

## РОЗДІЛ 4. ЕКОНОМІКА ТА УПРАВЛІННЯ ПІДПРИЄМСТВАМИ

### RISK MANAGEMENT METHODOLOGY THROUGH THE PRISM OF SOCIAL MANAGEMENT MACRO-FACTORS

#### МЕТОДОЛОГІЯ УПРАВЛІННЯ РИЗИКАМИ

#### КРИЗЬ ПРИЗМУ МАКРОФАКТОРІВ СОЦІАЛЬНОГО УПРАВЛІННЯ

*The history of humanity is a history of the creation of new technologies, including special technologies for risk management, to help us reduce and, in some cases, completely control risks that previously would have had the most devastating consequences. The purpose of the article is to analyze the macro management factors that influence risk management and to reveal their methodological component in this process. The author of the article emphasizes that modern society in the dynamic functioning of the social and economic relations relies already not so much on the analysis of factors influencing on management process, as on the ability of subjects to estimate and correct risks. In relation to the object of acceptance of a management decision. It is noticed that the main studied concepts of a number of Russian scientists are the areas of risk research within the monetary sphere of company management; research of risk management as a paradox and structuring of this activity in the general vector of company economic life management; or risk management in specific areas of socio-economic life, such as insurance, financial services, investment activities, etc. It is concluded that the global factors of management activities have a direct impact on the implementation of risk analysis in the most specific management situations at all levels of its application.*

**Keywords:** risk management, risk management, macro management factors, globalization factors, project management factors.

Метою статті є аналіз макрофакторів управління, що впливають на управління ризиками та розкриття їх методологічної складової у цьому процесі. Вивчення та аналіз яких кризь призму методології управління ризиками, на думку автора, дозволили б не тільки явніше і чіткіше розуміти та структурувати на макrorівні соціально-економічні процеси, але також допомогли б управлінням мікрорівня приймати більш ефективні управлінські рішення. Автором статті наголошено, що сучасне суспільство в динамічному функціонуванні своїх соціально-економічних відносин, спирається вже не стільки на аналіз факторів, що впливають на управлінський процес, скільки на здатність суб'єктів оцінювати та коригувати ризики, які несуть ті чи інші фактори, або групи факторів у динаміці стосовно об'єкта прийняття управлінського рішення. Відмічено, що основними досліджуваними концептами низки учених є галузі вивчення управління ризиками у межах фінансової сфери управління підприємствами; вивчення управління ризиками як феномена та структурування даної діяльності у загальному векторі управління економічного життя підприємств; або управління ризиками в конкретних сферах соціально-економічного життя, таких як страхування, фінансові послуги, інвестиційна діяльність та ін. Зроблено висновок, що глобальні фактори управлінської діяльності безпосередньо впливають на здійснення аналізу ризикових ситуацій у найконкретніших управлінських ситуаціях на всіх рівнях свого застосування. Охарактеризовані у статті фактор глобалізаційного розвитку суспільства та фактор проектного управління є основоположними для розгляду та аналізу ризикових ситуацій на практиці та вивчення ризику менеджменту в теоретичній площині. Отже, ці два фактори, згідно з авторською позицією, є самобутніми як в історичному контексті проблематики управління ризиками, так і з позиції конкретного практичного заломлення. Поруч із вищевикладеним, слушно зауважено автором, подальших досліджень вимагають нові макрофактори, які впливають на управління ризиками нині, та які сприяють вивченню проблематики ризик менеджменту у різних галузях ведення сучасного бізнесу.

**Ключові слова:** управління ризиками, ризик управління, макрофактори управління, глобалізаційні фактори, фактори управління проектами.

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**Introduction.** Modern socio-economic relations at all levels of their functioning are subject to the influence of many factors. These factors are not always subordinated to any action within scientific paradigms or functioning within the boundaries of those or other regularities of the management sphere. Subjects who carry out the process of management, on the one hand, must constantly improve their competence, and on the other hand, clearly and no less importantly, in time and effectively respond to the challenges of such factors of conditional instability.

In this case, for all the time of existence of management as a full-fledged scientific activity and subject discipline, the theories of the interaction of various kinds of factors influencing the efficiency of management were studied almost thoroughly, which eventually led to an independent method of factor analysis. However, in practice, managers carrying out their processes at all hierarchical levels of the organization are constantly faced with the need either to partially modify the classical approach to the implementation of the analysis of factors, or, in some

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cases, to seek a completely different way out of the problem situation, in which the classical analysis is simply not effective.

