

БУХГАЛТЕРСКИЙ УЧЕТ. ФИНАНСЫ И НАЛОГООБЛОЖЕНИЕ

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THEORETICAL AND PRACTICAL ASPECTS IN THE FORMATION OF AN EFFECTIVE RISK MANAGEMENT SYSTEM IN ENTREPRENEURIAL ACTIVITY

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In the framework of this article, a detailed study of risks and methods of managing them was carried out and it was established that risks are a priori part of the life of modern society and the businesses. Examining the problem of the impact of risks on the efficiency of business, which consists in maximizing profit on the basis of cost optimization, the author found that the role of risk management is not limited to minimizing them. To eliminate the negative impact of risks, the author proposes a number of measures the introduction of a number comprehensive methods of risk analysis and assessment, taking into account the specifics of each business; the formation of an effective protection system by minimizing the risks assumed; organization of internal risk control. Attention is also focused on the fact that the structures associated with the organization of internal control must constantly evaluate the economic impact of the risks that a business assumes when implementing its development strategies, and solve the problem of minimizing risks by applying adequate methods for managing them.

Keywords: Risk Management, Minimization of Risk, Efficient Methods, Legal Framework, Insurance Contract, System of Protection

In the contemporary relations of the competitive economy, the entity represents the key link at which level the production is created, are provided services in different fields, are solved the issues related to the efficient use of resources, technical equipment, high productivity technology and aspects related to the sales process of production. The activity of the entity becomes at its own peril and under its own patrimonial responsibility

Therefore, when carrying out a particular activity, appears in addition to profit and the risk of losing, due to either debts or due to the presence of distortions between assets and liabilities, but the purpose of the entrepreneurial activity is to obtain the maximum profit with minimum capital expenditure.

Based on the present findings, the ability of the entity to remain competitive and prosperous depends, not at least, on its competence to manage the risks that influence the business, to apply different policies and management methods to reduce the risks and their consequences.

Achievement of the given purpose requires the entrepreneur to compare the capital invested in the business with the financial results obtained from its activity, because it is possible to obtain funding, to be used effectively, and at a certain time lost, if its management does not predict the likelihood of risks that may affect the business.

Main part of the study. Competitive economy requires the entity also other roles in addition to the economic [1], such as the role:

- economic;
- social;
- in relation with customers;
- in relation with the staff and
- in relation with the owners.

The economic role of the entity is the production of the goods and / or the provision of services, their sale on the market in order to create added value, which has the following destinations: profit, cover of all expenses and risk fund

The social role of the entity in the conditions of the market economy consists of:

- contributing to meeting the needs of the population through the goods and services provided;
- contributing to the development of human civilization by promoting scientific and technical progress;
- ensuring a working and living environment for the staff of the entity;
- training and education of employees and population.

The role of the entity in relation to the customers imply identifying their needs, designing the offer according to the characteristics of the demand, attracting customers, conquering, maintaining and developing markets.

The role vis-à-vis staff shall provide conditions for taking full advantage of the labor resource that they buy in the labor market. From the employee's perspective the entity gives them a job and tasks with certain responsibilities, adequate working conditions and remuneration.

The role of the entity in relation to the owners presents a means of capital valorization, bringing profit thereof.

Therefore, the role of the entity in the economy is different depending upon its activity objective and positioning in the economic system.

The risk becomes a serious setback in the performance and expansion of any business, because it makes the decision-making process difficult. Its activity can be conducted efficiently, only when it is protected from the negative effects of the risk.

In the opinion of a number of authors, *the risk itself is not a danger to the business*, but rather offers various possibilities for developing and valorization of new opportunities. The important thing is that the management of the entity to know how these opportunities can be identified and used allowing to obtain positive results.

The multitude of definitions treats the notion of risk differently; the authors being influenced by various social-economic systems [2]. We stop at analyzing only a few definitions:

– *Adam Smith* in his work “An Inquiry into the Nature and Causes of the Wealth of Nations” marked that *“the achievements of the lowest income are always related to a higher or lower level of risk”*.

