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Risk governance in the textile/clothing industry: A case study in medium enterprises

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ABSTRACT

There are few studies on risk governance in medium-sized companies in the textile/clothing industry because it corresponds to an emerging field in which research is evolving. This is why it becomes a relevant field of study, to continue strengthening the development of these elements of risk management, to create and add value in the management of organisations from this field. In addition, medium-sized companies may have fewer resources to devote to analysis, planning and implementation of the topic than large companies. For this reason, the objective of this study is to analyse the risk governance in this type of company, to identify the guidelines and directives that govern it, describe the relationship between risk governance and corporate governance and, finally, refer to practices of risk culture, accountability and communication implemented under this conception. The study was developed using a methodology with a qualitative approach and descriptive scope. Semi-structured interviews with eight companies and one expert were used as an instrument for collecting information. The main findings of the research highlight that the companies that participated in the study are aware of the importance of structuring risk governance. However, most of the companies interviewed apply it empirically but are interested in working on its development. The need to formalise risk management processes and to consider the appropriate distribution of decision-making according to organisational structure and available resources is evident for medium-sized companies, particularly in the textile/clothing sector, however, this is a suggestion that could serve both nationally in Colombia and internationally and could favour the expected results in all sectors of the global economy.

Keywords: Risk governance, Risk management, Medium enterprises, Textile and clothing industry

INTRODUCTION

The global economy faced the most significant socio-economic shock in recent history from the spread of the COVID-19 virus, which led to a drop in global gross domestic product and consequently affected many manufacturing companies (Lavopa & Donnelly, 2023). The materialisation of COVID-19 and other types of risks has increased the importance of risk governance. It has raised significant questions in business and academia, opening up opportunities for research in this field. (Di Giulio et al., 2023; Pathak, 2022). Since there are not enough studies in this field of knowledge that deal with risk governance, it is necessary to look at how companies work with the relationship between risk and its connection with corporate management (Juárez et al., 2015).

When the gradual openings were authorised to overcome the COVID-19 pandemic (under all biosecurity measures), several manufacturing industries could sustain themselves and position themselves as fundamental axes of reactivation, economic stability and employment generation. One of the most recognised industries was the textile industry, which became an example of resilience and vigour as it managed to reinvent itself and face the situation, contributing to the production of face masks and biosecurity garments to supply the country's needs (Ortiz-Acero & Morales-Monguí, 2020).

Medium-sized companies have significantly contributed to Colombia's economy, becoming a potential source of growth, as they produce a large part of the clothing purchased by the population. Medellín is its central axis, with a 45.5% share of the manufacturing industry, 12 points higher than the capital of Colombia, Bogota (Echeverry & Herrera, 2016).

Colombia is considered a country on the road to progress and development due to the main export channels based on the textile sector, which medium-sized companies lead. Antioquia is one of the departments that stands out in the national economy for this activity. The capacity of these companies is measured by their commitment to responding to the needs of the current market, which demands productivity and innovation, competitiveness and sustainability, and affordable prices at a global level (Cárdenas, 2019). However, there is not as much experience in medium-sized companies, and few studies exist, making it an interesting research focus (Albanese, Blanco et al., 2017).

There are several studies implementing risk management tools and programmes focused on corporate governance, but not for this specific sector. Although it has been found that this field of risk governance is steadily growing in research, and many research opportunities are evident (Addae et al., 2023).

There is research on risk in the corporate governance framework, which refers to the paucity of literature involving related studies specifically focused on emerging markets to contribute to the literature on risk management and corporate governance in the textile/apparel sector (Rehman et al., 2021). On the other hand, sound risk management reduces risk exposure. However, such a view of risk management ignores the fact that banks cannot succeed without taking profitable risks (Stulz, 2016).

This research takes the review of previous approaches as a specific case, in which it is necessary to observe how much companies are evolving in incorporating risk governance. In addition, the particular work in the textile/confections sector of Antioquia is determined based on its growth in the department in recent years, in which it has positioned itself as one of the pioneers in the country, not only in terms of production but also in fashion and textile platform events, such as Colombiamoda and Colombiatex, according to reports by the National Administrative Department of Statistics (DANE, 2021) and the Government of Antioquia.

Therefore, the objective of this study is to analyse risk governance in medium-sized companies in the textile sector, to identify the guidelines and directives that govern it, to describe the relationship between risk governance and corporate governance bodies and to refer to the risk culture, accountability and communication practices that exist. This allows us to find out whether medium-sized companies in the textile/apparel sector have started to acquire mechanisms, processes and rules for risk decision-making, to know what structures they implement, whether there is transparent governance with defined roles, and to identify whether they have been strongly affected by decisions taken in this area of corporate governance.