Of course, in such situations, first of all, it is society itself that is "guilty", which is developing unstopably and constantly generating new alternative ways, methods, and practices of social management. And under such realities, the classical theories that existed "yesterday" and brought results under the traditional development of socio-economic relations – "today" frankly do not work and do not bring the necessary result.

We should also not forget that the dynamics of the development of socio-economic relations has its own internal aspect. It is connected with the internal mobility of the subjects of management themselves and the mobility of changes in all factors influencing the adoption of one or another management decision.

Today we are talking about managerial relations under conditions of risks, which in their nature do not have one constant root cause. Risks are not monofactorial. Risks are dynamic both in origin and in development; they require dynamics in the analytical work with them. They are multivariant in the interpretations and interpretations of the concepts associated with them. But for all that, risks unambiguously need to be assessed correctly, and they have an absolute value of the right solution.

That is why the issues related to risk management are currently gaining great relevance both in the study and in the practical application in the field of so-called "private management". Managers who actively apply in their practices the latest developments in this direction have an undeniable advantage in the analysis of multifactorial problems in specific managerial activities.

**Analysis of research and publications.** As we have already indicated, risk management has its own methodological basis, on which the new trends of this direction are based. This theoretical and methodological base from the point of view of management is certainly young and received its main development already in the second half of the 20th century [10]. However, studying the plane of risk management through the prism of the analysis of changing factors of the external environment, it will be appropriate to mention the earlier attempts to give methodological justification to these approaches.

Thus, D. Bernoulli in the 18th century, in 1738, supplemented the theory of probability with the method of utility (attractiveness) of one or another outcome of events. The basic premise of the method was that when making a decision, the subject pays more attention to the size of the consequences of one or another outcome of events than to their probability. Even though we are dealing with a mathematical algorithm in the first place, this approach is essentially

a direct expression of the understanding of the need to manage risk situations [4].

One of the founders of differential psychology, F. Galton, at the end of the 19th century suggested that regression (return to the mean) is a universal statistical pattern. In his opinion, the essence of regression was interpreted as the return of processes to a certain norm over time. Already later the rule of regression became widespread in the most diverse spheres of activity. At the analysis of our problem field, this aspect also seems interesting enough and actual [6].

In 1959 G. Markowitz in his article "Diversification of investments" substantiated mathematically the strategy of investment portfolio diversification. Thus, he showed that with a judicious distribution of investments it is possible to minimize the deviation of returns from the expected indicator [8].

As for the authors [3–7], the sphere of their scientific interests in the plane of risk management is certainly much wider. This can also be explained by the fact that this problematic has come from abroad, and accordingly, in principle, more and more actively developed. This can also be partly explained by the fact that the scientific discourse of foreign scientists is more often aimed at studying the problems of risk management in specific consumer segments of the global market. That is, the scientific evidence base of this issue, and, accordingly, the studies that are conducted abroad in the framework of risk management find their way into a particular segment of the consumer society [9].

However, among the large volume of studied and received information concerning risk management at the meso- and microlevels of this problem field, it seems to us that the study of risk management issues related to the analysis of global factors of modern socio-economic development of global society is insufficient. The study and analysis of which through the prism of risk management methodology, in our opinion, would allow not only to understand and structure socio-economic processes at the macro level more clearly and clearly but also would help managers at the micro level to make more effective managerial decisions.

The **purpose of the article** is to analyze the macro management factors that influence risk management and to disclose their methodological component in this process.

**Results.** So, as indicated earlier, the active development of society as a comprehensive economic subject has led to the fact that the management of social processes is reduced to a simple and non-trivial goal – to benefit from a certain economic activity by implementing certain managerial, operational, production actions. At the same time, the axiom that man is the main subject and special object of management, which has found expression in the

latest theory of personnel management, is gradually and quite insistently replacing the classical deductive doctrine of management.

In that once eternal deductive doctrine of management, the postulate of which stated that the processes of social management proceed from the general to the particular, everything developed according to an understandable logic for the manager. There are general global factors that influence factors that are in the inter-axis and tactical, and sometimes sectoral, format. The study and analysis of these factors will lead to an understanding and right prognosis regarding one or a group of specific factors, which are at arm's length to a specific subject of management regarding one or another object of management.

