Thomson Reuters, ProQuest, EBSCO and specialised in Strategic orientation, risk management, and firm performance are included. Grey literature such as unpublished thesis, conference proceeding, papers that are still unfinished, and work-in-progress are not considered.

The literature review process included related studies accomplished in 2000 and 2021. The author has also decided to explore the literature belonging to seminal field of strategic orientation and risk management systems prevailing in SMEs. At the same time, studies relevant to the study found in the following journals (Table – I) are also included:

Table I: Literature Review Details

S.No	Journal	Empirical	Theoretical	Finally Used
1	International Review	0	1	1
2	Risk Management	0	1	1
3	Journal of Strategy and Management	2	0	1
4	Journal of Small Business Management	5	0	2
5	Wiley-Blackwell, emerald publishing, springer(books)	4	0	4
6	International Journal of Entrepreneurship and Small Business	9	0	5
7	International Small Business Journal	2	0	1
8	IGI Global	1	0	1
9	Strategic Management Journal	4	0	2
10	Harvard Business Review	1	0	1
11	British Journal of Management	4	0	1
12	International Journal of Innovation Science	0	1	1
13	Journal of Accounting and Public Policy	2	0	1
14	Conference proceedings	4	1	5
15	Management Decision	3	0	2
16	International Journal of Management Excellence	2	0	1
17	The Journal of Marketing	1	0	1
18	Journal of Business Research	4	0	2
19	Journal of Manufacturing Technology Management	1	1	1
20	Brazilian Administration Review	1	0	1
21	Strategic Change	2	1	1
22	Business Horizons	1	0	1
23	Theses			2
24	Management Research Review	2	0	1
25	Academy of Management Review	0	1	1
26	Journal of Risk and Financial Management	2	0	1
Total		57	7	42

During the review process, literature was explored using keyword search viz. “Strategic Orientation”, “Risk management” AND “Strategic Orientation”, “Firm performance” and “Industry type” to reduce interpretation bias.

III.THEORETICAL BACKGROUND

The recent financial crises have evolved the importance of risk management in both financial and non-financial organisations. Recent studies suggested that for organisations “right place to start risk management is to identify and manage the company's strategic risks; the risks that have the most impact on organisation's ability to execute its strategy and achieve its objectives"(Anwar & Hasnu, 2016; Henschel, 2010; Henschel & Durst, 2016; Soltanizadeh et al., 2016). As Brustbauer (2016) suggested, the entrepreneur view of risk has changed the shift from an individual perspective to a holistic risk perspective and evolved as “Enterprise risk management”. The objectives of the firm risk management system should be practical, first: if it's connected with company strategy, second: is designed by keeping a view on company strategic objectives, and third: the primary objective must be assured that the company must achieve its firm objectives (Frigo & Anderson, 2012). At the same time, ERM influences the firm's performance (Brustbauer, 2016; Peljhan et al., 2018; Yang et al., 2018). According to Chan et al. (2018), Gordon et al. (2009), Soltanizadeh et al. (2016), “Contingency theory proposed that organisational performance is not the result of using ERM, but it is dependent upon the match between ERM and the contextual factors”. Moreover, an integration of business development strategy and firm or organizational risk management strategy should be associated logically. This is where strategic risk management concept is relevant.

IV.FIRM PERFORMANCE

The conceptualisation of firm performance suffers from limited conceptualisation and lacks proper evidence for identifying context-specific items(Santos & Brito, 2012). The conceptualisation of performance is still in debate in academic research and lack an achievable definition. As quoted by Farooq (2018), “If you can measure the performance that means you can manage the business, performance measurement and management are the two sides of the same coin”. The measurement of firm (organizational) performance is a tool that acts as a guide whether an organization utilises the available or scarce resources effectively to achieve the organizational goals.

"Good performance supports management potency; on the other side, poor performance exposes the ineffectiveness of management. Performance measurement is a process of measuring the actual output of an organisation against its intended output" (Farooq, 2018)

The goal of the research in all these fields is to analyze and explain how organizational performance can be improved, shaped, reshaped, and sustained to assist and support the businesses across the industries to their survival, profitability, and competitive edge (Singh et al. 2016). Indeed, the firm performance measures exist in the literature, there is no consensus in what dimensions to study to measure comprehensively and qualitatively. The classification of performance measures shifted its paradigm from accounting-based financial measures to financial and non-financial measures (Santos & Brito, 2012; Farooq, 2014; Farooq, 2018). In the small business context, numerous studies were suggested that non-accounting/operational measures will enhance the validity and generalisation of the results (Mamai & Yinghua, 2017; Venkatraman & Ramanujam, 1986). Small organizations or firms are "notorious for their unwillingness and unpreparedness in providing the desired information and reluctant to share the objective measures of their companies" (Covin & Slevin, 1989). If shared such data of small firms are difficult to interpret. Cooper (1979) explains that small growth-oriented firms' operating losses or low profits may not indicate poor performance. The apparent performance in terms of profitability may seem poor. It happens due to high investment in product and market developments. Moreover, the industry related factors also influence the financial performances of the firms (Miller and Toulouse, 1986). Ignoring the perspectives and industries mislead the study results.