Additionally, the aim is to refer to risk culture, accountability and communication practices implemented under risk governance in medium-sized companies in the textile/apparel sector in Antioquia, based on the experiences of companies that develop strategies in this sense, to learn about the representative benefits of such management and at the same time contribute to the existing literature and related research.

To achieve the above objective, this study has a qualitative/descriptive approach and scope (Hernández et al., 2016) to delve into the technical competencies, roles and responsibilities of risk governance (Stein et al., 2019). The above allows us to focus on obtaining the perspective of the companies that participated in the study, examining how corporate governance manages risks in medium-sized companies in the textile/apparel sector in the Antioquia department. This allows for an individual analysis of the reality of these companies through their knowledge and experiences (Hernández et al., 2016).

As this topic has been little explored, we began with an exhaustive literature search in various databases to find texts related to risk governance, risk management, corporate governance and business risks, specifically in medium-sized companies or the textile/apparel sector in Antioquia, cover the period between 2011 and 2023. In addition, government sources, official reports, and GDP indicators, among other documents, were consulted to analyse the behaviour of risk governance in the sector. This was followed by semi-structured interviews with eight companies and one expert in the textile industry.

The main findings were that most companies are aware of the importance of structured risk governance, although many still employ it empirically. However, they recognise that sound governance will enable them to perform their functions effectively and efficiently, enhancing trust and responsiveness to achieve their objectives and generate value and success. In addition, most of these medium-sized companies are family-owned and have evolved from thriving businesses to formal companies with risk management processes in the process of being set up, structured or standardised.

Risk decision-making is still concentrated in the hands of the founding partner or shareholders, but as they grow, they realise the need to incorporate management strategies in different scenarios. On the other hand, it was found that effective corporate governance depends on the board of directors and involves different hierarchical levels in decision-making and risk management. Some companies have specialised risk experts or advisors, while others have empirical and participatory risk management among the organisation's members.

THEORETICAL FRAMEWORK

Risk governance is an emerging field of study originating in the 2000s (Elliott, 2001; Heriard-Dubreuil, 2001), rooted in transdisciplinary work between technical, natural, social, political and regulatory sciences, which seeks to complement classical notions of risk management, starting from the argumentative basis that risks cannot be dealt with on the sole basis of probability and consequences because it is a limited view. The concept considers a view of complexity, uncertainty and ambiguity brought by modernity, the role of science and experts, the importance of trust in decision-making, and stakeholders' participation in risk management (Van Asselt & Renn, 2011).

The legitimisation of risk governance arises from the weaknesses and gaps in risk management, mainly related to the business model and organisational strategy, questioning the standardised construction with a technical approach that falls short of its scope and complexity (Stein et al., 2019). It connects the two foundations of risk management and corporate governance, which together aim to address the individual gaps to respond effectively to the advisory, monitoring and organisational functions of a hierarchy that takes a holistic view of risk (Stein & Wiedemann, 2016), complemented by risk control responsibilities for a company's board of directors, risk committee and audit committee (Hassan et al., 2022; Niemi, 2023).

Risk governance is an overarching stakeholder-oriented philosophy of strategic risk control (Stein & Wiedemann, 2016) based on a set of collaborative processes of interaction and enterprise decision-making among the actors involved in the collective problem of controlling risk-related complexity from the perspective of their internal and external environment (Stein et al., 2019). Risk governance can be defined in two ways: (1) as the critical study of complex and interactive networks in which decisions and choices are made around risks and (2) as a set of normative principles that can inform all relevant actors in society on how to manage risks responsibly (Renn & Graham, 2005; Van Asselt & Renn, 2011; van der Vegt, 2018).

It is a cooperative achievement between actors with divergent roles, objectives and understanding of their responsibilities, illustrating the functioning of governance networks based on micro-social relationships and interdependencies mainly based on trust that develops over time (Boholm et al., 2012; Klinke & Renn, 2021). When top-down governance faces difficulties, a shift towards a mutual trust approach will maintain public trust or create the conditions for society to legitimise or rebuild the shared values that underpin trust and social cohesion (Heriard-Dubreuil, 2001).

Risk governance can be grouped into four components that, in an interrelated manner, provide the basis for establishing the necessary guidelines, governance and modes of communication in an organisation concerning responsible risk management. Each is detailed below.

Rules, policies and guidelines governing risk management

As for rules, policies and guidelines, they are recognized as forms of order, referring to common orientations, shared purposes and goals, generating close relationships with different stakeholders and addressing complex systematic interactions of risks under conditions of regulation, administration and organisation, guiding the actions of employees in decision-making, defining the actions across the company and setting boundaries (Boholm et al., 2012).

