

УДК 65.011.3

**FEATURES OF MODERN APPROACH TO THE SYSTEM OF RISK – BUSINESS – STRUCTURES MANAGEMENT**

O.O. Oleinikova., arch-professor

K.S. Bevzenko

*Odessa National Polytechnic University, Odessa, Ukraine*

**B**usiness entities in the current economic conditions associated with many risks, the impact of which leads to a deterioration in the financial condition downturn and possibly bankruptcy. In this regard, the identification process (identification), analysis and assessment of overall risk and optimize its development programs have become an integral part of the overall management of the company, along with managing competitiveness, finance, human resources, etc. It is an effective risk-management, built on the principles of a systematic approach to risk management with the use of modern information technology, it is now a major factor in ensuring economic security and sustainable development dynamics of the company.

**Analysis of recent researches and publications**

Recently, the problem of risk is receiving the increasing attention in economic theory and practice of entrepreneurship. Issues of system analysis, evaluation and strategic risk management is widely reported in the foreign and domestic economic literature. Main research in this area are discussed at numerous conferences and seminars organized at different levels (international, national, sectoral).

Theoretical and applied research risks, their systematization, classification and management dealing with many foreign and local scientists, including: Balabanov I.T., T. Bachkai, Vitlinskiy V.V., Granaturov V.M., Kaigorodova M.A., G. Markowits, Reznick S.D, Saraeva I.M., Tepman L.N., Kharichkov S.K., N. Khokhlov, W. Sharpe, Yastremskyi A.I. etc.

Traditionally, risk management was considered a specific activity, separated from the main functions of management. In particular, risk management was identified with the management of certain types of business risks (financial, managerial, currency, etc.). However, the current development of market relations in the domestic business environment begins to spread absolutely new, systematic approach to risk management, which is in the integration of all the functional units of the organization to effectively manage risk. This approach involves the formation of an appropriate organizational-economic mechanism, the use of modern software and orientation of employees and managers at all levels to use the tools and risk management technology.

*The purpose* of the research is to determine the main features of the development of fundamental

*Олейнікова О.О., Бевзенко К.С. Особливості сучасного підходу до формування системи ризик-менеджменту бізнес-структур.*

У статті розглянуто особливості організації процесу ризик-менеджменту у вітчизняних бізнес-структурах на засадах системного підходу до управління господарськими ризиками з метою забезпечення сталого розвитку і підвищення вартості бізнесу в умовах економічної нестабільності.

*Ключові слова:* ризик-менеджмент, концепція, системний підхід, бізнес-структура

*Олейнікова Е.А., Бевзенко К.С. Особенности современного подхода к формированию системы риск-менеджмента бизнес-структур.*

В статье рассмотрены особенности организации процесса риск-менеджмента в отечественных бизнес-структурах на основе системного подхода к управлению хозяйственными рисками с целью обеспечения устойчивого развития и повышения стоимости бизнеса в условиях экономической нестабильности.

*Ключевые слова:* риск-менеджмент, концепция, системный подход, бизнес-структура

*Oleinikova O.O., Bevzenko K.S. Features of modern approach to the system of risk-business-structures management.*

In the article the features of organization of risk-management process in the domestic business structures on the basis of system approach to the management of economic risks to achieve sustainable development and enhance the value of business in conditions of economic instability.

*Keywords:* risk-management, concept, system approach, business structure

concepts of effective risk management home business – structures on the basis of a systematic approach to risk management, which should guarantee positive results of operations in the contemporary economy.

### The main material

The essence of the concept of "risk" does not have a clear interpretation in the economic literature and often depends on the context of its use.

Firstly, in terms of receiving future income and other consequences of any decision, the risk in the broadest sense – is the uncertainty of income or other future business results influenced by the totality of internal and external factors. In a more narrow sense, risk – is the uncertainty of income and other future business results influenced by only one selected factor – called "factor" risk. Sometimes at risk understand the possibility of unwanted effects of business, such as bankruptcy.

Secondly, under the risk understand the assessment of income and other beneficial outcomes, or at risk. Measurement of risk based on the risk analysis of the situation, in which the manager or investor accepts risky decision.

According to the risk enterprise or economic risk can be described as a combination of three elements:

- Events related to the operations of the company and what affects on it;
- The probability of the occurrence of the event;
- Consequences of events that make it impossible to achieve the planned objectives and ultimately affect on income [1].