– *Joseph Schumpeter* in his work “Theory of economic development” states that *“if risks are not taken into account, then they become sources of losses, on the one hand, and sources of income, on the other.”*

– *The classical theory* treats the risk as a *mathematical probability of loss, which can occur if an incorrect decision is received*. In this case, the risk appears as a damage, which is the consequence of a wrong decision.

– *Neoclassical theory* (1930s). The economists A. Marshal and A. Pig elaborated the bases of the risk theory, which consist of the following: “the entrepreneur, operating under conditions of uncertainty, receives a profit that is an unsteady variable and, at the conclusion of the contract, must be governed by two criteria:

1. the size of envisaged income;
2. the size of the possible deviations from the envisaged income.

– *Modern definition*: “the risk is a possible and unwanted event, predictable or unpredictable, producing material or moral losses, which manifests in the relations between humans and the relations between man and nature” (Ion Stoian), etc.

– *In the market economy*, risk is a component of it, being able to manifest at any time, due to:

- a) the ongoing play of market supply and demand;
- b) competition between economic operators;
- c) currency fluctuations, prices, tariffs, bank interest rates;
- d) modifications of exchange prices;

The risk situations in the competitive economy are multiple and varied. The author intends to analyze some of them:

- the bankruptcy of economic entities and even financial institutions (banks);
- the fall of the exchange rate of some national currencies;
- recording of losses instead of profit;
- circumstantial situations: strikes, local revolutions and wars, natural disasters, etc.

From the given examples, we can figure out the presence of the possibility of risk that may arise at any given time.

Next we intend to study the role of risk in the entrepreneurial activity, but also some methods of managing it.

In the current conditions of the competitive economy, one of the main conditions of ensuring the security and prosperity of a business is the elaboration and application of a complex and efficient risk management program, instrument that is not currently implemented in all entities and is not perceived as an integrated component of its development strategy

Risk management process can identify potential problems that can have negative consequences not only upon the efficiency of the activities carried out, but also on the planning and strategic performance of the business.

The importance of risk management as an activity consists in the possibility to forecast to a certain extent the occurrence of the risk event and to make the necessary decisions in time in order to reduce the risk of possible unfavorable consequences [3].

For entrepreneurs, regardless of ownership and the field of activity, the most typical are the following risks:

- possibility of loss (destruction), lack or deterioration of the entity's heritage;
- occurrence of the civil liability of the entrepreneur on the obligations arising as a result of causing harm to the life, health and heritage of third persons or the environment;
- potential losses or default of the expected profit due to the modification in the operating conditions of the entity due to the situation that does not depend on it;
- breach of obligations by contractors, partners, etc.

These causes may cause transformations with negative effects on the expected economic results during achieving the objectives established.

The man also generates considered high risk by the improper use of the technical means, of the installations, failure to comply with protection and safety requirements of the work, by his illegal actions etc.[4].

Negative effects can also generate a number of economic-social factors, such as: crises, unemployment, etc. In terms of the generative causes, the risks can have an objective character, respectively they are independent of the will of the man, or subjective, respectively those that depend on the man and his behavior

The risks causing the greatest damage are those caused by natural disasters and which have a wide spread in the entire world such as drought, hurricanes, floods, earthquakes, fires and accidents.

Entrepreneurs in their activity encounter a vast set of risks, which differ between them according to the type and place of appearance, totality of the factors internal and external that influence their level. All of these are closely connected and require an in-depth analysis of each risk in the complex of the specific risks, their causes and the factors of their occurrence [5].

In the economic literature there are a variety of risk classification criteria which, as a rule, are established as basic goals and missions of the classification.

All entrepreneurial risks can be classified:

- by how these occur;
- by main occurrence factors;
- according to the character of their records (influence upon the activity of the entity);
- by the sphere of appearance (which is based on the fields of activity);
- after the level of risk realization;
- depending on the length of time [6].

The importance of risk management as an activity lies in the possibility to forecast to a certain extent the occurrence of the risk event and to make the necessary decisions in time to reduce the risk of possible negative consequences.

The risk management process can identify potential problems that can have negative impact not only on the efficiency of the activities carried out, but also on the planning and strategic performance of the business [7].

In national and international practice, a large number of risk management methods are known.