Risk management policies are facilitators when making decisions regarding risks; in general, they do not express a specific action but are the company's guidelines regarding risks, consistent and clear with the organisational purposes. They must be approved by the company's top management, as this is responsible for managing the human talent and the physical and financial resources for their application, as well as guiding all the people towards fulfilling the objectives established in the companies. They require extensive dissemination to all stakeholders, seeking their knowledge, understanding and compliance at all levels of the organisation (International Organization for Standardization (ISO), 2018; Mejía, 2006).

About the guidelines governing risk management, we can talk about the establishment of the principles and objectives, the guiding framework or standard of reference, the organisation's risk appetite, the required capacities and resources, the scope and types of risks to be addressed, the guidelines on the stages of risk management, and other aspects that allow the organisation's management to be organised about the management of its risks. In the same vein, it is essential to have a structure with clear roles and profiles that delimit the scope of each person involved in risk management, both internally and externally, to the organisation, which facilitates risk governance.

Risk management structure, actors and roles

For risk governance, it is very relevant to focus on the commitment of top management and the risk management structure because this promotes the appropriation of the guidelines and guidelines of the subject in the organisation, which facilitates the transformation of the culture (Villanueva et al., 2022). Risk management requires clarity in terms of the governance structure from the different levels of the organisation, starting with the establishment of roles, responsibilities, authority and attributions from top management, middle and operational levels to ensure that each person is aware of the contribution and value they generate about fostering an environment of control and reasonable security in management.

It is advisable to have a Chief Risk Officer (CRO) who guides and directs the subject strategically in the organisation, which promotes awareness and responsible management of the situations to which it is exposed and who, in turn, strengthens through appropriate methodologies, tools and techniques the level of maturity that is expected in its development and evolution (Nuñez & Villanueva, 2020).

Risk management culture

All companies are constantly exposed to risks daily, so all levels of the organisation must be aware of these events and prepare and implement sufficient initiatives, projects, actions and controls to manage them, minimising the impacts and consequences of their materialisation. Transforming an organisational culture under risk-based thinking is of great importance since it allows changing and improving the way of directing the organisation towards the fulfilment of its objectives (Albanese, Briozzo, et al., 2017; Jurado-Zambrano & Villanueva, 2022).

Different measures promote risk culture that is framed in the development of remuneration and performance management systems aligned with the organisation's strategy, communication and accountability mechanisms, training and education, among other aspects that raise awareness of the importance of the issue and the benefits that are achieved to protect sustainability and durability over time (Hassan et al., 2022).

Accountability and communication

Each stakeholder in the organisation must embrace accountability and appropriate processes about their roles and, in turn, can make decisions based on transparency and clear and assertive communication by embedding good risk governance practices and continually learning from experience and support with evidence-based processes and communication, trust can be built among stakeholders through good governance, which requires strong institutional capacity, resources, training and ongoing commitment from central government leaders (OECD, 2014). In this aspect of communication, it is essential to remember that it includes how risks are acknowledged with messages that generate empathy, generating messages that account for how they intend to respond to risks and the efforts required to do so (Zahry et al., 2023).

It is also essential to keep in mind that accountability is closely related to communication, as it is part of the understanding that risk is a social construct and, as such, must be analysed and managed. Therefore, achieving performance based on organisational principles is necessary, as this ensures a clear understanding of communication, training, planning and decision-making. Consequently, a great effort is needed to hold employees accountable for the proper fulfilment of their roles based on risk governance implemented by senior executives using transformational models to ensure the entire organisation's success (Valsagna, 2021).

It is argued that an ethical and normative basis is essential for risk and governance issues in contemporary times because it is believed that this can be achieved through extended communities of peers in the governance process so that the public can co-decide on the uncertainties and risks that can be accepted for complex issues (van der Vegt, 2018). This is why companies that apply a strategic risk governance framework build stakeholder confidence in long-term corporate development in uncertain times (Stein et al., 2019).

METHODOLOGY

This study adopted a qualitative approach and a descriptive scope (Hernández et al., 2016), which sought to broaden the understanding of risk governance bodies' technical competencies, roles and responsibilities (Stein et al., 2019). Through the qualitative approach, in-depth information is obtained from the companies that were part of the research on how corporate governance manages risks in medium-sized companies in the textile/apparel sector in the Antioquia department. This is based on their knowledge and experiences, allowing us to observe their reality individually (Hernández et al., 2016).

Antioquia is one of the 32 departments that constitute the Republic of Colombia, located in the country's northwestern region. This department has been vital to the Colombian economy because of its substantial presence in the mining, agriculture, manufacturing, and business development sectors. Antioquia is home to many companies contributing to the country's economic growth.