The process of adoption and implementation of best management decisions and choosing the best strategy of the organization in modern business are faced with many problems that are caused by the constant volatility of market environment. The most common are the following options of enterprise strategy, connected with making decision under conditions of high uncertainty [2].

The first option is the refusal of risk, avoiding excessively risky activities. In fact, it suggests stagnation of business, because in that case profit becomes problematic, which is the main purpose of business.

The second option is a risk-taking. This strategy assumes that the management company allows the possibility of the occurrence of adverse events, but develop the business until the risk actions will not lead to irreparable consequences. Probable end result of this behavior may be a loss, which also does not meet the primary purpose of business.

The third option is a risk management – "risk-management" activities aimed at the identification and risk assessment, and the development and implementation of measures to minimize potential losses associated with risk.

In modern economic literature, the nature of risk-management is defined as follows:

- "Risk-management is a management organization as a whole or its individual units based on risk

factors (random events that affect the organization) based on specific procedures for their detection and evaluation, and the selection and use of methods of neutralizing the effects of these events, the exchange of information about the risks and monitoring the results of these methods" [3];

- "Risk-management is a system of risk assessment, risk management and economic (or rather financial) relations arising in the process of management, and includes strategies and tactics of administrative action" [4].

The document "Working Draft for ISO Guide. Risk Management Terminology", prepared by a working group of ISO, risk-management defines as: "coordinated action to direct and control an organization with regard to risk" [5].

The process of risk-management (according to the international standard ISO 31000 "Risk management-Principles and Guide") is the continuous application in management of specific methods, techniques and methods of risk management, namely communication and consultation, establishing the context, identification of risk analysis risk, determine the degree of risk, risk treatment, monitoring and analysis [5].

Therefore, risk management as a process management is the development of strategic and tactical decisions aimed at: analysis of the market environment, determine the probability of occurrence of the risk event identification (identifying the extent and magnitude) of risk selection risk management strategy and implementation of targeting risk in order to obtain and increase the income (profit) in an uncertain economic situation. The combination of these procedures is the successive stages of the process of risk management, which can be represented as the following scheme (Fig. 1).

The implementation of the risk management process involves not only the development of appropriate preventive measures but also the formation of a new management philosophy the Organisation, including:

- Changing the organizational structure and organizational control mechanisms;
- A clear division of responsibility for achieving the strategic objectives at all levels of government;
- Development and implementation of competitive advantage of the firm on the basis of the implementation of risk-management.

Analyzing the development of risk management, it should be noted that the last decade of the twentieth century in the field of risk management there is the traditional approach, in which the basic functions of risk management primarily confined to the assessment and risk analysis, as well as mechanisms for their transfer (insurance, hedging, etc.).

