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**Management of economic processes in context of sustainable development**

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**ECONOMIC RISKS MANAGEMENT IN PROJECTS OF DEVELOPMENT AND ENVIRONMENTAL & ECONOMIC SECURITY**

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*The article deals with issues to use risk management in the projects of territorial system development and environmental & economic security; determines stages and directions of the risk management; proves significance of the integral process in management. Concrete steps, which are necessary for risk analysis in the development projects, for its admissible boundaries establishment owing to environmental and economic security and managerial decision making, are proposed. It is mentioned that under modern conditions of the national economy development, which is characterized with high degree of uncertainty, traditional economic structures are deformed, economic entities' behavior stereotypes are changed. It assists risk situations development while running business. It is pointed out that a significant constituent in the process of risk management is reliable information existence, which will provide reality while development projects construction.*

**Keywords:** *risk management, project of development, environmental and economic security, national economy, risk management, information matrix of economic activity, expertise, strategy.*

**Problem statement and its relation to the important scientific or practical tasks.**

Transformational processes, occurring in the Ukrainian economy, lead to the necessity to improve investigation of plans and strategies for sustainable development. Unfortunately, the current method to develop strategies has temporary effect, dynamic and changeable characteristics of social and economic processes, leaving without attention the problem of environmental direction and environmental & economic security. It can be possible when risk situations are considered at different economic levels.

While forming long-term plans, strategies, projects of development, risks have to be

taken into account, as an integral attribute of the economic decisions, defined with totality and high degree of uncertainty.

The problem of risk takes more public value, because it is accepted at the educational factors level of the modern and especially future society. There are no best predictions, which are able totally to exclude market uncertainty. So, uncertainty and accident lead to risk. Economic decisions in the activity of entrepreneurial organizations have to be made under uncertainty conditions, when it is necessary to choose the direction for actions from several possible variants, which are hardly found. Risk is peculiar for any sphere of the human activity, related to conditions and factors, which lead to positive or negative result of accepted decisions by individuals. The leading role in the risk situation analysis is given to risk-management, which provides effective activity not only of separate enterprises, but also influences positively the national economic decisions making in general.

**Analysis of the recent research and publications to solve the given problem.** The problems to improve risk management process are discussed in foreign and native scientific communities. The well-known researchers of the risk-management are: A. Alhin, V. Vitlinsky, V.Hranaturov, S.Ilyashenko, M.Lapusta, N. Mashyna, E. Smyrnov etc.

The innovative theory of risk-management is taken into account. It unites main marketing, financial and insurance management tools for further development. Native scientists focus their attention on using of theoretical and methodological regulations of risk-management to the native economy conditions, investigate classification of the economic risks and define separate stages in risk-management.

**Previously unsettled problems distinguishing, that is the part of the whole problem.** Although, the theoretical base of risk-management has been already investigated, the problems of risk-management structure uncertainty have not been solved yet; there are some debates concerning risks estimation. The applied aspects – risks management theory use while making concrete economic decisions, while setting development strategies, are the most significant ones.

**Formation of the purpose in the article.** Considering the above, the purpose of the article is to study the strategic risks management process and their consideration in the development projects and environmental & economic security.

**Main material presentation with total justification of the received scientific results.** Risk is an objectively imminent element to make any managerial decision due to the fact that uncertainty is unavoidable characteristic in the economic conditions. It is possible even where there are minimum two or more possible alternative results. Most managerial decisions are made under conditions of the uncertainty and economic risk. Under conditions of the risk objective existing some mechanism is required, which lets to consider the last, while making and realizing managerial decisions. Risk management is such a mechanism.

In the global and native literature the concept “risk management” is used in the wide and narrow meaning. In wide meaning, risk management is an art and science, oriented to provide conditions for successful functioning of any productive and economic unit under risk conditions; in the narrow meaning it is a process to investigate and to introduce the program of decrease of any, accidentally appearing losses.

Risks peculiarity and market situation appearing are especially typical while introducing innovations indifferent activities, production, public and trade relations etc. Modern development of the market economy is characterized with high uncertainty degree. It caused traditional economic structures deformation, changed stereotypes in the economic entities' behavior and assisted developing of the risk situation development in the business.