The research process started with an exhaustive search in various databases to locate texts related to risk governance, risk management, corporate governance, and business risks, specifically focused on medium-sized companies or Antioquia's textile/apparel sector. In addition, a detailed analysis and interpretation of the information obtained was carried out. The research was also complemented with searches on governmental websites, official reports, and economic data, including GDP indicators, covering the period between 2011 and 2023, to analyse the behaviour of risk governance in the textile/apparel sector.

Regarding the study population, companies from the textile/clothing sector were selected because they have been essential in Colombia's history. The industry has gained credit for its solid evolution, contributing to employment generation. In its more than 100 years of history, this sector has positioned itself as one of the most significant industries, contributing to generating employment. However, it became evident that, during the pandemic, its participation in the country's economy decreased because it did not have a structured corporate governance or a contingency plan that would allow it to continue functioning without stopping the operation (González et al., 2018).

To define the size of the companies to be consulted, the selection criteria identified in the literature were used as a starting point, in which it was observed that large companies have already made progress in identifying risk governance and that small or medium-sized companies have many opportunities for improvement in the development of such governance; therefore, it was decided to carry out the research in medium-sized companies, selected based on the Colombian regulations that accredit the characteristics that must be met according to size. The related information is detailed in **Table 1**.

Table 1. Company size according to Colombian regulations

Size	Manufacturing	Services	Trade
microenterprise	less than or equal to 23,563 tvu[1]	less than or similar to 32,988 tvu	less than or identical to 44,769 tvu
small company	over 23.563 tvu and less than or equal to 204.995 tvu	over 32.988 tvu less than or similar to 131.951 tvu	over 44.769 tvu and less than or equal to 431.196 tvu
medium-sized companies	over 204.995 tvu and less than or equal to 1.736.565 tvu	over 131.951 tvu and less than or equal to 483.034 tvu	over 431.196 tvu and less than or equal to 2.160.692 tvu

In addition, another characteristic for defining the companies was their economic activity according to the International Standard Industrial Classification (ISIC) of all economic activities, which, in terms of what is described in this project, is the textile/clothing sector, corresponding to division 14: manufacture of garments. With the criteria above, the companies participating in the study were selected, and a total of eight companies.

During the study, an expert from the textile/clothing sector was interviewed to lend their specialised knowledge and plunging perspectives to the topic being addressed. This helped to interpret the research findings more accurately and give them a broader context. The validation by an expert reinforced the methodological robustness and reliability of the results. Overall, the expert's contribution added significant value to the study. The criteria for selecting these experts were their experience and track record in the sector, thematic relevance, credibility, and recognition. As shown in **Table 2** below.

[1] Tax Value Unit

Table 2. Description of interviewees

Interviewees	Positions	Interviewee descriptions
Company 1	Commercial director in management succession plan to general manager	The interviewee is an international negotiator by profession and has three diplomas in Project Evaluation and Formulation, Financial Management and Strategic Fashion Marketing, and a course in Transformational Leadership. She joined the company in 2014, taking on progressive roles, and is transitioning to general management. The company is a medium-sized family company with 83 employees, established in 2003, although its operations started in 1995.
Company 2	Founding partner, general manager, general mentor in CEO succession plan	The interviewee is one of the partners in a family business that has been in business for 17 years and currently employs 200 people. He is a mechanical engineer by profession and holds the general mentor (general manager) position, successfully co-managing the company with the other founding partners. The interviewee has mainly executed administrative tasks, supervision of accounting reports, contact with banks, financial management, commercial tasks and the operation of the shops; the other partners are in charge of human talent, logistical matters and the design of the garments. Today, the company has mentors in each cell (area) and is a stronger team in charge of the operation.
Company 3	Accountant and Treasurer	The interviewee is a chartered accountant with a technology degree in Finance Accounting and over 20 years of work experience. She has been with the company for 11 years. It is a family-owned textile/medium garment company mainly dedicated to manufacturing garments, except for leather garments. The company was founded in 2010 in Antioquia but has been operating since 2005 and has 70 employees.
Company 4	General Manager	The interviewee is the general manager of a family business founded in 1979, headquartered in Medellín, which currently has 67 employees and is dedicated to manufacturing garments. He is a business administrator by training, specialising in Marketing and International Studies and has a Master's degree in International Marketing. He has work experience in international companies and started in this company in 2016 in the commercial direction, where he lasted three years; then, in 2019, he assumed general management, a position received from a management succession plan by his older sister.
Company 5	Marketing consultant, member of the advisory board in management succession plan to the presidency of the company	The interviewee has a degree in marketing and started 11 years ago in different positions in production, marketing and administration, and then moved on to management. To date, she has delegated this role and is part of the management team, impacting strategic aspects of marketing and general administration in the business. The interviewee works for a family business established in 2011, which has been in business since 2002 and currently employs 75 people.
Company 6	General Manager	The interviewee is the general manager of a company that has 26 years in the garment industry, except for leather garments, dedicated primarily to the production and marketing of men's underwear, but that in the last seven years has ventured into other lines, such as beachwear, sportswear and homeware. To date, the company has 185 direct employees. The interviewee has been with the organisation for seven years; he was in commercial and marketing management for the first six months. He took over the administration, carrying out more holistic and strategic activities and creating a team with collaborators.
Company 7	Project Manager	The interviewee belongs to a family business that has been in the industry for 49 years and has around 50 employees, whose founder is still the head of the company in financial decision-making. They are currently in the process of family succession. The interviewee has a degree in industrial engineering, is a specialist in innovation and project management, is currently studying for a master's degree in financial management and is a project manager. Before joining the company, he worked in consulting.
Company 8	Chief Executive Officer	The interviewee is part of a family business group in the textile/garment sector with a 50-year history and around 1,400 employees, increasing to an additional 1,000 employees in peak seasons. He is a systems engineer with a master's degree in business administration and a certification in systems auditing. He currently holds the position of executive director. His work experience includes roles in systems, financial sector, services and sales, and five years as an independent consultant in internal control, advisory and risk management. He has been with the current company, initially as controller director and then as executive director, for approximately five years.

