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Research Article

SYSTEMATIZATION OF RISK MANAGEMENT AND RISKCULTURE

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ABSTRACT
Risks always have a possible movement it is a complex economic concept, without an effective management system which it is impossible to imagine the functioning of a modern business. The financial risks of the group do not go beyond the standards, are easily monitored and managed. The financial situation can be described as satisfactory and autonomous. There are no specific threats for internal and external environment. Keen attention has always been paid to the manufacture and expansion of the risk management system, while the very nature of this economic category predestinate multiple and diverse approaches of risk management.
Risk culture is the values, beliefs, knowledge, attitudes and understanding of risk shared by stakeholders associated with a business. Systematization of abundant and diverse risks is the basis for creating an effective system for their supplementary identification, analysis and description, in order to increase the effectiveness of risk management.

Keywords: Risk, Risk Management, Risk Management Culture.

INTRODUCTION
The concept of risk in modern economic science does not have a single basic definition, often the very essence of such a category as risk is interpreted differently, it may be a chance of the probability of not getting the desired result, or the very fact of a probable event as a result of which negative consequences can occur. In a narrower sense, risk is usually understood as one form or another of loss of cash associated with losses in the form of additional expenses or income below the planned level. It goes without saying that risk is an essential feature of entrepreneurial activity. Risk management is a key element of the strategic activities of any organization globally; this system is used at all levels of economic activity and for maximum effectiveness should have a comprehensive systematic controlling influence. In general, approaches to risk management involve four options for managing them: ▪ method of abandoning excessively risky activities, ▪ method of reducing the degree of risk. The risk management process is a framework for the actions that need to be taken. There are five basic steps that are taken to manage risk; these steps are referred to as the risk management process. It begins with identifying risks, goes on to analyze risks, then the risk is prioritized, a solution is implemented, and finally, the risk is monitored.

RISK MANAGEMENT PROCESSES.
▪ Insurance risks - as the name of the sector implies, these are risks arising from the occurrence of insurance events, they can be caused by an ineffective insurance policy of the company. Another acceptable option for classifying risks may be classification by the nature of the consequences, herewe should single out the so-called net risks - which mostoften essential losses for entrepreneurial activity, andcommercial risks - which can both incur losses and bringadditional profit, for example, in the result of currencyfluctuations.
We will group the main categories of risks associated with the activities of almost any commercial enterprise in a convenientscheme for perception
With such a broad approach, even to the very issue of risk classification, managing individual

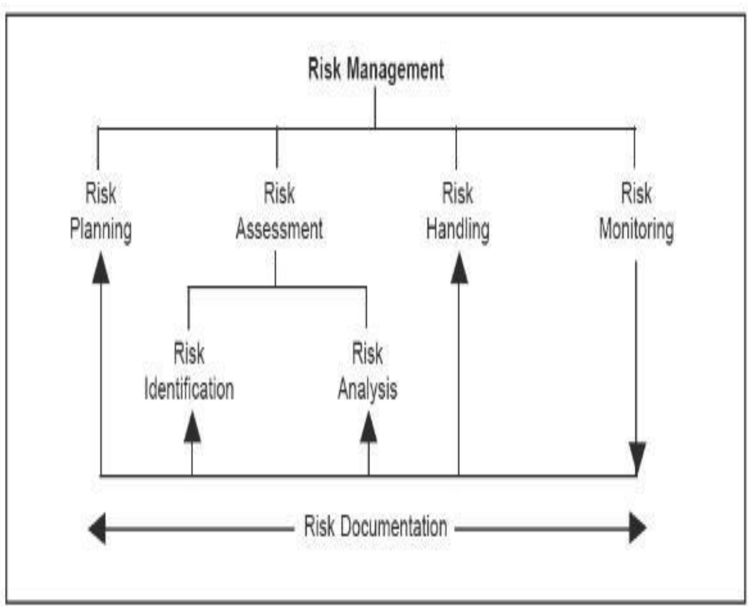
risks or even groups becomes very difficult; it is in this case that an integrated approach to risk management is needed by systematizing them.