Today, risk is an essential part of the economic process. That is why risk management became the independent professional activity, performed by the special institutions, insuring companies, financial managers, risk managers and others. The risk management specialist's main tasks are: to find areas of higher risk; to estimate risk levels, to analyze such risk admissibility for enterprise; to develop measures for risk level prevention or reduce; proposals to take measures concerning maximum possible compensation for the caused loss in the case of risk situation. Today risk management is one of the professional activities, which is being dynamically developed. There is a special position – risk-managers in the staff of many Western firms. His or her duties are to provide all risks decrease. Risk-manager together with proper specialists, participates in risk decision making (e.g., credit issue or choosing of the investing object) and is looking for ways to avoid risks. These acts are a system of risk management.

It is reasonable to distinguish the following stages in risk management for functioning and development of separate systems:

Stage 1. Identification and analysis of risk. Identification and analysis of risk are related to risks and their specific nature revealing, caused by nature or other peculiar features of risks, to distinguish their realization peculiarities (including study of economic loss size, and risks changing in time, degree of interconnection between them and study of factors, influencing them). It is impossible effectively and specifically to carry out the risk management process without such research.

Stage 2. Analysis of the alternative methods for risk management. The main purpose of the given stage is to study those tools, through which one can prevent from risk realization and its negative consequences impact on business. Analysis of the main approaches to minimize unfavorable impact of the occasional events and their financial consequences lets to distinguish a number of general procedures to control risks. They can include: deviation from risk (rejection of risk); risk shortening (decrease of loss frequency or preventing of loss; decrease of loss size; risk division – differentiation and duplication); risk transfer (risk outsourcing etc.).

Stage 3. Choose of methods for risk management. This stage is defined to form policy enterprise in the sphere to fight risk and uncertainty. While choosing methods, it is reasonable to take into account different criteria, such as: financial and economic, technical, social and others.

Stage 4. Fulfillment of the selected method of management. Peculiarities of the procedures at the given stage appear in decisions, which are made, but not in the process how they are realized.

Stage 5. Monitoring of results and improvement of the risk management system. At this stage information about risks is renewed and completed, and it is an important condition to analyze risks at the first stage. It provides feed-back in the mentioned system. The

performed measures efficiency estimation takes place on this base.

Data collecting and processing on risk aspect is to select adequate, qualitative, full and timely information. Therefore, in the process of work with information on risk aspects, it is necessary to try to achieve optimal ratio between its completeness and quality, on the one hand, and this information receiving cost, on the other hand. In some cases it is economically reasonable to work with incomplete information, that to collect new, but more expensive information, that requires much time. One should compare possible cost, caused by information incompleteness, with value to receive additional information in the acceptable time. Cost is calculated as a difference between expected results of the economic activity under conditions when there is additional information and without it.

Observing risk as an activity, related to the uncertainty prevention in the situation of inevitable choice, when there is a possibility to estimate quantitatively and qualitatively the probability to achieve the predictable result, failures and deflection from aim, one has to describe the leading directions in risks management. To our minds they are:

- systemacity, which unites perspectives of development and possible variants observation while making economic decisions at meso- and macrolevels;
- universality, i.e. possibility to use standard procedures for non-similar situations.