Expert 1	Expert in the textile/confections sector, former chairman of a fashion foundation	The expert interviewed is a top-level executive. He is a business administrator with a master's degree in International Management; he has been linked for more than 20 years to the textile/apparel sector, carrying out organisational transformations, strategic business connections with national and international public-private allies, leveraging development and innovation, and also facilitating and accelerating business initiatives, exploring trends and knowledge around business development. For the first eight years, he worked at ANDI in Bogota, managing the textile/apparel sector chamber, and for the last 14 years, he was president of Inexmoda. He has expertise in strategy, entrepreneurship, international relations and negotiations, business finance, market opening, marketing and commercialisation of profitable business models, project management, design and conceptualisation of national and international events, and mobilisation of target audiences. He also has a broad global business vision, strategic perspective, result orientation and critical thinking, is open to change and innovation, and is a team leader in scenarios of uncertain and demanding challenges.

Semi-structured interviews were used to collect information, allowing flexibility in the questions by introducing new questions, but based on the literature review included in the theoretical framework, to identify new possible variables that were not considered at the beginning of the research. The questions are listed in **Appendix A**. The interviews lasted an hour on average. Accordingly, an interview protocol was constructed and validated with a pilot test to verify its applicability (Hernández et al., 2016). After completing all the interviews, the data was transcribed and coded based on the categories of analysis previously defined in the theoretical framework. This process made it possible to structure the information to simplify the analysis of the results obtained.

RESULTS AND DISCUSSION

In the interviews conducted, essential aspects to highlight were found on each of the elements that are part of risk governance, according to the experience of the companies in the textile/apparel sector. The results are presented below for each category, setting out the critical factors of the interviewees, presenting common findings, such as the importance of the issue of risk governance for the companies in the sector studied, and differential points showing the progress of some companies in terms of the formalisation of risk management systems.

Rules, policies and guidelines governing risk management

The interviews analysed the rules, policies and guidelines governing risk management in medium-sized companies in the textile/apparel sector in Antioquia, highlighting how these companies establish the guidelines and directives that guide the process for risk management, as well as the definition of the principles, objectives and strategies of the risk management system and the procedures used to address them. This evidence reinforces what was previously found in the literature, where it was found that these policies guide risk management and support business decision-making (Boholm & Corvellec, 2013).

The interviewees clearly understood the concept of risk governance and its importance in enterprise risk management for growth and market subsistence. Some companies such as 6, 7 and 8 have advanced and mature risk management, which has been developed over time, with clear policies and guidelines for risk management; on the other hand, there are companies such as 2 and 5 where there are agreements and guidelines related to the subject that have a medium level of formalisation, since some are documented and established, but others are not. Finally, companies such as 1 and 4 have a low level of structuring of rules, policies and guidelines governing risk management.

The conceptualisation of risk can vary, as some interviewees see it as something harmful and threatening, as in companies 1, 3 and 4, while others have been transcending their conception by also incorporating a positive perspective seen from the perspective of taking advantage of opportunities, as in companies 2, 5, 6 and 7. However, they all agree that it is essential to be clear that they must be managed appropriately because they can affect the achievement of the company's objectives. On the other hand, the scope of the risks managed by the companies consulted is grouped mainly in strategic, financial and operational issues framed especially in labour, legal and juridical matters; some of the events that have affected the companies during the last year include dependence on suppliers, investment risks, tax, legal, market and occupational health and safety management system aspects, among others.