Further, we will examine some methods of risk administration in management practice, as follows:

- *Risk annulation.*
- *Risk retention.*
- *Risk handing over.*
- *Reduce the level of risk*

Risk annulation means refusing the action that is related to risk. This method completely annuls the risk, but the main minus of this method is that risk avoidance usually cancels part of the possible profit.

The given risk management method is used in the following cases:

- when the level of risk is significantly higher than the volume of income earned from the financial operation;
- when the company is not able to cover financial losses from its own sources.

Risk retention is the maintenance of risk, for example after the investor. He is in advance confident that has the possibility to cover losses from his own sources.

Risk handing over means that the investor passes on the risk liability to another party, for example, to the insurance company. In this case the risk was passed on through the insurance.

Reducing the level of risk is minimizing its probability and reducing losses.

Measures to minimize risk most often used by entrepreneurs are as follows:

- 1) diversification;
- 2) limitation;
- 3) loss prevention and control;
- 4) self-insurance;
- 5) insurance.

Diversification presents the process of distribution of investments between different investment objects, which are not related to each other in order to reduce risk and losses.

Example. Acquisition of shares of three joint stock companies and of one company. This action allows the risk to be reduced three times.

Limitation is the determination of limits, that is, the limit of the amount of expenses, sales, credits, etc. Limitation is used by banks and is an important measure to minimize credit risk. The economic agents apply the given measure to the sale of the goods in credit, the granting of loans, etc.

Loss prevention and control. For that purpose, are organized different measures to prevent and minimize business risks. For example, the organization of anti-fire actions, the surveillance of the goods of the company, undertaking of different actions during the shipment of goods, etc.

On the basis of data and information from previous stages, as well as information related to the experience of entrepreneurs in risk management, the possible strategies for reducing and eliminating the risks to which the company is exposed are identified and evaluated. Concrete risk mitigation plans and measures are developed and designed. On the basis of risk management plan, the selected strategies are implemented in practice. Activities susceptible to risk should be monitored continuously. By means of the given measures the loss prevention can be achieved and the serious threats avoided.

Risk control involves determining the limits for different types of risk and controlling compliance with these limits.

Self-insurance (individual insurance) means insurance by the entrepreneur himself and not the purchase of the insurance policy from the insurance companies.

The primary task of the self-insurance includes the operative overcoming of the crisis situations in the economic-financial activity.

Self-insurance presents a decentralized form of insurance funds formation in natural and money form directly by the entrepreneur.

The insufficiencies of the self-insurance measure, which provides for the creation of a self-insurance fund, are revealed, which would be in the possibilities of only large companies, but it is not profitable for them also, because the allocated funds will not participate in the increase of the capital turnover and cannot be invested in the development of the business by the entrepreneur.

Studying the specialized literature and the practice of risk minimization measures in entrepreneurial activity we can see that one of the most widespread and effective risk minimization measures used in several countries is risk insurance.

Insurance, as a protection system, presents one of the main instruments that ensure economic security and stability, effective protection against numerous risks.

Insurance presents a system of relations for the protection of the patrimonial interests of the natural and legal persons (the insured) by forming the insurance reserves from the amounts of the paid insurance premiums, destined for the payment by the insurer of the insurance amounts and damages when the insured cases occurs [8].

After having examined the methods of risk management and exposures on the measures to minimize it in the entrepreneurial activity, the author presents his own vision on the problem and the results obtained from the research.

We are seeing that the level of insurance development both in the country and in other countries with developed economy, presents one of the indexes of stability of this country's economy and is the factor that influences this stability

Under the conditions of the contemporary economy, a significant importance in the insurance industry lies with several factors, specifically.

Above all, the insurance presents additional security to the multiple interests of legal and natural persons, irrespective of the nature and volume of the measures undertaken by the state.

Secondly, the use of the insurance mechanism in the given circumstances, ensures the rapid development of the business, improves the production technologies used, considering the specificity of the branch in which the entrepreneur activates, the business climate and the geographical location.