IDENTIFY THE RISK
The initial step in the risk management process is to identify the risks that the business is exposed to in its operating environment.
There are many different types of risks:

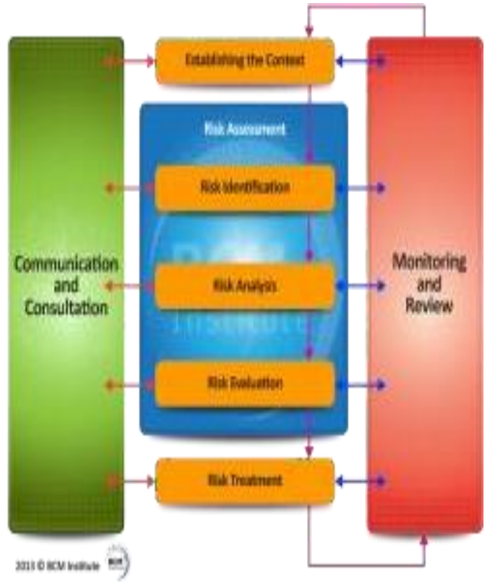
- Legal risks
- Environmental risks
- Market risks
- Regulatory risks etc.

It is important to identify as many of these risk factors as possible. In a manual environment, these risks are noted down manually. If the organization has a risk management solution employed all this information is inserted directly into the system. The advantage of thisapproach is that these risks are now visible to every stakeholder in the organization with access to the system. Instead of this vital information being locked away in a report which has to be requested via email, anyone who wants to see which risks have been identified can access the information in the risk management system.

ANALYZE THE RISK
Once a risk has been identified it needs to be analyzed.The scope of the risk must be determined. It is also important to understand the link between the risk and different factors within the organization. To determine the severity and seriousness of the risk it is necessary to see how many business functions the risk affects. There are risks that can bring the whole business to a standstill if actualized, while there are risks that will only be minor inconveniences in the analysis. In a manual risk management environment, this analysismust be done manually. When a risk management solution is implemented one of the most important basic steps



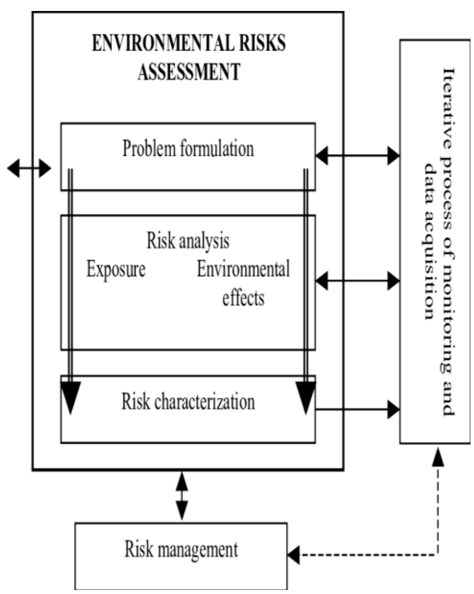
is to map risks to different documents, policies, procedures, and business processes. This means that the system will already have a mapped risk management framework that will evaluate risks and let you know the far-reaching effects of each risk.



EVALUATE THE RISK OR RISK ASSESSMENT

Risks need to be ranked and prioritized. Most risk management solutions have different categories of risks, depending on the severity of the risk. A risk that may cause some inconvenience is rated lowly, risks that can result in catastrophic loss are rated the highest. It is important to rank risks because it allows the organization to gain a holistic view of the risk exposure of the whole organization. The business may be vulnerable to several low-level risks, but it may not require upper management intervention. On the other hand, just one of the highest-rated risks is enough to require immediate intervention.

There are two types of risk assessments: Qualitative RiskAssessment and Quantitative Risk Assessment.



