
THE ROLE OF RISK MANAGEMENT IN IMPROVING COMPANY
FINANCIAL STABILITY IN THE DIGITAL ERA

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Abstract

Digital transformation has significantly impacted the way companies operate, while expanding the spectrum of risks they face. This study aims to explore the role of risk management in strengthening corporate financial stability in the digital era. The methodology used is a descriptive-qualitative approach by conducting a literature review from various primary and secondary sources. The research findings indicate that the implementation of structured and integrated risk management can increase corporate financial resilience to external disruptions, such as cyber threats, market fluctuations, and uncertainty in digital regulations. In conclusion, risk management serves as a strategic element in maintaining business continuity and increasing stakeholder trust. Keywords: risk management, financial stability, digital transformation, companies, business resilience.

Keywords: Risk Management, Financial Stability, Digitalization

INTRODUCTION

Digital transformation has become a key element in the development of modern industry. Digitalization has not only transformed the way companies conduct transactions and interact with customers, but also created new, complex and unavoidable risks. In this context, companies are required to have high adaptability and effective risk management systems to ensure business continuity.

Rapid technological change creates challenges in managing risks, such as increasing cyber threats, uncertainty about digital regulations, and operational complexity. If not managed appropriately, these risks can disrupt a company's financial stability, both in the short and long term. According to Susanti & Nugroho (2021), many companies have experienced significant losses due to a lack of preparedness for risks in the digital era.

Financial stability is a crucial pillar in maintaining a company's existence and growth. In uncertain times, companies with a robust risk management system tend to be more resilient. Anderson and Fraser (2000) stated that structured risk management can help companies maintain financial health and avoid significant losses. Therefore, it is important to examine how risk management plays a role in maintaining a company's financial stability, particularly in the digital context.

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LITERATURE REVIEW

Risk management is a systematic process involving the identification, assessment, and control of risks that could hinder the achievement of organizational goals. According to Hopkin (2018), effective risk management must be integrated into every line of business, especially in today's rapidly evolving and changing environment. Lam (2014) emphasizes that risk is not limited to financial aspects but also encompasses strategic, operational, and reputational risks.

Meanwhile, financial stability refers to a company's ability to maintain cash flow, manage debt, and sustain profitability. This reflects a company's resilience in the face of various pressures, whether economic, market, or internal. According to PwC (2019), companies with strong financial stability are more attractive to investors and other stakeholders.

In the digital era, new risks emerge along with digitalization, introducing challenges such as cybercrime, data breaches, and reliance on technological infrastructure. KPMG (2020) reported that more than 60% of companies worldwide experienced a digital security incident in the past three years. Therefore, digital-based risk management is becoming increasingly important and cannot be ignored.

RESEARCH METHODS

This research employed a qualitative descriptive approach using a literature study method. Data was collected from various secondary sources, such as scientific journals, industry reports, books, and articles relevant to the topic. The data analysis technique employed a thematic approach, grouping information into broad themes that support the research objectives.

A literature review was chosen because it allows researchers to gain broad insights from multiple perspectives and deepen their understanding of risk management theory and practice in the digital era. The primary focus of this research is to evaluate how risk management implementation can impact a company's financial stability.

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RESULTS AND DISCUSSION

Studies show that companies with robust risk management systems tend to be more resilient to external disruptions. In the digital age, risks such as data leaks, system downtimes, and malware attacks can cause significant losses if not promptly addressed. Therefore, many companies have begun adopting technologies such as SIEM (Security Information and Event Management) and digital risk management platforms. Large e-commerce companies like Tokopedia and Shopee have established digital risk management units focused on real-time system monitoring and employee training on cybersecurity awareness. Furthermore, digital banks are increasing investment in IT security and system audits to prevent potential breaches.

Implementing risk management also increases investor confidence. With a transparent and accountable system, companies can demonstrate preparedness in the face of emergencies. This has a direct impact on increasing stock value, market confidence, and long-term financial sustainability.

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CONCLUSION

The discussion concludes that risk management plays a significant role in maintaining a company's financial stability, particularly in the uncertain digital era. Proactive and integrated risk management implementation helps companies address external and internal challenges more systematically.

The recommendation for companies is to focus not only on digital technology but also on building a culture of risk awareness throughout the organization. This can be achieved through ongoing training, investment in security systems, and the integration of risk management into core business strategies. The discussion concludes that risk management plays a significant role in maintaining a company's financial stability, particularly in the uncertain digital era. Proactive and integrated risk management implementation helps companies address external and internal challenges more systematically.

The advice for companies is to focus not only on digital technology aspects but also on building a culture of risk awareness throughout the organization. This can be achieved through ongoing training, investment in security systems, and integration of risk management into core business strategies.

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