The insurance system contributes toward the safe and sustainable development of the economy of any country, representing an additional basis for increasing the security of the population, ensuring the assets of citizens and economic entities. Simultaneously, the development of insurance to a large extent depends on the improvement of the legal framework, the efficiency of the fiscal and monetary policies of the state, the quality of the supervision of the insurance activity and the stability of the functioning of the insurance companies [9].

In the recent years the legislation in the insurance sector has been adapted to the conditions exhibited in the EU Directives, the normative and supervisory framework has been elaborated in accordance with the modifications made. The integration of the Moldovan insurance market with the international insurance market has reached a level necessary for the development of the given processes. At the same time, the demand for insurance services increased, which was undoubtedly influenced by the improvement of the quality of services provided and the implementation of new types of insurance, including entrepreneurial risks insurance.

Along with development of market relations, insurance sector is increasingly fulfilling additional functions, such as the accumulation of financial sources and profits from their investment according to the legal and normative acts in force.

Implementation of the above mentioned measures, allowed the insurance companies to increase investments, generate additional income and improve the financial state and the available level of solvency. Nevertheless, the insurer has the possibility to guarantee the fulfillment of the obligations assumed for the risks taken from the insured.

The insurance process under the legal framework, includes the transfer of the possible risk, including the risk of a financial loss and / or of a material damage, from the insured to the insurer, according to the insurance conditions and the insurance contract or according to the law in force (in the case of compulsory insurance).

Legal framework regarding the activity in the field of insurance, the development and consolidation of relations between insurers, insured persons and third parties are made up of the Constitution of the Republic of Moldova, the Civil Code of the Republic of Moldova, Law no.407-XVI of December 21, 2006 on insurance, other legislative acts, normative acts of the Supervisory Authority, international agreements from the domain to which Moldova is party [8].

The *insurance contract* is concluded in the form and in the manner established by the civil legislation in force. The insurance contract must contain the following clauses: name and denomination of the contracting par-

ties, state identification number, their domicile or their headquarters; the object of insurance; the risks that are insured; the beginning and the duration of the insurance; insured amount; insurance premium, place and payment terms; the modality of modification, cancellation and termination of the contract; conditions for payment of insurance compensation and / or insurance allowance; the rights and obligations of the parties; liability of the parties; jurisdiction to settle disputes and other clauses established by law or by agreement of the parties.

The specificity of the civil legislation in the field of insurance consists of that, it ensures the equal rights of all participants in the insurance business, but with the priority of the insured. This demonstrates the protection of the participant for a number of reasons.

Firstly, the particularities of manifesting the essence of insurance, which consists of those, that the insured at the time of the conclusion of the insurance contract pays the insurance payment, and instead receives the insurance coverage and not a product with the same cost. *Secondly*, insurance differs due to complicated transactions related to insurance tariff calculations, compensation and insurance amounts and is based on specific terminology and many aspects of insurance transactions. *Thirdly*, the interests of the insurance company are protected by professionals, who work within the insurer.

For the reasons listed above, the system of civil law guarantees the equality of rights and obligations of the contractual parties in insurance through the priority of defending the interests of the insured.

The object of insurance according to the legal framework in force is the patrimonial interests that are not contrary to the legislation of the Republic of Moldova, correlated with

- the person of the insured or the beneficiary of the insurance, with their life, health and ability to work (personal insurance);
- goods, loans and guarantees, financial losses of natural persons and legal entities (insurance of goods);
- the liability that the insured person bears to the natural or legal persons for the damages caused to them (civil liability insurance)

The object of insurance serves as a criterion for classification of insurance.

There are two forms of insurance: compulsory and voluntary (optional).

In the compulsory insurance, the relations between the insured and the insurer, the rights and obligations of each party, their conditions and mode of implementation are established by law

In voluntary insurance, the relations between the insured and the insurer, the rights and obligations of each party are established by insurance contract. The conditions of the voluntary insurance are established by the insurer, in accordance with the legislation and the normative acts of the Supervisory Authority in force.

At the conclusion of the insurance contract the insurer selects the circumstances of the risks based on which it has the possibility to evaluate the probability of the occurrence of the insured event

The economic environment brings various uncertainties into business extends areas of risk situations, increases the level of risk in business, in relation to this the insurer suggests new types of insurance in the entrepreneurial activity, which may be actual at the right moment.

