

ORGANIZATION OF RISK MANAGEMENT AT AN ENTERPRISE DURING THE WAR

Dyuhovanets Olesia, Erfan Vitalii, Parfeniuk Yevhen

Annotation. *The article discusses risk management, which is an important component of the successful operation of any enterprise, especially in times of war. War, as a complex and unpredictable situation, can lead to significant losses for an enterprise, including financial, human and material resources. These losses may affect the company's operations, reputation and development prospects.*

The experience of developed countries shows that ignoring or underestimating risks inevitably hinders the development of business entities and causes stagnation of the entire economy. In such challenging times, it is especially important to have a well-organized risk management system in place to minimize potential losses and ensure the continuation of production and other business activities. This article discusses the organization of risk management at enterprises during the war, and also examines effective ways to prevent and eliminate risks that will help maintain the sustainability and development of enterprises in difficult conditions.

Key words: *risk, risk management, enterprise, martial law.*

1. Problem statement.

Decision-making processes have to be carried out in the presence of various risks and a changing economic environment. During the martial law in Ukraine, the issue of organizing risk management became one of the most pressing issues for enterprises. On the one hand, many companies were forced to cease operations in full or in part due to the military invasion of the Russian Federation, and on the other hand, as employers, they must comply with the requirements of the legislation on labor rights and guarantees for employees.

That is why today it is extremely important to be able to anticipate threats and risks, assess their magnitude and make the best management decisions aimed at minimizing the negative consequences if they occur. It is also important to develop methods and strategies to reduce the impact of risks on the activities of enterprises.

2. Analysis of recent research and publications.

Many well-known Ukrainian and foreign scholars have studied the issues of risk, enterprise risk management and risk management: V. Apopiy, S. Barantseva, P. Bernstein, M. Borovyk, V. Vitlinsky, I. Verbitska, A. Villette, D. Grinchuk, V. Kravchenko, G. Kleiner, Y. Lytiuga, V. Novikov, L. Pashniuk, T. Pysmenna, S. Pozniak, O. Sosnovska, A. Starostina, E. Chekalova, V. Chorny, Y. Shvets and others.

Despite the above studies, the problem of organizing risk management at Ukrainian enterprises in wartime remains an unexplored issue.

3. The purpose of the article is to study the peculiarities of risk management at enterprises during martial law. The article is aimed at identifying and analyzing the risks faced by enterprises during the war, and also at identifying ways to minimize and prevent them.

4. Summary of the main material.

The issue of risk management is very broad and important, as it occurs in a wide variety of areas of human activity. The significance of risk is determined differently depending on the field of application. Various risk situations arise in the course of a company's activities, and it is precisely the accurate identification of risks that allows you to choose methods for developing an appropriate risk management system, depending on the needs of the business. Methods and stages of risk management can be determined by analyzing the theoretical foundations, which allows you to work with them as efficiently as possible.

A more accurate understanding of the concept of "risk management" requires taking into account the opinions of scholars who offer different approaches to its interpretation.

The approaches to defining risk management by different authors are given in Table 1 [7].

Table 1

Definition of "risk management"

Author	Definition
Balabanova L.V.	– is a specific area of management that requires knowledge of firm theory, insurance, business analysis, etc.
Shapkin A.S.	– it is a management activity aimed at classifying risks, identifying, analyzing, evaluating, and developing the main ways to protect against risk; – it is a process of developing a compromise aimed at achieving a balance between the benefits of risk reduction and the costs required for this, as well as considering what measures should be taken to achieve this; – it is a dynamic process with feedback, whereby decisions made should be periodically analyzed and revised.
Lapusta M.G., Sharshukova L.G.	– is a logical sequence of management actions that includes analysis of risk factors, assessment of the maximum range of possible risks arising in the course of business, as well as development of strategic and tactical measures aimed at reducing the level of risk and/or preventing it and control over their implementation.
Yurgens I.Y.	– is that part of the firm's management activities (management or administrative process) that is aimed at economically justified protection of the firm from undesirable deliberate and accidental circumstances that ultimately cause material damage to the firm; – it is one of the specialties in the management of any company; – it is the process of developing and implementing solutions that minimize, localize or eliminate a wide range of impacts of accidental or malicious events that ultimately cause significant material or other damage to the firm.

Thus, the most complete definition is that risk management is a special area of management that combines various approaches, tools and methods aimed at protecting enterprises from internal and external risks arising in the course of their activities.

The negative impact on business activity encourages owners to search for flexible, fundamentally new, modern and alternative solutions and methods to overcome crisis situations. Socio-economic instability and many other circumstances require Ukrainian enterprises to use various strategies and mechanisms to develop scenarios to minimize them.

Building effective risk management strategies and choosing the most appropriate and effective methods of dealing with risks allow the company to:

- timely identify the factors and causes that precede the emergence of risks;
- efficiently and correctly plan and apply measures to reduce the risk to a safe level in advance of its realization;

- to foresee possible situations and their consequences that may affect the achievement of the set goals;
- assess potential losses for the company before making decisions;
- determine the costs required for timely risk assessment and management.