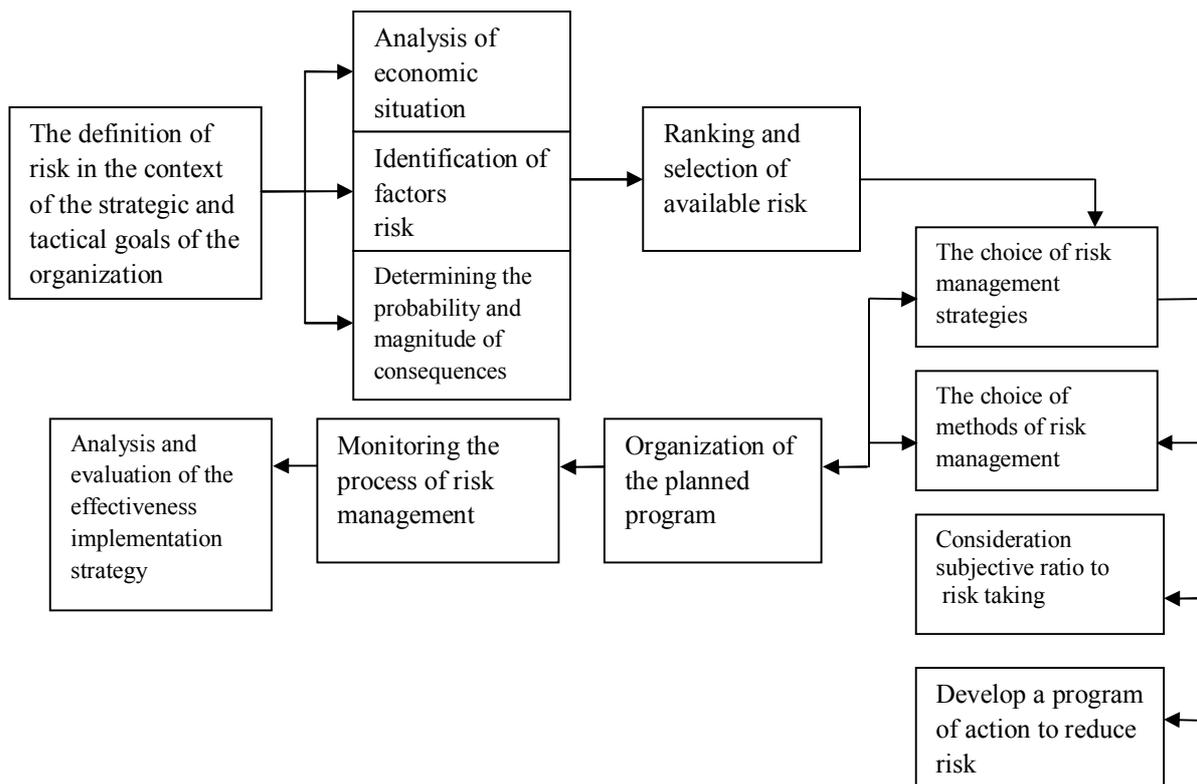


Fig. 1. Stages of the process of risk management

Risk-management was not aimed at increasing business value and for its preservation by means of compensation of economic losses. Modern new approach provides functioning risk management

system, whose main objective is to strengthen the competitive position and increase the capitalization of the company by taking risks (Table 1.).

Table 1. The main difference of the traditional and the new concept of risk management [6]

Criteria	Distinctive signs concepts	
	The traditional approach	A new approach
As the degree of exposure to risks	Fragmentary and unsystematic risk management: each department independently manages (according to their functions)	Integrated, integrated risk management: risk-management coordinated by senior management, each employee organization considers risk management as part of their work
For the time, exposure to risks	Episodic risk management: manage risk if managers believe that it is necessary	Continuous risk management: risk-management process lasts continuously
The scale of the impact the risks	Limited risk management addresses the first of the insured and the financial risks	Advanced risk-management: consider all the risks and opportunities of
The degree of stimulation	The passive type of risk-Management	Active type of risk-management
For strategic objectives	Saving the value of the company due to the compensation of economic losses (risk prevention)	Increasing the value of the company by taking risks

According to the information given in the table, the new concept of risk management is focused on the systematic approach to managing economic risks, integration with the overall management of the organization to achieve a competitive advantage and

sustainable functioning in an uncertain market environment.

The essence of a systematic approach to risk management primarily based on the fact that all phenomena and processes are discussed in their relationship, takes into account the impact of certain

items and making the system as a whole and the existing feedbacks. Therefore, to define a new model of risk management is often used as equivalent to the following terms: integrated risk management, integrated risk management, strategic risk management, enterprise risk management ("integrated, strategic", or "enterprise wide risk-management"). The main goal of an integrated, systemic risk-management – providing capital appreciation of the company with management uncertainties that could negatively and positively influence the activities of businesses.

The implementation of a systematic approach to risk management business of economic activity – the structure should be based on the following principles [7]:

- the risks associated with a single object or operation are treated as a single set of factors that affect the future impact and fuel resources of the firm;
- to create the necessary resources to manage risk;
- development of risk management measures carried out at different stages of the life cycle of goods and services (pilot project, preliminary design, techno-working project prototypes);
- the preparations and conduct of business transaction (agreement) should be made to reduce the risk of this operation to an acceptable level;
- development of a set of measures that reduce the risk, the different stages of the life cycle of an enterprise (company, firm): creation, development, maturity, aging;
- in the process of risk management system used by laws and regulations, design and technology solutions, economic, financial, institutional, environmental event;
- to ensure a balance of resources and intensity measures of risk-management (risk management in terms of limiting the amount of resources);
- constant monitoring of risks.