In order to form an effective system of protection of the insurance of the entrepreneurs; the organization of the process of instrumentation of the damage files at the production of insurance cases, as well as the elaboration of a program to reduce the unplanned losses in business in the practice of the local insurers in the most frequent cases, is proposed the following algorithm of the process of insurance of risks in business, which consists of the following steps:

- First stage presents the familiarization of the insurance company representative with the business process of the company and the inspection of the risk management system.
- Second stage consists in calculating the experience rating as a result of concrete events, expected by the given company depending on the situation within it: the causes of the losses that have occurred and the frequency of the events that cause them.
- Third stage - creation of the insurance protection system;
- Fourth stage - elaboration of the concept of organizing the process of instrumentation of damages arising from the occurrence of insurance events;
- Fifth stage- final stage in which the program for reducing unplanned business losses is presented

To alleviate risks in the entrepreneurial activity, the insurer recommends the use of a complex and efficient system of insuring it, and in order to operate as efficiently as possible, it is welcomed that the entity establish a special unit or a risk management service, which will be integrated into the operational processes of the business.

Conclusion. As a result of study of the nature of the risks from the entrepreneurial activity and the methods of their management we find that, we find that even if we avoid saying, but we must nevertheless realize, that risk is a part of life.

If we start from the goal of entrepreneurship activity which is to obtain the maximum profit with minimum expenses, we find that the importance of risk management in the activity of the entity is not limited to the minimization of expenses. Therefore, in the absence of an adequate risk management policy in the business, the entrepreneur is exposed to the impossibility of assessing the level of exposure to various risks and the impossibility of managing them properly.

Anticipation of all unexpected situation in the entrepreneurial activity, as a rule, is impossible. Thus, there is always the risk of loss or failure to obtain the planned profit. *In order to exclude them, the author proposes some measures:*

- Implementation of a series of programs and complex methods of risk analysis and evaluation, taking into account the specificity of each business.
- Formation of an effective protection system by minimizing the risks assumed, for example, implementing a complex risk insurance process, which includes the transfer of the possible risk, including the risk of a financial loss and / or of a material loss, from the insured to the insurer.
- Organizing internal risk control by creating a subdivision, service or risk management section and high risk capital investments within the entity.
- In each structural unit, whose activity is associated with risk factors, to appoint an employee responsible for risk management. On the grounds that business risk management is more efficient if it is integrated into the operational processes of the business.

The structures organized within the entity must permanent evaluate from an economic point of view the risks that it assumes during achieving business development strategies and to deal with the minimization of the risks by implementing different management methods.

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ТЕОРЕТИЧЕСКИЕ И ПРАКТИЧЕСКИЕ АСПЕКТЫ ФОРМИРОВАНИЯ ЭФФЕКТИВНОЙ СИСТЕМЫ УПРАВЛЕНИЯ РИСКАМИ В ПРЕДПРИНИМАТЕЛЬСКОЙ ДЕЯТЕЛЬНОСТИ

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В рамках данной статьи проведено детальное изучение рисков и методов управления ими и установлено, что риски как априори являются частью жизни современного общества и деятельности предприятий. Исследуя проблему воздействия рисков на эффективность предпринимательской деятельности, которая заключается в получении максимальной прибыли на базе оптимизации расходов, автор установил, что роль управления рисками не ограничивается только минимизацией расходов. Для исключения негативного воздействия рисков автор предлагает ряд мер, в том числе: внедрение ряда программ и комплексных методов анализа и оценки рисков с учетом специфики каждого бизнеса; формирование эффективной системы защиты путем минимизации принимаемых на себя рисков; организация внутреннего контроля рисков.

Акцентируется внимание и на тот факт, что структуры, связанные с организацией внутреннего контроля должны постоянной основе оценивать экономическое воздействие рисков, которые бизнес принимает на себя при реализации своих стратегий развития, и решать проблему минимизации рисков путем применения адекватных методов управления ими.

Ключевые слова: *управление рисками, минимизация риска, эффективные методы, страховой контракт, законодательная база, система поддержки*