V.DIMENSIONS OF FIRM PERFORMANCE

There is no clear explanation to define dimensions of firm performance in SMEs. This variable is used as a dependent variable in different studies, and measures are modified according to the context and data availability. The traditional approach to measuring firm performance has considered profitability a dimension and achieved by measuring the firm return on investment. However, some researchers have been talking about the validity issues of return on investment as a solitary pointer (Kroeger, 2007). Therefore, the organisation needs to consider performance as a multidimensional point of view. Various studies suggest different performance measures, including profit and growth perspective or considering financial measures including financial and non-financial measures by means of subjective and objective performance measures (procedures/parameters) as revealed in Table-II (attached in annexure). Literature suggests two ways of measuring firm performance: first, collecting published financial data with secondary sources, evaluating the performance using quantitative analytical techniques, or directly asking the respondent to report absolute performance values. Second, organizational performance can be measured subjectively with the help of the selected respondents who are given the full freedom to rate the performance on the basis of some variables like previous performance of the organization.

Kantur, (2016) justified the usage of subjective measures due to unlikely to get objective data for non-financial measures. Using only objective measures may diminish the validity of conclusions, and considering only objective measures may lessen the validity of the results in Small business studies. According to (Yang et al., 2018), the majority of the studies to study the link between risk management practices and firm performance used subjective responses.

According to Covin and Slevin (1989), small firms are reluctant to provide objective measure data for which subjective measures are better source of information for these small businesses. In academic environment, subjective and objective measures are the matters of huge debate. Overall, researchers prefer subjective measures such as sales growth, return on investments, employee satisfaction levels, and customer satisfaction levels (Yang et al., 2018).

VI.THE CONCEPTUALIZATION OF BUSINESS STRATEGY

Business strategy of a firm is the decision of the firm regarding its business target and how does it streamline resources and networks to achieve that target (Morgan and Strong, 2003). The literature suggests two major perspectives to understand strategic choices: one is "industrial organisation perspective, and it has a major concern with the industry structure, noted by Porter, 1985 and second is: resource-based view has brought "softer" aspects of knowledge, culture, and leadership to define firm strategic choices. Both these approaches show doubts on cogency in the modern business environment (Courtney et al., 1997). These arguments are drawn major emphasis to "fuse" both perspectives to enhance the firm's competitive advantage. Table-III attached as an appendix (table-3)

Peljhan et al. (2018) propose that Miles and Snow typology will focus on the "dynamic process of adjusting to environmental change and uncertainty", and it can effectively reflect the firm internal extern environment to define firm strategic orientation (McKee et al., 1989). As noted by O'Regan and Ghobadian, (2006), opines that "of Porter (1980) model of competitive strategy is not appropriate in the case of SMEs" and recommend that focused business strategy is the best option for SMEs (Rugman & Verbeke, 1988). Some other models are also relevant in this context. As far as the prediction of business efficiency is concerned, Miles and Snow's "typology of business strategy" is a good one to understand the effective predictors (Doty, Glick, & Huber, 1993). (Olayinka et al., 2017) made an effort to empirically validate the applicability of Miles and Snow typology by using cluster analysis results that have revealed that "prospectors" execute much better than "defenders" and are likely to achieve high goals. In addition, the study analysed operational environment observing perception or varying according to the strategic orientation they adopted further explains business environment as more dynamic. In contrast, defenders perceive their environment as more stable.

