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**RESEARCH THE FEATURES OF BUSINESS RISK-MANAGEMENT IN CRISIS TERMS**

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*Харічков С.К., Панченко М.О. Дослідження особливостей управління підприємницькими ризиками в кризових умовах.*

В статті було проаналізовано сутність та зміст підприємницького ризику у кризових умовах, з урахуванням впливу факторів середовища. В ході дослідження запропоновані етапи управління підприємницьким ризиком, розглянуті методи зниження підприємницьких ризиків. Були виявлені передові методи, які ґрунтуються на міжнародних стандартах, характеризують різний ступінь розвитку системи управління ризиками на українських підприємствах, та можуть пропонуватись для реалізації у вітчизняній практиці. Визначені складові системи управління ризиками в підприємницькій діяльності, які включають у себе крім оцінки всіх рівнів фінансово-господарської діяльності, постійний контроль та моніторинг за зміною факторів середовища, розглянуті можливі очікувані результати по впровадженню такої системи на вітчизняних підприємствах.

*Ключові слова:* ризик, підприємницький ризик, управління, система, метод, зниження ризику, конкурентоздатність

*Харичков С.К., Панченко М.А. Исследование особенностей управления предпринимательскими рисками в кризисных условиях.*

В статье были проанализированы сущность и содержание предпринимательского риска в кризисных условиях, с учетом влияния факторов среды. В ходе исследования предложены этапы управления предпринимательским риском, рассмотрены методы снижения предпринимательских рисков. Были обнаружены передовые методы, основанные на международных стандартах, характеризующие различную степень развития системы управления рисками на украинских предприятиях, и могут предлагаться для реализации в отечественной практике. Определены составляющие системы управления рисками в предпринимательской деятельности, которые включает в себя кроме оценки всех уровней финансово-хозяйственной деятельности, постоянный контроль и мониторинг за изменением факторов среды, рассмотрены возможные ожидаемые результаты по внедрению такой системы на отечественных предприятиях.

*Ключевые слова:* риск, предпринимательский риск, управление, система, метод, снижение риска, конкурентоспособность

*Kharichkov S.K., Panchenko M.O. Research the features of business risk-management in crisis term.*

In the article were analyzed essence and maintenance of business risk in crisis terms, taking into account influence the factors of environment. During research the management stages are offered by a business risk, the methods of decline of enterprise risks are considered. Were found out the front-rank methods, based on international standards, characterizing the different degrees of risk-management at the Ukrainian enterprises, and can be offered for realization in domestic practice. The composition of risk-management in entrepreneurial activity, plugs that in itself except the estimation of all levels of financially-economic activity, permanent control and monitoring after the change of factors of environment, the possible expected results are considered on her introduction on domestic enterprises.

*Keywords:* risk, business risk, management, systems, method, decline of risk, competitiveness

Entrepreneurial activity in a market economy is always dependent on factors of external and internal environment which consequently affects the level of business risk. Every company faces the problem of necessity of development of anti-crisis measures which enable a risk reduction. Especially important this problem arises in conditions of crisis economies changes. In the conditions of instability benefit those companies that timely form a management system of business risks, determine the best methods of assessment and measures to reduce the level of business risk. The introduction of such a system in practice allows companies not only to survive in the crisis, but also to get a chance to develop.

**Analysis of recent researches and publications**

Studied problem is quite popular in today's researchers and analysts both foreign and domestic. Among the most famous such as I. Schumpeter [1] and V. Shmatko[2], V.V. Vitlinskiy [3], A.S. Vihanskyi, K.D. Semenova [4], L.N. Tepman and others. These authors consider a number of different methods to reduce the level of risk aimed at ensuring the sustainability of enterprises in rapidly changing market conditions.

General methodological approaches to the formation of an effective system of risk management at Ukrainian enterprises today are poorly designed, but very necessary. The conceptual study on risk management has not been completed yet. This work should be carried out not only in the process of concept, but also in its implementation. The lack of clear theoretical and methodological basis of research complicates the course of the analyzed processes, reduces their effectiveness.

*The aim of the article is* the formation of risk management systems for domestic enterprises and research of advanced methods for assessing and reducing risk in business.