Working on the prevention, mitigation or correction of these and other risks protects the company and ensures its long-term sustainability and robustness, which leads companies such as 5 and 7 to use advanced methodologies to identify risks, which allows them to subsequently escalate them to seek the appropriate assessment, treatment and monitoring, discuss and review the potential impact, and make the required decision. This reinforces what was previously found in the literature where the contribution of risk governance was studied, which, through assessment and communication, can contribute to the sustainability of the organisation and society (Koehler, 2023).

The commitment of senior management is a priority to ensure that the issue has the importance required in the organisations. For this reason, interviewees such as those from companies 2, 6 and 8 suggest that there should be a systemic view with a strategic focus in which all related actors participate, allowing for prospective readings of the environment for better prevention, as the director of company seven mentioned.

Two of the companies interviewed suggest that some companies do not implement formal risk management systems since the entrepreneur sees them more as an expense and not based on the benefits they can bring in the short and medium term. However, interviewees such as the one from company eight state that investing in adequate risk management facilitates permanent improvement and allows for the protection and creation of corporate value, which is why, according to the expert consulted, their importance should be promoted by showing tangible results that allow their conception and development to evolve, to achieve the necessary durability and growth of medium-sized companies in this sector.

Risk management structure, actors and roles

In this category, companies presented the establishment and organisation of risk governance structures, including the identification of critical actors and their respective roles and responsibilities in risk management, with an emphasis on how information is reported and decisions are made, as well as the importance of setting limits and scopes for each concerning risk management.

In the companies where the risk management system is better consolidated, there is clear evidence of the participation of the board of directors and the managers or presidents of the companies in the definitions related to risk, as well as the projects and initiatives that must be developed to achieve an adequate treatment and management of these identified events, as described by the interviewees from companies 6 and 8. These results confirm what has been presented in previous studies where the board of directors' commitment is given great relevance to developing risk governance better (Niemi, 2023; Villanueva et al., 2022).

In some companies, such as company 2, risk management is proposed from the internal audit area to establish the model and formally integrate each actor's functions, roles and responsibilities within the risk system so that it goes from being an empirical exercise to having the level of structure required. In company 3, the leader of each area has the power to decide on risk if it can be easily solved; if not, it is escalated to the manager for final decision-making. Another actor involved in the risk management structure is the tax auditors, as mentioned by the manager of company 4. These different forms of risk management and participation, from process leaders to internal or external audit areas, show the diversity of practices in the medium-sized textile companies consulted.

In companies such as 1 and 5, there are no specific functions related to risk, which sometimes makes it difficult to make decisions that must be taken into account when faced with issues that significantly impact or affect the company. When structured risk management systems are in place, the level of autonomy of individuals in decision-making is established and at what level should the event be escalated to management, which is articulated with the corporate strategic platform, all its management systems and the company' dashboards, to achieve a holistic vision throughout the company's operations.

They all mentioned the importance of identifying the company's stakeholders and knowing how they are affected regarding risk management. While for some, the most important stakeholders are the internal ones, for others, they are the external ones; being clear that both can be positively or negatively affected by the materialisation of the company's risks. For his part, the manager of company 6 mentions that they are constantly seeking to attract, maintain and develop their employees because they are their primary stakeholders, which is why they continuously strive to strengthen their knowledge and skills and give them the necessary tools so that their management favours the appropriate management of risks.

On the other hand, the expert recognises the need for companies in the sector to address the issue and how to initiate action to accommodate effective risk management. He also agrees with the importance of having clear roles and functions within companies and establishing who takes the lead and makes decisions regarding organisational risks. This evidence has similarities with previous studies that noted the importance of having a person who drives the importance of managing risks and is the leader in front of the organisation (Nuñez & Villanueva, 2020).

This shows the progress of medium-sized companies in the sector towards organisations with stable structures and hierarchical levels, also understanding that many of these companies are of family tradition and that the following generations are succeeding the management. Occasionally, the founders continue to be part of the corporate governance bodies.

Risk management culture

Risk management culture refers to a company's awareness of the importance of responsibly addressing and managing risks. A robust risk management culture is essential to ensure that a company can effectively identify, assess and mitigate risks from a systemic perspective involving all related variables and actors. The following are the approaches highlighted by interviewees in this regard.

All the interviewees agree that the risk management culture should be one of the primary purposes of the company, in which all related actors and stakeholders should be involved, and that it should be considered a priority of the system to achieve prevention and future planning that will allow the expected organisational growth. The above results are consistent with the recommendations of other studies, which show that the risk management culture is one of the most significant challenges for companies but can promote its development (Albanese, Blanco et al., 2017; Jurado-Zambrano & Villanueva, 2022).