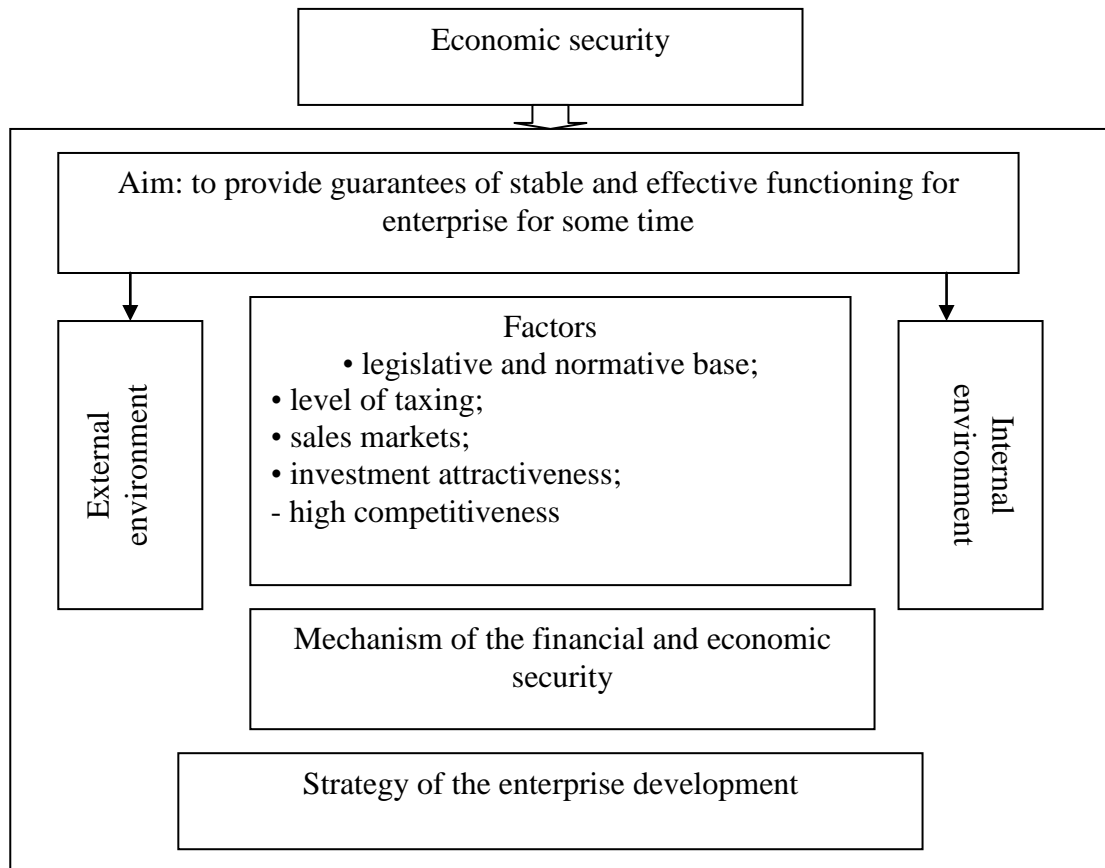
In order to coordinate and to regulate processes of economic risks management risk-management regulations are investigated and widely introduced abroad. The process of risk management includes the following stages:

- 1) to reveal risks, which can appear;
- 2) to estimate economic risks;
- 3) to choose methods of risks management;
- 4) to use the selected methods;
- 5) to analyze and to estimate the received results.

Every group of innovations has different methods of risks estimation, such as: correcting of norms; analysis of state and possibilities of scientific research and investigations; method of scenarios, imitative modelling, trees of decisions, stochastic methods, critical values method, SWOT-analysis, method of expert estimation etc.

The economic security was set equal to the information outflow, that is also important and but is must not been limited by the specific orientation. That is why economic security has to be observed “as necessity to provide enterprise’s stability under various and unfavorable conditions, which are formed in the external environment, regardless its impact degree on the economic activity, character and level of internal changes” [7, p. 36].

The proper scheme, suggested to coordinate some conceptual constituents of the economic security, gives an idea about main elements – aim, factors and environment and determines the following steps: to build mechanism of the financial and economic security and to form the development strategy (fig. 1).



**Fig. 1. Conceptual constituents of the economic security**

Practical mark for development of economy and according to demands of the qualitative economic development, within the framework of a system, can be combination of economic theory and strategic management fundamentals. There are several schemes to estimate the situation, which help to reveal structural logic of its development. Let us use the McKinsey's matrix, which allows to estimate every economic activity by two directions: attractiveness and competitive state (table 1).

**Table 1. Matrix structure of the modern economic development**

Attractiveness of the economic direction	Competitive position of the economic activity sector		
	Favorable	Average	Weak
High	AIC (winner)	Industry	Transport, communication (defeated)
Medium	Trade (winner)	Institutional constituent	Health protection (defeated)
Low	Investment (producer of the profit)	Education	Science and scientific service (defeated)

According to the McKinsey's matrix there are straight-line conclusions: investments have to be given by winners in for defeated sectors. Economy has to develop weak sectors and to bring them to the list of winners. State, trying to turn average economic entity into winner, must play a significant role in this process. Thus, development of the system has to be controlled by the state from positions both of budget cost and concrete activities stimulation.

Thus, economic security of business under modern economic conditions is outlined by some activity and by economic interests protection, oriented to provide informational security and legal protection of the intellectual property. Therefore, ratio between income and cost rate while providing protection from external and internal factors, is relevant.

