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FINANCIAL RISKS IN THE SYSTEM OF ECONOMIC SECURITY OF AN ENTERPRISE

ФІНАНСОВІ РИЗИКИ В СИСТЕМІ ЕКОНОМІЧНОЇ БЕЗПЕКИ ПІДПРИЄМСТВА

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The protection of the enterprise from various existing or possible threats forms the system of economic security, which represents the organizational and technical complex of managerial, technical, sensitive, preventive and promotional activities, aimed at high-quality implementation and protection of the interests of the enterprise from internal and external threats.

Financial risks management holds a special place in the system of economic security of the enterprise, since they are closely related to the financial relations of enterprises, more than others are exposed to the external environment, which is quite unpredictable. Considering that the financial risks of enterprises are most threatening today, necessitates of their further scientific study must be emphasized.

The risk is the action aimed at attractive goal and is associated with the element of danger, the threat of losing or failure.

Entrepreneurial risks represent the likelihood that the entrepreneur will incur losses in the form of additional costs in excess of those foreseen by the forecast, or will receive income below those on which he relied on implementing alternative solutions.

The most common types of entrepreneurial risk include:

– financial risk arising from various kinds of financial transactions;

– production risk associated with the implementation of production activities;

– commercial risk arising from the sale of goods and services;

– market risk associated with fluctuations in market interest rates of the national monetary unit.

The most common risk of economic security of the enterprise, as well as the main reason for the deviation of the actual development of the enterprise from the strategic plan is financial risk. Financial risk is unpredictable threat to the economic security of the enterprise and its sustainability functioning. Its essence and significance is determined by the structure long-term sources of financing, the higher the leverage ratio capital, the higher is the risk level [1].

Thus, the special influence of financial risks in the organization affects the formation of profitability and the threat of crash. Therefore, one of the main challenges faced by the system of ensuring the economic security of the enterprise is such risks management.

The key stage is the second one – risk analysis. It is at this point when the probability of possible damages is determined and the magnitude of the risk reveals.

The analysis is qualitative, quantitative or complex. The qualitative analysis reveals possible risk, examines the factors affecting the degree of risk. The factors are divided into external (political situation in the country, tax system, competition, ecological disaster, etc.) and internal (strategy, organization, qualifications of management, internal procedures and policies of the enterprise, etc.). In the quantitative analysis the concrete amount of money damage of separate subspecies and financial risk in general are revealed.

The mathematical method consists of using the mathematical expectation criterion, the Laplace criterion and the Hurwitz criterion for risk assessment. The main one is the expectation criterion.

The simulation method of “decision tree” is based on the graphic construction of solutions. It is used in phased solutions or in the case of occurring of changes in probabilities when moving from one solution to another.

Decision tree is a way to represent classification rules in a hierarchical and sequential structure.

A method of estimating the probability of expected loss is based on the fact that the risk is defined as the product of the expected loss on the probability that this damage will occur. The best is the solution with a minimum size of the calculated indicator.

Risk assessment based on the analysis of the financial condition is one of the most common and reliable methods for the company and for its partners. Financial condition of the enterprise is characterized by a set of interrelated criteria. The most objective result can be obtained on the basis of use of both absolute and relative evaluation criteria in the analysis.

The analysis of the value of the absolute figures may not show the actual financial condition of the company. For its objective assessment, absolute indicators should be measured in dynamics over several years, which is not always possible in modern conditions – such as in the case of absence of equivalent data for comparison, reduced to a single denominator for past periods.

To assess the level of financial risk the system of relative indicators or financial ratios calculation based on data from the financial statements of the company is of special interest.

The value of the specific factor itself on its own gives little information for analysis. It is necessary to conduct spatial-temporal comparison of these coefficients with the regulations of their importance, as well as similar indicators for the related companies, examine their dynamics over a period.

The most important for the analysis of the financial condition of the enterprise and the prevention of bankruptcy risk are the following financial indicators:

– solvency and liquidity of the enterprise;
– financial stability;
– profitability;
– business activity.

The third stage of the process of financial risk management is the selection of specific methods of management. The main challenge when choosing a method of risk management at this stage is the decrease in the degree of risk to the lowest possible level. In the system of methods of management of financial risks of enterprise, the main role belongs to internal mechanisms of their neutralization. Internal mechanisms to neutralize financial risks represent a system of methods to minimize their negative consequences, selected and implemented within the enterprise [4].

This method of financial risk management is one of the most reliable in the world and can be used for any type of financial risk. But the disadvantage is that this method is the most expensive among all the methods of financial risk management.

Financial risk management allows to ensure the economic security of the enterprise.

The original concept of financial risk management is the concept of economic security. Under the economic security the qualitative characteristics of economic system that determines its ability to support normal conditions health system, development within the goals set for the system, and in the event of various threats (external and internal), a system that is able to withstand them and restore their performance is understood [5].

The main goals of economic security include:

– providing high financial efficiency, financial stability and independence of the company;

– studying partners, clients, competitors, candidates for employment;

– the prevention of penetration of competitors' economic intelligence structures and individuals with unlawful intents;

– detection, prevention and suppression of illegal and other negative activities of employees to the detriment of safety;

– effective organization of personnel security of the enterprise, its capital and property, as well as commercial interests:

– preservation of information constituting commercial secrets of the company;

– the search for the necessary information to make optimal management decisions:

– the formation of a positive opinion of the company among the population and business partners, contributing to the implementation of the core strategy and objectives of the enterprise;

– indemnification of material and moral damages caused by misconduct of organizations and individuals.

To insure economic security, constant analyze of the internal and external environment to identify risks and threats that affect the economic security is needed.

Risks to economic security are classified according to various criteria: according to the source (external and internal threats); the possibility of neutralizing (those which are partially neutralized and those that are not amenable to neutralization); the effect on the components of economic security of enterprise (those that affect all of its components, several components and one component); the time of occurrence (actual and potential); the sphere of origin (legal; economic; political; environmental; social; scientific and technological; demographic); the nature of events (natural and accidental) [6].

Measures should be taken to minimize or neutralize financial risks in the future. These include avoidance, diversification, limitation, domestic and foreign insurance. Each risk requires individual solution depending on the objective and subjective circumstances.

Summarizing, we can conclude that the diversity of financial operations and financial risks, to which they are exposed, determine the need for their effective management advice. We can confidently say that there is no uniform methods of financial risk management for enterprises of different economic activities in the world. There is a set that has been used by various companies and is based on historical experience and mistakes of risk managers in modern conditions, taking into account their personal professionalism in making decisions to form the most effective mechanism of risk management consultation, which in turn guarantees the enterprise the implementation of its strategy and expected profit. Great importance must be attended to the enterprise's type of economic activity, the size of its business qualifications and financial apparatus.

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