In company 5, the interviewee mentions that "the culture starts with established processes and roles, formal committees, involving management, area leaders and primary groups; connecting with the people who have the roles with the highest degree of responsibility and level of commitment", which is shared by the interviewees from companies 7 and 8. In company 2, they have managed to ensure that each employee has the risk culture, which facilitates identification and management and the necessary communication for timely decision-making.

Education and training are the pillars for the transformation of the culture, which is why company 3 has as a strategy, from the moment new people join the company, during induction, to deal with fundamental risk issues so that from the first moment employees are clear about the importance of their commitment to management, and in this way strengthen the competencies and skills that are required. Furthermore, innovation and collaborative work processes are favoured in company 2 to provide continuous improvement in the culture and management of its risks. This is consistent with previous empirical evidence that employees can be motivated through training and education to achieve risk culture development (Hassan et al., 2022).

It can be seen that the interviewees have adopted a clear and solid culture in their companies, based on commitment and trust as in companies 4 and 6, as well as listening, empowerment, proactivity and transparency, aligned with the balance and benefit of meeting the strategic objectives established for the growth of the companies. The values incorporated favour individual and collective well-being, which is sustained in the absence of rules, procedures and constant supervision, given that the culture and risk management in some cases are handled empirically and informally and not documented, as in companies 1 and 4, which is why it is necessary to share the subject, through primary committees in which leaders can be escalated, to generate discussions and feedback to achieve the appropriate performance and balance.

Regarding risk management and culture, company managers state that it is an issue that requires constant adaptation because there are permanent challenges; the interviewee from company 3 mentions that they lack the acquisition of more technology for the systematisation of risks; in company two, they face the challenge of achieving an integrated view of risks that favours decision-making, Finally, in company 8, although they have a significant level of maturity on the subject, the manager considers that the risk culture is an aspect that has been complex because it has managers with different perspectives on the subject, but he is clear about the need to continue raising awareness and active participation to achieve safer management every day.

Accountability and communication

Accountability and communication are crucial to transparency and trust in the risk management of medium-sized textile/apparel sector enterprises. From the interviewees' point of view, accountability refers to the responsibility of individuals and organisations to present their actions and decisions, and communication is essential for effective management, as it allows companies to share relevant information about risks and how they are being addressed.

Adequate communication and accountability must start with identifying and in-depth knowledge of internal and external stakeholders, as stated by companies 2, 5, 6, 7 and 8 participants because the successful dissemination and feedback of the risk management process depends on this. For the interviewee from company 2, communication is a fundamental tool to connect the organisational culture with risk-based thinking and to achieve consistency with the philosophy and principles of the organisation. These results align with the literature that shows that communication is a vital part of risk governance to give the right message to different stakeholders (Zahry et al., 2023).

Communication, education and transparency are fundamental in accountability processes since they underpin the validity and consistency of information, as well as the creation of conditions for control bodies and those involved in risk management so that everyone participates in decision-making and monitors the results is equitable and responds effectively to the needs of the organisations. It is necessary to communicate assertively about risks, their management and the strategies that derive from them to establish a constant dialogue that favours legitimate decisions based on trust, as the interviewee from company 5 mentioned. These results confirm what has been stated in previous literature, where this accountability must be based on principles and transparency to achieve clear communication (Valsagna, 2021).

Increasing responsiveness and fostering dialogue by using clear and straightforward language to generate greater understanding is essential for having more efficient and better quality relationships, promoting more participation, collaboration and involvement of all staff, internal and external, for a more defined adoption of the culture and risk management, as well as teamwork, and also ensuring that everyone knows from the strategy to the operation of the business and the risks to which they may be constantly exposed, for the mitigation, control and intervention of the same.

Finally, the expert affirms that it is necessary to strengthen the understanding of the meaning of risk governance in companies based on guidelines and directives that guide management in a coherent and integrated manner, from the knowledge of the involvement of each actor in risk decisions and the importance of having solid and transparent governance structures that generate trust, to have safer and more effective management that favours business sustainability.

CONCLUSIONS

The results presented in this study show that the overall objective, which was to examine how medium-sized enterprises in the textile/apparel sector in Antioquia understand and manage risk governance, was achieved. Most of the work analysed focused only on risk governance and each of the chosen criteria individually. However, the novelty of this study was to address them together due to their close interrelationship. This makes this paper one of the first to examine how the rules, policies and guidelines governing risk management interact with the risk management structure, actors, roles, risk management culture, accountability and communication.

It was evident that companies are increasingly aware of the importance of structured risk governance and that most of the companies interviewed use it empirically; however, they are clear that it is an enabler that will help the leaders of their organisations to perform their functions effectively and efficiently, improving confidence and responsiveness, focusing on the achievement of the objectives set, generating value and success for the organisation.