**The main part**

The business risk represents a discrepancy of received primarily financial results determined by management strategic goals, objectives, anticipated discrepancy from the sale of business projects results and inability to appreciate all the unpredictable factors of influence on the whole enterprise development. The combination of uncertainties in terms of crisis is

large enough, from unforeseen changes in demand to the political crisis. The clearest definition of the factors most likely to affect the business processes of a particular entity is the main task of management.

As stated above, business risk reflects the inability to achieve goals due to lack of developed control system which should include not only the detection range of risks and their level, but also the possible methods of dealing with the effects of measures to reduce the degree of their influence, control over the implementation of recommendations.

The main factors affecting the growth of level of business risk in domestic enterprises are the following:

- impact of the global economic crisis;
- inflation, the inflation rate;
- protracted political crisis in the country;
- lack of clearly distributed areas of responsibility in the entities;

- constant changes in legislation that are subordinated only to the interests of certain groups and types of business;
- not high enough professional level of management companies;
- lack of integration of scientific advances in the practice of business and others.

Primarily for the implementation of risk management in business structures it is necessary to determine the maximum permissible values and acceptable levels of risk. That is the scale of the development of risk assessment. For this prerequisite is to determine the financial, economic, technical, general, standard indicators that reflect the perspective of the enterprise market, assess its competitiveness. So to develop a risk management system are determined the following steps (fig. 1).

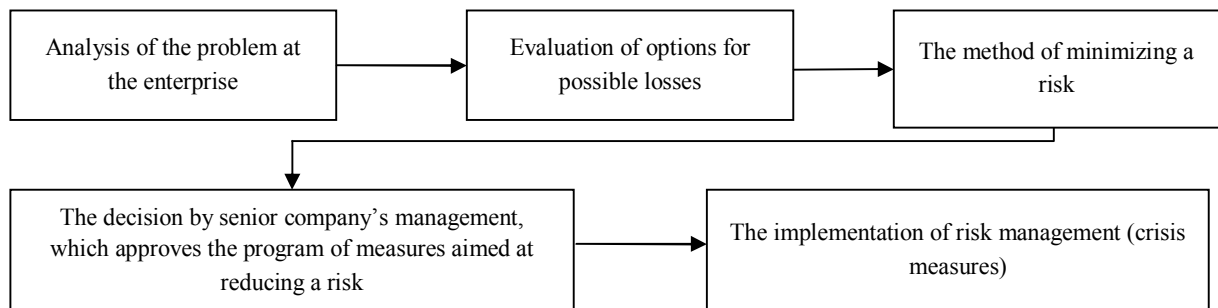


Fig. 1. Stages of business risk management

Source: Own elaboration

The methods of reducing risks include:

- rejection of risk;
- reduction in the incidence of damage or preventing a damage;
- reduce the size of losses;
- separation of risk;
- outsourcing of risk;
- adoption of risk;
- retention risk;
- risk transfer [5].

The risk management system is an integrated part of the overall management of the company, which aims to ensure the operation, maintenance, measurement, control and improve management processes. Combining of risk management system and overall system management is necessary.

Implementation of risk management functions in the company requires significant organizational effort of time and other resources. The most appropriate to perform this function with a specific subsystem in system management [6].

Risk management subsystem is a logical addition to the traditionally independent functional subsystems management. It is necessary to develop an algorithm within the risk management process management, which would:

- carry out constant monitoring internal and external environment;
- increase the reaction rate in response to changes in the environment;
- make more informed solutions in terms of risk;
- to minimize the impact of crises, and consequently ensure the survival of businesses in an unstable environment [7].

The organization of this subsystem better implement the functions performed by existing risk management division, as no costly material and financial resources, and allow time to identify the problem and take appropriate preventive measures.

During studies were identified best practices that characterize the different degrees of risk management system in Ukrainian enterprises. Company leaders in the degree of risk management system implemented on average twice the key risk management tools compared to lagging enterprises.

One of these methods in modern terms is the use of evaluation of promising enterprises using indicator EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization). At present, a number of scientists and business analysts believe this figure is a priority for the owner-entrepreneur [8].

Indicator EBITDA represents earnings before deducting costs to pay interest on debt, taxes and

depreciation. That is estimated the company's ability to earn regardless of her debts to creditors, the state and the depreciation method used. Determined immediately returns the core activities that can analyze its "impartial" [8].