Work in this area contributes to the solution of the main problem management – selection of optimum decision of several possible alternatives, taking to the attention the following pattern: the higher expected rate of return business – the risk is higher.

In foreign practice management risk management it is considered one of the most effective management tools. The vast majority of large companies has in its structure well-established system of corporate risk management.

The globalization of capital markets, the integration of Ukraine into the world economy, the formation of international conglomerates, and in this regard, increased competition, the business needs of original creative decisions and actions, mobility and readiness for the introduction of new technology, which inevitably gives rise to certain risks and complicates management. Therefore, in the modern business environment risk management should be an integral part of all business – the company's processes, and especially the project management

processes and changes. To ensure stable operation and further development of the market environment, the domestic business – entities must act in accordance with the new concept of risk management and seek to establish an effective system of risk-management, which includes the following elements:

- A system of standards, regulations and procedures (standards: ISO 31000:2009, FERMA, COSO ERM, FERMA);
- Structural unit (department) risk-management process to ensure the effectiveness of risk management and implementation of management communications;
- Tools and techniques for effective risk management;
- A set of mathematical models by which the estimated cost of production and profit shortfall risk (the risk of loss of financial benefits);
- Software that allows you to optimize risk and profitability in throughout the organization;
- Resources to implement the strategy risk - management;
- A culture of risk-management as a mechanism to stimulate the interest of workers in the observance of the principles of risk management.

Main stages of the risk management system combined business structure at this stage of development of the national economy is the creation of the risk management. The purpose of this service is the development and practical implementation of the strategy risk-management by:

- Monitoring business-environment;
- Monitoring the current situation of the company;
- Analysis of the entire complex risk-making factors.

Therefore, the main functions of the unit (department) risk-management include:

- Research the market environment;
- Identification and risk analysis;
- Registration of risk-incidents and their statistical analysis;
- Development of strategies and risk management techniques;
- Development of program risk taking and organizing its implementation, including monitoring and analysis of results;
- Creation of an investment, especially venture capital holding and portfolio investments;
- Implementation of measures to improve economic security;
- Coordinate the interaction of the company with insurance companies;
- Coordination between all business units on risk minimization;
- Maintaining proper accounting, statistical and operational reporting on risky investment [3].

The variant of the organizational structure of the department (division) risk-management firm, in accordance with these features, shown in Figure 2.

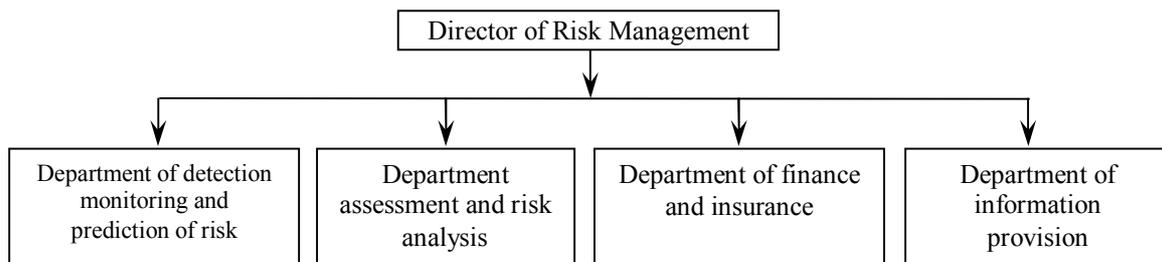


Fig. 2. The organizational structure of the department's risk management firm

Privacy Risk Management Department must ensure comprehensive analysis of dynamics of the enterprise with the influence of external and internal socio – economic and political factors that allow it to fully and professionally skilled to predict the future state of the market, realistically assess the risks and provide information to develop effective strategies for managing the organization. For this purpose considered appropriate to use in the business unit risk-management – date versions of software, including:

- "Business Intelligence" – systems (BI) that combine data from different sources, process them and provide in a convenient form for the comprehensive study and analysis. The results obtained during this analysis help to achieve business goals through optimal use of available data (Software : SAP BI (SAP Business Objects), SAP BPC);
- Software Product "KG Risk" is automated risk management systems on a regular basis, providing identification, assessment and monitoring of risk factors, allowing to keep the risk of industrial enterprises and non-financial institutions in an acceptable range;
- Software product "IBM OpenPages Operational Risk Management", which automates the process of identifying and analyzing risk and production management, and allows companies to collect all the data about risk in a single environment. This integrated approach helps objectively assess the risks of the situation prevailing in the organization to track cases of real and potential losses, and keep track of their size, and to determine the main causes and those responsible for every damage that certainly provides the opportunity to reduce losses and increase the efficiency of business – processes;
- Software Product "Valtars Invest Risk", which allows you to identify and rank the risks, assess their cumulative impact on the performance of economic efficiency of the project (IRR, NPV, PI, CAPEX, OPEX, payback period) is already in the planning stages and to identify potential risk reduction. This makes it possible to develop more

effective preventive measures and systems to guarantee the implementation of the project as scheduled within your budget.

Modern software solutions for automated risk management provide timely detection of business – structure optimization potential risks or their complete elimination is largely stabilize the activities of the company and prevent a crisis situation.

The system risk – management is built as an integrated part of the overall management of the organization using the latest achievements in information technology must ensure that:

- improving the financial performance of the company in the long term;
- avoid costly surprises;
- the possibility of optimal use of resources;
- openness of leadership;
- development of a consistent methodology for studying the risks;
- improving the efficiency of accounting;
- information support decision-making;
- focus top-management on the use of risk factors- opportunities to improve business value.

### Conclusions

Effective functioning and sustainability of domestic business – structures in an unstable market environment requires a fundamentally new approaches and anticrisis methods activities. The modern concept of risk management involves the formation of the complex system of risk – management provided a clear understanding of the goals and structure of the organization, the study of the competitive situation in the market, establishment of mechanisms for the relationship of indicators of financial – economic activity of the company and the risk factors. So there is a real need to create a division in the company, which specializes in identifying and managing risk, and implementation of software products and technologies in its functional activity.

Implementation of structural and functional changes in the activities of local entities require further theoretical and applied research.

**References:**

1. Вовчак Ольга Дмитрівна. Страхова справа: підручник / О.Д. Вовчак. – К.: Знання, 2011. – 391 с.
2. Гранатуров В.М. Аналіз підприємницьких ризиків: проблеми визначення, класифікації та кількісної оцінки : монографія / В.М. Гранатуров, І.В. Литовченко, С.К. Харічков ; за наук. ред. В.М. Гранатурова. – Одеса : Ін-т проблем ринку та екон.-екол. досліджень НАН України, 2003. – 164 с.
3. Старостіна А.О., Кравченко В.А. Ризик – менеджмент: теорія та практика. Навч. посіб. / А.О. Старостіна, В.А. Кравченко – К.: ІВЦ «Видавництво «Політехніка», 2004. – 200 с.
4. Тэпман Л.Н. риски в экономике: Учеб. Пособие для студ. ВУЗов / Под ред. В.А. Швандара. – М.: ЮНИТИ, 2002. – 379 с.
5. We're ISO, the International Organization for Standardization. We develop and publish International Standards. [Електронний ресурс]: – Режим доступу: [www.iso.ch](http://www.iso.ch)
6. Каточков Є.В. Багієв Г.Л. «Основные концептуальные подходы в развитии риск-менеджмента организации» [Електронний ресурс]: / Євразійський міжнародний науково-аналітичний журнал «Проблемы современной экономики» – N 2 (38), 2011. – Режим доступу: <http://www.m-economy.ru/art.php?nArtId=4613>
7. Останкова Л.А., Шевченко Н.Ю. Аналіз, моделювання та управління економічними ризиками. Навч. посіб. / Л.А. Останкова, Н.Ю. Шевченко. – К.: Центр учбової літератури, 2011. – 256 с.

Надано до редакційної колегії 10.12.2013

Олейникова Елена Олексіївна/ Elena O. Alekseevna  
*Ms.Oleya@gmail.com*

Бевзенко Кристина Сергіївна/ Kristina S. Bevzenko  
*an.digich@yandex.ru*

**Посилання на статтю / Reference a Journal Article:**

*Features of modern approach to the system of risk-business-structures management [Електронний ресурс] / О.О. Oleinikova, K.S. Bevzenko // Економіка: реалії часу. Науковий журнал. – 2014. – № 1 (11). – С. 57-62. – Режим доступу до журн.: <http://economics.opu.ua/files/archive/2014/n1.html>*