During the risk management process, it is necessary to ensure constant monitoring and control over all actions taken. The company's management should be responsible for this process and assess risks taking into account the specifics of not only the company itself, but also the details of the economic system.

Given the need for timely decision-making to prevent and minimize losses, three approaches to risk management can be identified:

- active approach involves the maximum use of risk management tools by the manager to reduce possible consequences. Under this approach, all business operations are carried out after taking measures to prevent possible financial losses.
- The adaptive approach is based on taking into account and responding to changing conditions and potential threats affecting the organization during the management process, namely in the course of business operations. At the same time, it is impossible to prevent all losses in the event of a risk event, since risks can change over time, and only part of the losses can be avoided, which is the basis of the adaptive approach.
- The conservative approach means that the management impact on financial risks begins after the risk event has occurred, when the loss has already become a fact. In this case, the management goal is to localize the loss to a minimum within any one financial transaction or one unit [1].

Agreeing with the author [3], it should be noted that there are specific goals in enterprise management, such as increasing the aggregate welfare of owners, increasing profits, ensuring competitiveness, developing the enterprise, acquiring new qualities, and fulfilling social and governmental tasks. However, the main goal, which is necessary for achieving other goals, is to maintain market positions. To achieve this goal, the company must constantly take measures to ensure that its core functions are performed at an appropriate high level, to ensure the system's efficiency and, above all, to manage risks.

Thus, the authors distinguish the risk management process, which consists of a number of activities that can be represented as a sequence of the following stages:

Stage 1. Risk identification and analysis means identifying risks, their specificity due to the nature or other characteristic features of risks, highlighting the peculiarities of their realization (including the amount of economic damage, as well as changes in risks over time, the degree of interconnection between them and the study of factors affecting them). Without such research, it is impossible to carry out the risk management process in an efficient and targeted manner.

Stage 2. Analysis of alternative risk management methods. The main purpose of this stage is to study the tools that can be used to prevent the realization of risks and their adverse impact on the business. By analyzing the adverse effects of accidental events and key approaches to minimizing their economic impact, a number of general risk management procedures can be identified. These include: risk avoidance (risk refusal); risk reduction (reducing the frequency of losses or avoiding losses; reducing the amount of losses; risk distribution – differentiation and duplication); risk transfer (risk outsourcing, etc.).

Stage 3. Selection of risk management methods. At this stage, the company's policy to deal with risk and uncertainty is developed. When choosing methods, it is advisable to take into account various criteria, such as financial and economic, technical, social, etc.

Stage 4. Implementation of the selected management method. The peculiarities of procedures at this stage are reflected in the specifics of the decisions made, not in the methods of implementation.

Stage 5. Monitoring of results and improvement of the risk management system. At this stage, risk information is updated and supplemented, which is an important prerequisite for the risk analysis in the first stage, and feedback is provided in the said systems. Based on this, the effectiveness of the measures taken is assessed [5].

Having analyzed the proposed sequence of risk management stages, it can be noted that it has its advantages and disadvantages. It is important to emphasize that the order and stages can be changed in accordance with various factors that affect the company's performance.

In an unstable economic and political environment, risk management is becoming an integral part of any company's management. The issue is particularly relevant due to the difficult military situation in Ukraine. Every day, the number and importance of risks affecting their operations is increasing.

Table 2 summarizes the key risks and suggests the best ways for businesses to avoid, reduce or eliminate them.

Table 2

Characterization of the main risks of enterprises during martial law

Name of the risk	Impact on the company	Ways to minimize the impact of the risk
Cessation of production and supply	In the areas where hostilities are taking place, businesses may stop production and supply of products due to the destruction of infrastructure, obstacles to the transportation of goods, and a decrease in demand for products and services.	Business relocation: enterprises can evacuate production to relatively safe areas to preserve production and labor potential.
Loss of assets	War can lead to the physical destruction of company assets, such as buildings, machinery, equipment, etc. In addition, intellectual property, documents and other materials may be lost due to destruction or loss of access to them.	Use of insurance policies: a company can insure its assets against physical damage, theft, terrorist acts, and other risks.
Decrease in demand	The decline in demand for the company's products and services was caused by a decline in the population's ability to pay, a reduction in production volumes and other factors.	Businesses can increase the flexibility of their production lines to quickly switch to other products if demand for their main products decreases. Diversifying products and finding new markets that can reduce dependence on a single market and increase overall sales. Developing marketing strategies, as well as analyzing and forecasting demand, can help identify trends and changes in the market.
Changes in foreign exchange rates	War conditions lead to large changes in exchange rates, which can lead to losses for businesses that depend on imports or exports.	Retention of reserves: a company can keep financial reserves to cover unexpected losses.
Obstacles in the supply of raw materials and supplies	If the supply of raw materials is delayed or interrupted due to war conditions, the company stops production and delays deliveries.	Businesses can develop additional sources of raw materials and supplies that are not dependent on the territories subject to military aggression. For example, manufacturers can find alternative suppliers based in other countries. Maintaining stocks of raw materials and finished goods to have reserves in case of supply interruption.

