

## **IMPACT OF RISK MANAGEMENT ON SUSTAINABLE FARMING BUSINESS**

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### **Abstract**

The purpose of this study is to evaluate the instruments utilized in agricultural risk management. The study's goals are to highlight the hazards that Romanian farmers confront and to uncover strategies to mitigate these risks. In this regard, we present an analysis of agricultural risks, the role of agricultural insurance and the impact of risk management on the sustainability of agricultural holdings. The research methodology is based on various reports, official statistics, macroeconomic analysis, case studies, analysis of documents issued by organizations representing the SME sector and the agricultural business environment. After collecting the data, qualitative and quantitative methods were used to express the research results. The study emphasized the constraints that farmers face (depending on the size of the enterprise), the influence of climate change on agricultural output, the main financial risks (e.g., price risk, production risk), and suggested methods for implementing agricultural insurance (eg. production, income insurance). The study also shows that price and production risks such as price volatility and climate change have a significant impact on the sustainability of agricultural holdings. The main conclusion of the study shows that risk management tools encourage farmers to participate in sound risk management. Finally, the results of the research can provide important guidelines in substantiating the needs of risk management in the agricultural sector.

### **Keywords**

Agricultural insurance, Climate changes, Financial constraints, Price risk, Production risk.

### **JEL Classification**

H11, G22, G32, O13, Q14

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