Risk management under such a state of affairs was voluminous, multi-vector, but almost always predictable. The manager used a deductive method, and the system gave an unmistakable result. Risks were not only modifiable but were also a steady state of fact. It suited all the market players, and it didn't matter what market it was. The algorithm worked on both the stock exchange and the global production sites.

In other words, we are saying that in this case, the global factors of the external environment in terms of risk management were not difficult for managers. The work algorithm for risk evaluation and diversification essentially consisted in singling out the basic global format factors, which influenced the management object in one way or another. After that, the manager's primary task was to make (find) the right managerial decision allowing to diversify both the risks and possible consequences of these risks.

It is also worth mentioning that the working principle of this approach in the evaluation of risks and factors made it possible simultaneously to analyze risks in various business segments for one economic entity.

It is necessary to understand that this system of risk management practices was possible to use in various segments due to the fact that the leading external factor (or group of factors) was always mono-option and did not require additional proof of its existence. Moreover, on this were based economic approaches of whole states, in which from the position of classical risk management not only economic function, but also social security, military protection, education, and other functions were carried out.

In our view, such a risk management algorithm worked without fail and with virtually no inertial consequences for business management, as it evolved in the so-called globalism paradigm. "One of the most disturbing and paradoxical consequences of globalization has been its impact on risks: while globalization has considerable potential to mitigate

the impact and reduce the likelihood of some risks – local and global, natural and man-made – it has contributed to the spread and increased the impact of other risks" [4].

That is, it is worth noticing, that the global society constantly developing put those or other priority problems before social institutes which essence was reduced to minimization of risks. "Effective risk management is a reflection of socio-economic progress. Human history is a history of creating new technologies, including special technologies for risk management, which help us to reduce and, in some cases, fully control risks that previously could have had the most devastating consequences. The list of examples of how people have been able to insulate themselves from some potential dangers includes the invention of vaccinations, the development of insurance, the building of dams, the creation of fire formations, and weather forecasting. "The revolutionary phenomenon that has distinguished between modernity and the past is the ability to manage risk," writes Peter Bernstein, "the fact that the future is not at the mercy of the gods alone, and that men and women are not passive creatures in nature" [1].

In our opinion, the globalization approach to the consideration of risk management is most appropriately stated through the definition of the essence of the basic term "risk. The Committee of Sponsoring Organizations of the Commission Treadway defines risk as the probability of an event occurring which will have a negative impact on the achievement of set goals [3].

According to the main provisions of the international professional practice of internal auditing, risk should be understood as the possibility of an event occurring that may have an impact on the achievement of the set objectives. And risk assessment is determined based on its impact and probability of occurrence [8].

Thus, it is necessary to understand that the final interpretation of the key concept will depend also on from what substantial side we will approach the consideration of the process of risk management. Whether we will speak about a "tool", "process" or "system" of risk management [2; 3]. For from this choice, in our opinion, the whole further analysis of risk management within the framework of globalization processes will depend.

For a more detailed subsequent analysis of the stated problems, we would like to offer for consideration the macrofactors. Which, in our opinion, define a vector of development and understanding of risk management processes at the present stage.

The first such factor is the factor of globalization development of society. As we have said earlier, modern socio-economic relations are in many respects a product of this factor. World wars, the

development of democracies, creation of international transnational companies, all this has entailed the formation of a new understanding of conducting business processes for economic subjects. Going beyond a certain geographical object, the washing away of boundaries, territorial, cultural, and religious, posed new challenges to managers in determining the probabilities that can affect the successful functioning of their companies.

It is this factor that has formed a stable perception that risk, first of all, should be regarded as a kind of threat to efficient functioning of business not only here and now, but also for a certain tactical or even strategic perspective.

The processes of so-called "westernization", which in our opinion can be safely regarded as a part of globalization, have finally unified the methodological component of risk management. The methods, working methods, stages, and concepts were defined, and stable forms of risk management practices were formed.

That was exactly until the global management paradigm shifted to project management. And along with general management, the most specific business processes were also subject to revision of basic conceptual practices; risk management was no exception to the list.

However, before we consider the next factor of "project management", it is necessary to say a few words about what prerequisites contributed to this change of courses, which led to the marginalization of approaches and stages.