In order to analyze risk in the development projects, its admissible limits establishment, seeing environmental & economic security demands and managerial decisions making, the following factors are necessary to include:

- informational system, which lets operatively to control the existing dangerous sources, particularly systematic material;
- information about predictable directions of the economic activity, projects and technical decisions, which can influence the security degree, and the program for probable estimation of risk related to it;
- expertise of security, alternative projects and technologies comparison, which act as risk sources;
- investigation of the technical and economic strategies to increase security and to define optimal structure of cost for risk rate control and its reducing to the acceptable level from the social, economic and ecological viewpoint;
- prognostications and analytical determination of the risk level, with which dangerous situations number is not grown;
- formation of the organizational structures, expert systems and normative documents to perform the mentioned functions and procedure to make decisions;
- impact on public opinion and propaganda of the scientific data about risk level with purpose to focus on objective, but not on emotional or populist evaluation of the risk.

**Conclusions of the research and perspectives for further investigations in the given area.** Existence under risk conditions requires radical measures to introduce innovative and investment actions and to maximize the developed events. The current situation in the risks management system, justifying development perspectives and environmental & economic security, proves the following facts: if enough attention is paid to the projects, the problem of environmental & economic security are poorly observed both at the methodological and applied levels. Therefore, modern demands of the economy development require captious attention from analysis and strategic risks estimation while developing national projects. It will let to outline strategies and perspectives for further development in the country. At the regional level, administrative and territorial units level or territorial communities level, the problems of concrete economic activity becomes significant taking into account the questions of environmental & economic security, because future activity and welfare of population will depend on decisions making.

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## **УПРАВЛІННЯ ЕКОНОМІЧНИМИ РИЗИКАМИ В ПРОЕКТАХ РОЗВИТКУ ТА ЕКОЛОГО-ЕКОНОМІЧНОЇ БЕЗПЕКИ**

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*В статті розглянуті питання застосування положень ризик-менеджменту в проектах розвитку територіальних систем та еколого-економічної безпеки; визначені етапи та напрямки управління ризиком; доведено вагомість існування цілісного процесу в управлінні; окреслені конкретні кроки, необхідні для аналізу ризику в проектах розвитку, установлення його припустимих меж у зв'язку з вимогами еколого-економічної безпеки і прийняття управлінських рішень. Окреслено, що в сучасних умовах розвитку національної економіки, яка характеризується високим ступенем невизначеності, відбувається деформація традиційних структур господарювання, зміни стереотипів поведінки господарюючих суб'єктів, а це сприяє розвитку ризикованих ситуацій при веденні бізнесу. Зазначено, що вагомою складовою в процесі управління ризиками є наявність достовірної інформації, яка забезпечить реальність при побудові проектів розвитку.*

***Ключові слова:** ризик, управління, проект розвитку, еколого-економічна безпека, національна економіка, ризик-менеджмент, інформація, матриця економічної діяльності, експертиза, стратегія.*

## **УПРАВЛЕНИЕ ЭКОНОМИЧЕСКИМИ РИСКАМИ В ПРОЕКТАХ РАЗВИТИЯ И ЭКОЛОГО-ЭКОНОМИЧЕСКОЙ БЕЗОПАСНОСТИ**

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*В статье рассмотрены вопросы применения положений риск-менеджмента в проектах развития территориальных систем и эколого-экономической безопасности. Определены этапы и направления управления риском; доказано значимость существования целостного процесса в управлении; очерченные конкретные шаги, необходимые для анализа риска в проектах развития, установления его допустимых пределов в связи с требованиями эколого-экономической безопасности и принятия управленческих решений. Доказано, что в современных условиях развития национальной экономики, которая характеризуется высокой степенью неопределенности, происходит деформация традиционных структур хозяйствования, изменения стереотипов поведения хозяйствующих субъектов, а это способствует развитию рискованных ситуаций при ведении бизнеса. Отмечено, что важной составляющей в процессе управления рисками является наличие достоверной информации, которая обеспечит реальность при построении проектов развития.*

***Ключевые слова:** риск, управление, проект развития, эколого-экономическая безопасность, национальная экономика, риск-менеджмент, информация, матрица экономической деятельности, экспертиза, стратегия.*