Table – 4: Characteristics of Miles and Snow Typology

Strategic Orientation	**Characteristics**	**Reference**
Prospector	High-risk taker, entrepreneurial, innovative and opportunity oriented, highly adaptive and flexible to different environments.	(Moore, 2005; O'Regan & Ghobadian, 2006; Smith et al., 1986)
Defender	Concentrates on quality, optimum utilisation of all resources focuses on existing markets, Uses price, on time to the market, emphasis on product modification and process technologies rather than innovations.	(Moore, 2005; Peljhan et al., 2018; Soltanizadeh et al., 2016)
Analyser	Hybrid on prospectors and defenders. However, it concentrates on innovation after lengthy considerations, focuses more on firm secure financial position.	(Grimmer et al., 2017; Smith et al., 1986)
Reactor	Reacts to change, changes are short-term oriented and observe market trends and competitors' choices reactively and frequent risk-takers. React in those conditions and fields where it is obligatory to do so by environmental forces.	(Moore, 2005; O'Regan & Ghobadian, 2006)

VII.RISK MANAGEMENT SYSTEM

Risk management is valuable when approached proactively by integrating with firm objectives, goals, and values. According to the risk management standards defined by enterprise risk management is an evolving process,

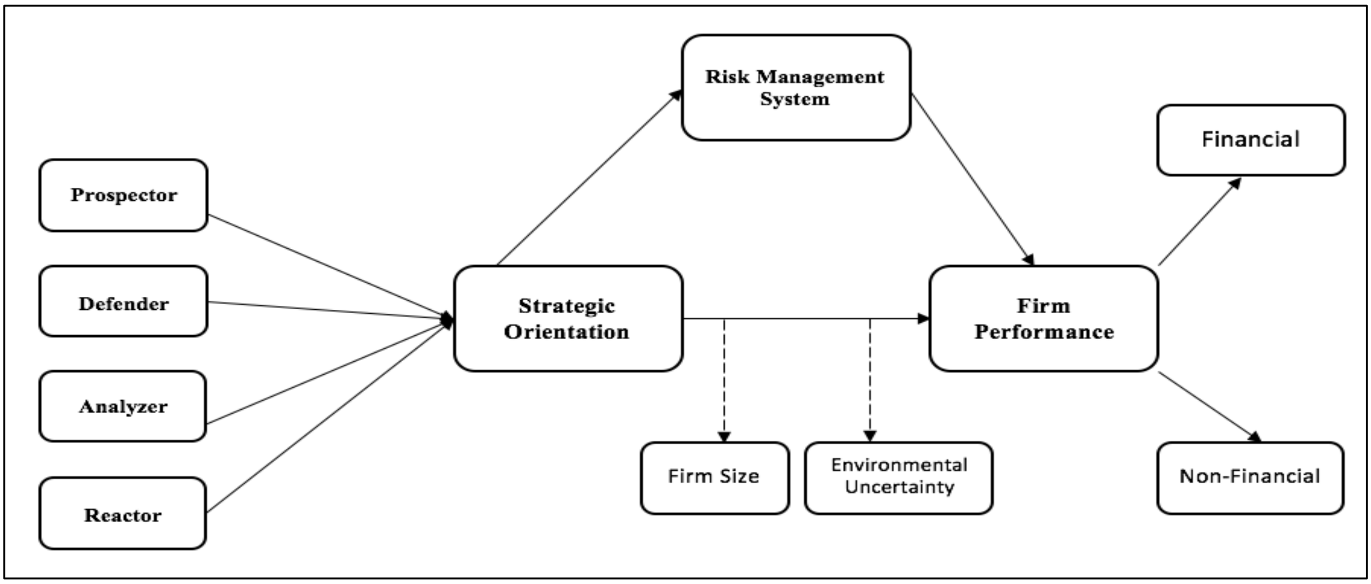
"Effected by an entity's board of directors, management and other personnel applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives. (Committee of Sponsoring Organisations of the Treadway Commission" (COSO), 2004).

Risk management aims to identify, assess, prioritise, and monitor all threats and opportunities the firm faces (Brustbauer, 2016). The holistic view of risk management "can create a significant strategic advantage by bridging the strategy/tactics gap, and dealing with both threats and opportunities, to enable successful project delivery and increased realisation of business benefits"(Hillson, 2006). Greater transparency, increased knowledge of risk awareness, and operational risk within appetite level are the generic objectives of risk management. It may vary according to the company size, industry type, and organisational environment (Smit, 2012). (Bérard & Claveau, 2017) states

"Proactive risk management facilitates the achievement of the company's objectives and enables it to respond better and adapt to the surprises and disruptions attributable to both its external and internal environment."

The primary concern of a firm risk management system is not to prevent or prohibit taking the risk. It ensures that risk is managed with complete knowledge with a clear understanding to achieve the desired strategic objectives of the firm (Raghavan, 2005). In addition, risk management systems will assist the firm in more excellent stability in financial jargon and helps create confidence for facilitating external funding for SME (Ansong, 2013). Literature supports that the firm's active risk management system enlarges the scope of opportunity identification and exploitation define strategies for meeting the firm's competitive advantage (Brustbauer, 2016; Nair et al., 2014; Peljhan et al., 2018)**.**

Conceptual model



Note: Authors' Compilation

VIII.STRATEGIC ORIENTATION AND FIRM PERFORMANCE

O'Regan and Ghobadian (2006) explored the applicability of Miles and Snow typology in the context of SME using cluster analysis concluded that "prospectors" execute much better than "defenders" and likely to be higher achievers than defenders. In addition, the study also suggested that SME perceived perception of the operational environment influences firm strategic orientation. Besides, prospectors have a natural tendency to recognize a business environment as more dynamic whereas defenders recognize the same business environment as more steady.