QUALITATIVE RISK ASSESSMENT

Risk assessments are inherently qualitative – while we can derive metrics from the risks, most risks are not quantifiable. For instance, the risk of climate change that many businesses are now focusing on cannot be quantified as a whole, only different aspects of it canbe quantified. There needs to be a way to perform qualitative risk assessments while still ensuring objectivity and standardization in the assessments throughout the enterprise.

QUANTITATIVE RISK ASSESSMENT

Finance related risks are best assessed through quantitative risk assessments. Such risk assessments are so common in the financial sector because the sector primarily deals in numbers – whether that number is the money, the metrics, the interest rates, or any other data point that is critical for risk assessmentsin the financial sector. Quantitative risk assessments are easier to automate than qualitative risk assessmentsand are generally considered more objective.Go in more depth Bringing Quantitative Risk Analysis to Enterprise Risk Management

TREAT THE RISK

Every risk needs to be eliminated or contained as much as possible. This is done by connecting with the experts of the field to which the risk belongs. In a manual environment, this entails contacting each and every stakeholder and then setting up meetings so everyone can talk and discuss the issues. The problem is that the discussion is broken into many different email threads, across different documents and spreadsheets, and many different phone calls. In a risk management solution, all the relevant stakeholders can be sent notifications from within the system. The discussion regarding the risk and its possible solution can take place from within the system. Upper management can also keep a close eye on the solutions being suggested and the progress being made within the system. Instead of everyone contacting each other to get updates, everyone can get updates directly from withinthe risk management solution

MONITOR AND REVIEW THE RISK

Not all risks can be eliminated – some risks are alwayspresent. Market risks and environmental risks are just two examples of risks that always need to be monitored. Under manual systems monitoring happens through diligent employees. These professionals must make sure that they keep a close watch on all risk factors. Under a digital environment, the risk management system monitors the entire risk framework of the organization. If any factor or risk changes, it is immediately visible to everyone. Computers are also much better at continuously monitoring risks than people. Monitoring risks alsoallows your business to ensure continuity. We can tell you How you can create a risk management plan to monitor and review the riskanual systems, each step involves a lot of documentation and administration.

1Risks causing the deterioration of the economic condition of the company due to changes in certain conditions in the domestic market under which the company can adjust.

2. An insufficient level of qualification of employees, affecting the performance of the enterprise,but having the

3. Risks of changes in administrative restrictions on investment, economic standards, and legislative changes. 4. The risk of changes in social sentiment among the

Employees of the enterprise, leading to concessions by management in relation to certain requirements.

5. The possibility of losses associated with natural disasters, environmental degradation.

The risks of the crisis portfolio, in turn, are determined by the influence of external factors, which leads to serious changes in the work of the company.This portfolio includes risks that can dramatically change the course of the company's activities, as the company mayhave limited ability to manage these risks or their monitoring and identification mechanisms will be ineffective, which will further complicate the process of managing them.

1. Risks of emergence of integration associations,which causes a change in the basic principles of the functioning of companies in the market.
2. The risk arising from the loss by the enterprise of employees representing a valuable resource for the company, as well as the inability of the company to attract suitable personnel to the labor market.
3. Risks causing the inability of the company to meet the changing requirements of state regulation.
4. The risk of management losing control over the activities of employees, the risk of strikes.
5. The inability to conduct business activities of the subject, due to the lack of environmental conditions.

The presented systematization of risks can be considered basic, and of course it needs to be reassessed and adjusted. It should be recognized that the method of expert evaluations can be considered the most effective way to do this, because it is precisely the opinions of specialists that will allow us to effectively relate risks to the corresponding portfolio. At the initial stage, an impact score is determined, expressed in points, which represents the corresponding rank of the indicator included in the regression equation

CONCLUSION

It should be noted that the most likely risks in the crisis portfolio were, Risk of reduced demand for products, Risk of deterioration of the financial stability of the enterprise, Risk associated with inefficient organization of supply and sale of goods on the market. These types of risks were identified in the basic version of the risk portfolio of the crisis portfolio, which once again confirms the effectiveness of this technique.

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