Primarily, medium-sized enterprises within Antioquia's textile/garment sector tend to be family businesses with histories spanning several years. This is reflected in the observation that many of their procedures and practices, especially about risk management, still lack formality and are in various stages of being set up, structured or standardised. Moreover, in most cases, decision-making is still centralised by the founder or the original shareholders. This escalates decisions related to identified risks through the organisational hierarchy and their concentration in the governing body.

Another critical aspect of the research was that as companies grow in size, they recognise the importance of adopting management approaches that cover a variety of situations. In this context, risk management is naturally integrated, as it is observed that the companies that were interviewed and that have higher revenues, as well as a more robust structure and staff, have guidelines, policies and systems in place that allow them to follow all the steps characteristic of large companies in terms of the risk management system.

Practical implications

Practical implications of the study include the need to formalise risk management processes, adapt strategies in line with business growth and consider the appropriate distribution of decision-making according to organisational structure and available resources.

Therefore, medium-sized enterprises in Antioquia's textile/apparel sector, having evolved from family businesses to more formal entities, need to consider establishing more structured procedures and processes in their risk management.

This implies the creation of clear protocols, guidelines and directives for risk identification, assessment and mitigation, as well as for culture transformation strategies. The move towards greater formalisation can help ensure that risk management practices are consistent and effective.

Another practical implication is that if these medium-sized enterprises are to expand, they must adapt their management approaches to deal with various scenarios. This involves recognising that risk management is an integral part of overall management, not a separate consideration. As they experience further growth in revenue, structure and staff, they must develop more robust and comprehensive risk management strategies to ensure that they can keep pace with the practices used by larger, more far-reaching firms.

Another implication for companies with higher revenues and resources is that they can establish more robust risk management systems. As these companies tend to have more developed hierarchical structures, they must delegate risk-related decision-making to appropriate levels within the organisation. Concentrating decisions at the senior governance level is standard practice and can contribute to more effective and coordinated management of identified risks.

Future Research

Future lines of research could study how the formalisation of risk governance processes and practices in family businesses impacts improving efficiency, adaptation to change and long-term sustainability, articulated with recent studies showing current gaps in the impact of risk governance on sustainable development (Koehler, 2023). This could include a comparative analysis between companies that have adopted more formal practices and maintain more informal approaches. Future research could explore how medium-sized growth-stage companies in various sectors can develop effective risk governance strategies to address multiple challenges in their expansion process. This could include case studies of companies at different stages of growth and how they have adjusted their risk management approaches.

Further future research is also noted on how the distribution of decision-making about risk management within more extensive and more structured organisations may influence the agility and effectiveness of risk identification and mitigation. One could explore how different organisational structures affect risk management at different hierarchical levels. On the other hand, one could also investigate how adopting a comprehensive risk management and governance strategy, encompassing several aspects of the business in addition to financial ones, influences the overall performance of companies. Whether this approach results in greater resilience to crises, better decision-making, and sustainable competitive advantage could be analysed.

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APPENDIX A

INTERVIEW PROTOCOL

Duration: approximately 1 hour.

General Objective:

Analyse risk governance in medium-sized companies in the textile sector, to identify the guidelines and directives that govern it, to describe the relationship between risk governance and corporate governance bodies and to refer to the risk culture, accountability and communication practices that exist.

Date:

Company:

Name:

Profession or Training:

Position:

Guiding Questions

1. Could you tell us how long you have been with the organisation and your background and experience?
2. Identify how risk governance is managed in medium-sized companies in Antioquia's textile/apparel sector.
   a. From your experience in the organisation, tell us what risk, risk management and governance means.
   b. What are the guidelines governing risk management in the company?
   c. How is the company's risk management policy structured?
   d. What is your company's risk management process like?
3. To describe the relationship between risk governance and corporate governance bodies in Antioquia's medium-sized companies in the textile/apparel sector.
   a. From an organisational structure point of view, how does the organisational structure relate to risk in terms of roles, responsibilities and attributions assigned to risk management (decision-making)? How are these described, and how do you fulfil these defined functions?
   b. What are the actors and stakeholders involved or considered in the decision-making process related to risk management?
   c. What are the key challenges and success factors for ensuring broad stakeholder participation in the risk governance process?
   d. What are the stakeholders involved in the organisation's risk management?
4. Refer to risk culture, accountability and communication practices implemented under risk governance in medium-sized enterprises in the textile/apparel sector in Antioquia.
   a. What means does your organisation have at its disposal to engage staff in the work of the risk management system?
   b. How has the risk culture been built in the organisation, and what are the results?
   c. How is the entire risk component incorporated into the organisational communication strategy?
   d. How developed do you consider the organisation's leaders' communication concerning risk management to be?
   e. What recommendations could you give for mainstreaming risk governance in textile/apparel companies, based on your experience?