SMEs being the followers of prospector strategy, tend to behave with greater capacity to adapt to the changes from the external environment(O'Regan & Ghobadian, 2006; Smith et al., 1986). On the other hand, defender and porter cost leadership strategy-oriented firms type firms emphasise the firm's internal environment and concentrate more on control mechanisms related to avoiding problem areas (Morgan & Strong, 2003; Soltanizadeh et al., 2016).

Miles and Snow (1978) opines that defenders, analyzers, and prospectors are strategic types that can be equally effective in managing and controlling business activities and these three strategic types are expected to be more effective and performance oriented than reactors.

P1: SMEs with prospectors, analysers, and defenders better perform than reactors.

P2: SME with defender orientation concentrate on firm internal control to minimise the cost of production

IX.STRATEGIC ORIENTATION AND FIRM RISK MANAGEMENT SYSTEM

A growing perception has emerged that the strategic view of risk management can enhance the firm's performance. The risk management system has emerged from the vital part of the management control system (MCS). It plays a significant role in implementing and formulating business strategy by scanning its internal and external environment (Peljhan et al., 2018). First are studies that studied the relationship between risk management and strategic orientation by proposing contingency theory propositions, suggest that companies which are more developed risk management systems develop the operational efficiency of the firms than less formalised firms (Peljhan et al., 2018; Silva et al., 2013; Slagmulder & Devoldere, 2018; Smit, 2012; Soltanizadeh et al., 2016; Yang et al., 2018). Brustbauer (2016) noted that an active risk management system "supports small business entrepreneurs in seeking strategic advantages, therefore increasing the competitiveness and business success of their firms". Moreover, it also opens the windows for the opportunity and enhances the firm's survival in terms of increasing stakeholders capital (Agrawal, 2016).

X.MODERATING EFFECT OF FIRM SIZE

Firm size as the vital moderator in strategic research gained much attention (Rugman & Verbeke, 1988; Soltanizadeh et al., 2016), as industries as classified as small and medium enterprises and multinational firms in terms of a number of employees employed, sales turnover or investment in plant and machinery. The size of a firm acts as a moderator when the relationship between a strategic orientation and performance of a firm is concerned. (Kannadhasan & Nandagopal, 2011; Peljhan et al., 2018; Smith et al., 1986). However, this relation is explained in the large firm than that of small firms.

According to Smith, Guthrie, and Chen (1986), the effectiveness of a firm's strategy depends on the firm size. For instance, defenders show better results than prospectors in a small firm environment. Wright (1991) supported this theory and recommended the three strategic types viz. prospectors, defenders, and analyzers show better results than reactors. Conant et al. (1990) also supported this theory. On the other hand size of the firm has much influence on identifying risk management practices of the firm due to differentiation in coordination and decision tendencies.

P3: Industry size moderates the relationship between strategic orientation and performance of a firm.

XI.MODERATING EFFECT OF ENVIRONMENTAL UNCERTAINTY

Strategic research proposes that firm strategy is influenced by perceived environmental uncertainty. It acts as a trade-off between firm internal and external environment and is supported by contingency theory (Gordon et al., 2009). Research studies propose that environmental uncertainty has influenced firm new product launch decisions and the new market entry decisions in major. Further, firms are adopting a conservative strategic posture in benign environments, relying on existing customers, and emphasising more product refinement (Bstieler, 2005; Calantone et al., 2003; Covin & Slevin, 1989; Escribá-Esteve et al., 2009). On the other hand, few studies explore that firms in prospector orientation strategy are more externally oriented and manage their external environment with their organisational flexibility (O'Regan & Ghobadian, 2006). Hence, the following proposition was formulated,

P4: Environmental uncertainty moderates the relationship between firm strategic orientation and firm performance

XII.DISCUSSION AND CONCLUSION

SME's are facing increased risk from the global markets in emerging economies demands a more systematic strategy for developing a contingency plan to manage current advancements in Industry. Risk management process of SME's may act as a forward-looking rider with a practical approach to manage risk, and it can also work to identify "looking at future risk". Agrawal, (2016) opines that organisations are inefficient in identifying and assessing the severity of risk in the strategic level. These scenarios are creating difficulties in managing the firm proactively and increasing the scope of being sick. Organisations with a holistic risk management process have a better strategy development process and are efficient in reacting in turbulent situations (Brustbauer, 2016). In major general strategies to manage risk are risk avoidance, risk acceptance, risk transfer and risk reduction for all identified threats for business. However, high integration of firm strategy with risk management system will explore the scope of identifying possible opportunities, which can enhance the firm's likelihood of achieving firm strategic objectives (Mamai & Yinghua, 2017; Soltanizadeh et al., 2016).