Calculation of EBITDA is realized by international standards. Since this indicator is used worldwide and is the basis for its calculation must serve the reported data corresponding IFRS.

Specifically for determining the EBITDA, the following values:

- net profit (remaining after payment of taxes and other payments to the budget);
- expenses for income tax;
- amount of refund of income tax;
- extraordinary income and expenses;
- value depreciation (both tangible and intangible assets);
- revaluation of assets.

The first five indicators form EBIT, or operating income. It is defined as the difference between gross income and expenses from ordinary activities of the enterprise and is the basis of calculation of EBITDA. EBIT calculation formula is as follows: (Net profit + income tax - recoverable tax + extraordinary costs - extraordinary income paid + % - % received)[9].

Thus the figure intermediaries between gross and net profit. That entrepreneur will profit in the event of non-borrowed funds.

This figure certainly cannot be the basis for making crucial management decisions, but clearly reflects the level of market viability. More and more analysts base their assessment of efficiency of enterprise development and investment prospects on this indicator [9].

A number of analysts draws attention to the need for this tool is in the context of risk assessment of business activity. After all, the investment decision, including the level of risk affects business. Financial indicators are in direct proportion on the degree of integration and coordination functions of risk management, internal control and ensure compliance with legal requirements [11].

It should also be noted that in most organizations, major opportunities for improving risk management systems related to the efficiency of application technology.

In the worst case scenario implementation rates of hazards could significantly outstrip efficiency to counteract them. Businesses must be able to identify the main areas of risk, manage and quickly address the shortcomings management system that includes:

- identify and understand the most significant risks;
- the implementation of differentiated management of investments in the most significant risk to the organization;
- effective risk assessment as part of the business, a system of accountability and personal responsibility for risk management;
- confirmation of investors, analysts and regulators efficiency of risk management.

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The survival of many organizations in the unstable economic environment largely depends on the ability to find opportunities to reduce costs in all areas. Opportunities for cost reduction may occur due to:

- implementation of a new operational model of risk management, providing a significant improvement in the cost structure;
- reducing the cost of internal controls by improving automated control procedures;
- optimizing or eliminating duplication of functions in the field of risk management;
- improving process efficiency by introducing of automated centers, business processes and continuous monitoring [11].

At the moment, most domestic enterprises despite the recommendations and research rarely implement real risk management. Troubleshooting has a spontaneous, irregular character. The study found that only 20% of leading companies implement a systematic approach to risk management and planning of anti-crisis measures.

There is a number of progressive methods of management standards within the business risk in this world. The most famous of them is Australia and New Zealand Standard on Risk Management AS / NZS 4360, Standard on risk management of the Federation of European associations of risk management, the Basel Committee: standard capital adequacy "Basel 2" and standards of credit, financial and operational risks [10].

Usually only data standards outline the main areas in which it is necessary to evaluate and plan measures to reduce the level of risk, and domestic scientists and entrepreneurs should define the methods that meet the peculiarities of doing business is domestic enterprises and businesses.

The risk management system of domestic enterprises should include the following elements:

- Monitoring and analysis of each element of risk management systems;
- Methods for detecting specific risks to the entity;
- Application of comprehensive evaluation of financial and economic indicators of business risk in the enterprise;
- Determining the most appropriate method for risk management and planning measures to reduce the degree of their influence;
- Organization and development of risk management mechanisms for the particular entity;
- Analysis of the results in implementing risk management measures;
- Providing timely access to information on changes in external and internal environment (communication);
- Conducting consulting on risk management, taking into account the rapid changes of the economic environment of enterprises.

The introduction of such a risk management system will not only react to changes and make

management decisions, but also to ensure the stability and competitiveness of domestic enterprises in the domestic and foreign markets.

Implementation of business risk management system will allow the complex to cover all stages of the enterprise and manage risk at each bottom, timely response to possible changes (table 1).