Disruptions in the logistics system	The risk of disruption of logistics chains leads to obstacles in the transportation of goods, including traffic bans and closures of roads, bridges and other facilities. As a result, deliveries and production are halted.	Optimization of logistics processes and introduction of new technologies and approaches, which allows the company to be more efficient and reduce the risk of disruption of supply chains. Ensuring a sufficient supply of raw materials and components in case of supply interruption. Implementation of a logistics process control system that allows for timely detection of possible problems and quick response to them.
Changes in state policy	The war and its aftermath have led to a change in government policy towards businesses and the market in general. This affects the business environment and leads to changes in regulation and taxation.	The company can actively participate in the process of developing and discussing regulatory decisions and legislative initiatives related to its industry or activities. It is also important to monitor trends in government and industry policy development in order to respond to possible changes and adapt to new conditions in a timely manner.
Security risk	Threats to the safety of employees and material assets of enterprises may lead to a halt in production and supply of products.	The company can cooperate with security structures that provide security in the area where the company operates. Also, develop evacuation plans for employees and material assets to reduce the risk of damage and loss.

Source: developed by the authors based on [2, 4, 6].

5. Conclusions and Prospects for Further Research.

Summarizing, we can conclude that risk management at an enterprise is an extremely important component of the successful functioning of business during war and other crisis situations. This requires companies to be prepared for rapid changes in the business environment and adapt to new challenges. Identifying key risks and developing effective strategies to prevent, minimize and eliminate them is an important task for any business seeking to achieve success and sustainability in difficult conditions. In order to reduce the impact of risks on the activities of enterprises during the war, it is necessary to carefully organize the risk management process.

References:

1. Borovyk M.V. Ryzhik-menedzhment : konspekt lektsii dlia zdobuvachiv druhoho (mahisterskoho) rivnia vyshchoi osvity spetsialnosti 073 – Menedzhment; Kharkiv. nats. un-t misk. hosp-va im. O.M. Beketova. Kharkiv: KhNUMH im. O.M. Beketova, 2023. 63 s.
2. Upravlinnia ryzykamy: Navchalnyi naochnyi posibnyk [Elektronnyi resurs]: navch. posib. dlia stud. spetsialnosti 073 «Menedzhment» / M.O. Kravchenko, K.O. Boiarynova, K.O. Kopishynska; KPI im. Ihoria Sikorskoho. Elektronni tekstovi dani (1 fail: 18 Mbait). Kyiv: KPI im. Ihoria Sikorskoho, 2021. 432s.



3. Tsvihun T.V. Mekhanizm upravlinnia ryzykamy v systemi upravlinnia pidpriemstvom. Naukovyi visnyk Mizhnarodnoho humanitarnoho universytetu. 2017. Vyp 2, 9–13.
4. Karta ryzykiv 2023 – informatsiia, yaka dopomozhe unyknyty ryzykiv voiennoho chasu: URL <https://eba.com.ua/karta-ryzykiv-2023-informatsiya-yaka-dopomozhe-unyknyty-ryzykiv-voyennogo-chasu/>.
5. Teoretychni osnovy ryzyk-menedzhmentu: URL: https://msn.khmnu.edu.ua/pluginfile.php/554984/mod_resource/content/1/%D0%A2%D0%B5%D0%BC%D0%B0%203.pdf.
6. Shvets Yu.O. Ryzyky v diialnosti promyslovykh pidpriemstv: vydy, metody otsinky ta zakhody podolannia ryzyku. Naukovyi visnyk Uzhhorodskoho natsionalnoho universytetu. Serii: Mizhnarodni ekonomichni vidnosyny ta svitove gospodarstvo. 2018. Vyp. 17(2). S. 131–135. URL: [http://nbuv.gov.ua/UJRN/Nvuumevcg_2018_17\(2\)__31](http://nbuv.gov.ua/UJRN/Nvuumevcg_2018_17(2)__31).
7. Modern foundations of economics, management and tourism: collective monograph / Lazaryshyn A., Lazaryshyna I., etc. International Science Group. Boston: Primedia eLaunch, 2022. 650 p. Available at : DOI 10.46299/ISG.2022.MONO.ECON.4.

Olesia Dyuhovanets,

*PhD in Economics, Associate Professor,
Head of the Department of Business Administration, Marketing and Management
SHEI "Uzhhorod National University"*

Vitalii Erfan,

*PhD in Economics, Associate Professor,
Associate Professor of the Department of Economic Theory
SHEI "Uzhhorod National University"*

Yevhen Parfeniuk,

*Master, Department of Economic Theory
SHEI "Uzhhorod National University"*