The suggested conceptual model can be helpful in appreciative how small firms manage these suspicions by looking to the all-inclusive outlook of a firm. Firm risk management practices and firm strategy orientation vary with the firm's size and the Industry's nature. Therefore, the study entranced the moderated relationship between firm size and firm strategic orientation and environmental uncertainty with firm strategic orientation. Hence, it can conclude that interconnectivity between firm risk management systems with firm strategic orientation will better enhance the firm's performance. Performance of a firm can be hypothesized as a multidimensional and multilevel perspective by considering scalable subjective and objective measures with respect to a firm's performance. The procedure of subjective measures in small organizational research is a widespread practice in academic research due to the non-availability of the company financial information from the publicly available. Further, organizations are grudgingly providing the necessary information. According to Kantur (2016), Vij and Bedi (2016), both subjective and objective measures of the firm are highly correlated. Therefore, the current study suggests that subjective measures must be supported when the performance varies from the subjective and objective measures in an SME environment. The study concludes that the strategic orientation is a vital parameter of improving the organizational performance of SMEs.

XIII.MANAGERIAL IMPLICATIONS FOR RESEARCH

The study has implications in both managerial and academics alike. In general, every organisation is inclined towards profit earning. To achieve better performance in the market firms are struggling to gain a competitive position in the marketplace. To analyse competitive markets top management should focus on connecting organisational overall risk management with firm strategic decisions. Due to the limited intellectual, financial resources and with limited information capabilities, small firms are assessing risk much judgmentally. However, few empirical studies are demonstrated that SME owners assessment of risk has holistic framework, where all the risk analysed and mitigated at firm level (Henschel, 2006, 2010; Henschel & Durst, 2016). Being a small company, all the functions are interconnected and managed by SME owner or a small group of people and has high flexibility in decision making with high interaction with all the employees make SME's more proactive for managing environmental uncertainties. In this regard, the conceptual model developed by the current study will help and very useful, especially to small business owners who wish to manage firm proactively and may reduce the overall firm risk exposure. Organisations should consider that risk management "highlights the fact that the survival of a business entity depends heavily on its capabilities to anticipate and prepare for the change rather than waiting for the change and then react to it"(Raghavan, 2005). Organisations must focus on "proactive" and integrated risk management systems rather than "reactive" silo-based risk management system to ensure that risks are consciously taken with complete knowledge and clear understanding. This will enhance the SME's to anticipate adverse changes posed by the global markets and helps to hedge accordingly, it becomes a source of competitive advantage as it can offer products at a better price, with better quality which can match with changing needs of customers. Managers and SME owners need to develop a highly flexible risk management system which can integrate the firm strategic development process with risk management system into a distinct one. If managers fail to integrate the system with the organizational activities, employees may feel that the risk management system is an additional burden the organization (Silva et al., 2013). The study suggests that "What can be measured can also be managed. It should be clearly understood that risk mitigation efforts are more important and vital than capital allocation against inadequate risk management system" (Raghavan, 2005). However, the authors suggested that the SME risk management process should be implemented so that people, processes, and system must be flexible and realistic with continuous processes.

XIV.LIMITATION AND FUTURE RESEARCH DIRECTIONS

The study was based on the review of the past studies, and the model is proposed based on theoretical examination; it requires empirical validation. The themes emerged from the review and integrated risk management model proposed dimensions should be studied empirically. The antecedents suggested should be operationalised in comparing with different environmental conditions. Future research studies should develop and empirically validate the firm performance construct by ascertaining various statements for subjective measures. The measures suggested in the literature may vary because of variations in the operationalisation of variables. However, the usage of subjective criteria for measuring firm performance is supported by numerous research studies. Literature suggests that environmental uncertainty also influences firm risk management strategies to sustain in a competitive environment (Silva et al., 2013). However, few authors suggest that SME's risk management system is highly influenced by the owner's individual manager's perception and experiences. SME Owner view of risk and risk assessment strategies is more comprehensive and managed by considering the firm level (Britzelmaier et al., 2015; Henschel, 2006, 2010).

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