Table 1. Expected results from the implementation of business risk management in domestic enterprises

The constituent elements of the risk management system	Expected results
1. Formation of risk management strategy	<ul style="list-style-type: none"> <li>— Enterprises use the experience of international companies in developing methods to counter the risks.</li> <li>— Communication structure and exchange of information with partner companies provide a timely response to changes and adjustment of strategic objectives.</li> <li>— Risk management is a priority of top management of the company.</li> <li>— The risk management system operates at all levels of management.</li> </ul>
2. The introduction of elements of the risk management system in decision-making	<ul style="list-style-type: none"> <li>— The company's management is developing a scale of allowable values levels of business risk.</li> <li>— The use of advanced methods to assess risk levels in the company.</li> <li>— Implementation planning and evaluation for combating risks.</li> <li>— The application of international standards in the formation process of risk assessment in business planning.</li> <li>— Monitoring the implementation of measures designed, timely adjusting for changes in the external and internal environment.</li> </ul>
3. Improving monitoring and implementation stages of measures to reduce the level of business risk	<ul style="list-style-type: none"> <li>— Development and approval of key indicators to assess the level of risk.</li> <li>— The choice of methods for planning and forecasting of business risks, depending on the specifics of the company.</li> <li>— Implementation of standardized indicators to assess risks at all levels within the company.</li> <li>— Organization of risk control areas and development of optimization measures.</li> <li>— Delimitation indicators acceptable risk levels specific to the activities and prospects of the company.</li> </ul>
4. Development of methods for optimizing risk management, taking into account changes in internal and external environment to enhance the competitive capacity of the enterprise	<ul style="list-style-type: none"> <li>— Organizing training methods for identifying and monitoring risk.</li> <li>— The introduction of a unified system of risk assessment within the enterprise and in accordance with international standards.</li> <li>— Application of rapid evaluation of changes in external and internal environment to determine optimization models.</li> <li>— Integration of new optimization methods in enterprise reporting system.</li> <li>— Risk management in order to reduce the extent of their impact and ensure competitive advantage in the market.</li> </ul>

Source: Compiled by the author according to the material [11]

Therefore the introduction of risk management will provide risk reduction and will help improve the impact resistance of enterprise critical factors increase the stability on the market, increase its competitive advantage.

### Conclusions

Subject assessment and business risk management system is very important for Ukrainian businessmen. Despite extensive business experience very small number of companies can boast the existing management of business risks. This system is used only leading companies, often using foreign experience and international standards.

There is a gap in decision-making in this area. The problem of risk evaluation and finding the optimum value limits is to develop scientists.

One of the tasks of managers is to introduce such a system in domestic business practices for development even in times of crisis changes in the economy.

The introduction of such a system based on international standards and taking into account the advanced risk management techniques will stimulate the formation of its own approach to the problems of combating the crisis.

### Abstract

The problem of business risk management is a key activity of the industrial enterprises. Firstly, due to the fact that the degree of exposure to risks has a determining impact on the level of profitability of financial operations of any enterprise. Second, financial risks are the main form of generating direct threat not only to the loss of a stable position of the enterprise, but also bankruptcy, as the losses associated with these risks are most tangible. Thirdly, the need to increase innovative activity of enterprises in the development and implementation

of new products and technologies, the use of venture capital forms of financing increases the risk of the business environment.

In the presented article an author examines a management problem risk-management in modern economic terms. This subject are actual, especially in the conditions of crisis changes. Task of every skilled manager to build and realize the system of risk-management for the decline the degree of his or her influence, for providing to increase the stability of enterprise at the market.

Many authors, scientists, engaged in management questions of risk-management, searched the methods of their estimation and developed different approaches. However taking into account reality of conduct of entrepreneurial activity in Ukraine, today there is not the single system for a risk-management of domestic enterprises.

The aim of the article is research the directions of forming the system of risk-management for domestic enterprises and determination of front-rank methods of estimation and declines the risks in entrepreneurial activity.

An author examines an enterprise risk as disparity of the got results to the put aims of enterprise, absence of positive results from realization of business-projects. Accents attention on the high degree of dependence of enterprise risks from the level of changes the factors of external and internal environment.

Authorial vision of the management stages is in-process offered risk-management for domestic enterprises, the list of problems is formed that influence on their high level. The modern methods of management and estimations of risks, based on international standards, are examined.

On results research control system is offered by risk-management, plugging in itself besides the estimation of all levels of financially-economic activity, permanent control and monitoring after the changes of factors of environment, and also importance of communications and timely providing information is underlined.

*JEL Classification: E 32, G 01, G 32.*

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