The first such trigger, which in fact was laid as early as the second half of the 20th century, was the process of informatization and the development of such a new technological phenomenon, which would later be called "IT". Today we can say unequivocally that at the origin of the technical component of the universalization of business processes, business entities had no idea how it will change over time the technological component of doing business and business process management.

At that time, in the second half of the 20th century, the scientific and technological breakthrough in the field of computer technology only contributed to facilitating the business tasks set by business owners. These technical capabilities made it possible to solve these tasks quickly and with the least resource expenditures. And after some more time, technical capabilities allowed to solve complex management tasks not only for private businesses but became applicable in a broad format of social management.

However, only with the appearance of the second mechanism in administrative thought, managers of all levels were able to fully develop, implement and manage the phenomenon that today we call "management information". This concept was able to be fully formed only with the appearance of the

technological part, which subsequently became known as "information-technological". Of course, the impetus for this was the creation and rapid development of the Internet.

That is why, based on the above, the processes of social management, business management in general and its parts, as well as risk management moved to interact with the new factor.

The factor of project management, when considering many management paradigms, remains a priority among most of them. First of all, this is due to the fact that the project is essentially a finished concept of a potential necessary managerial decision, which has one or another material refraction.

From the point of view of the application of the project management factor in the implementation of risk management, it should be understood that unlike the previous factor, where the subject of management came to understand the need to analyze certain risk situations, in the "project" risk management is embedded in the basis of all action and is the axiom of operation.

This axiom is defined in the very theory of consideration of project management and is designated as "triple constraint". The triple constraint is defined by the balance between the three fundamental factors of project management. These are the content of the project, its cost, and the time spent on its implementation. Naturally, the factors are considered in interaction with each other and ideally create a balance.

It should be noted that there is another factor, which was added later, and which in fact is the final integral indicator for the previous three factors. We are talking about the quality factor.

"As any endeavor requires, the project must proceed and reach its conclusion within certain constraints. Classically, these constraints are defined as project content, time, and cost. They also refer to the "project management triangle," where each side represents a constraint. Changing one side of the triangle affects the other sides. Further refinement of constraints separated quality from content, making quality the fourth constraint. The time constraint is determined by the amount of time available to complete the project. The cost constraint is determined by the budget allocated to the project. The content constraint is determined by the set of activities necessary to achieve the final outcome of the project. These three constraints often compete with each other. A change in project content usually results in a change in time (time) and cost. Tight deadlines (time) can cause an increase in cost and a decrease in content. A tight budget (cost) can cause an increase in time (time) and a decrease in content" [7].

In other words, these three components from the very beginning of the project activities are subject to

analysis in terms of risk management. In this case, in our opinion, not only a single factor but also a combination of these factors is subject to such an analysis.

So, at the analysis of the factor of the contents, we estimate risks of occurrence of events and their estimations concerning not the fact of the accomplished management decision, but in aggregate interrelation with risk consequences with a combination "cost-content", "time-content". If the cost changes in one direction, the risks in relation to the content of the project will have one vector of refraction. If the cost changes in the other direction, the content risks will either increase or decrease at face value but will have a completely different vector orientation. The same equivalent example of the proof of our "hypothesis" is possible in the case of the "time-content" combination.

Consequently, it is not the exclusive role of the project factor in risk management that we can also latently designate another combination of factor options, in which we will obtain the influence on the "content". It is a matter of considering and analyzing the combination of "cost-time". So, when determining the risk events related to cost over time, we can identify them in the direction of changing the content of the project. Decrease in funding – increase in the period – change in project content. However, we deliberately do not designate changes in the project either negatively or positively. Because, at certain risks, both options are possible, and in practice, the manager should be guided by the specific circumstances of the ongoing risk analysis.

**Conclusions.** Thus, global factors of managerial activity have a direct impact on the implementation of risk analysis in the most specific managerial situations at all levels of their application.

The factor of globalization development of society and the factor of project management, which we have mentioned in this work, are fundamental for consideration and analysis of risk situations in practice and the study of risk management in the theoretical plane. In our opinion, these two factors are original both in the historical context of risk management problems and from the position of concrete practical refraction.

Simultaneously with the above-stated, in our opinion, the newest macrofactors influencing risk management at present, and which promote studying of risk management problems in various spheres of modern business, require further research.

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