

Olga Gonchar,
*Prof. Dr., Associate Professor,
Professor of Marketing and Merchandise,
Khmelnysky National University,
Khmelnyskyi, Ukraine*

Market risks and the economic potential of the company

Abstract: It is proved that to achieve success in business, it is necessary to identify the elements of the enterprise potential, explore their relationships of cause and dependence. It is concluded that the construction of hierarchical structure of the enterprise potential model is possible provided the availability of certain functional relationships between components.

Attention is paid to the peculiarities of the current stage of forming a potential of the enterprise; strengthening uncertainties and risks increase.

Keywords: enterprise potential, elements, risk, uncertainty, management system, development.

Under current conditions domestic enterprises management are not always able to quickly and adequately consider the dynamic environmental conditions. This problem is caused by the imperfection of management tools as businesses in general, and their potential. On the other hand, an important issue that needs to be addressed is the search for forms and methods of business structures management as open complex dynamic systems that are changing over time. Enterprise potential belongs to such systems as well.

Effective enterprise potential management should be based on the principles and methods of system-synergetic approach, to consider the properties of integrity, complexity, consistency and dynamic behaviour of these systems.

The aim of the research is the development of theoretic-methodical principles of economic category of "enterprise potential" and the methods of adaptive administration in conditions of uncertainty and risks, which become stronger in the conditions of internationalization. The research object is the enterprise potential. The

main aim of the article is analysis of the problems, which are connected with identification of causes and factors that influence its size and are able to increase the validity of managerial decisions.

Many famous native and foreign scientists investigated the potential, such as Beltiukov Ye.A., Voronkova A.E., Krasnokutskaja N.S., Hava V.M., Popov E.V., Repina I.M., Sharko M.V., Cherep A.V. and others.

Despite the existence of different approaches to defining the essence of the enterprise potential and its structuring, the peculiarities of its development management under current conditions of a dynamic external environment require further refinements and developments.

Summarizing the results of modern scholars' scientific research on basis of the enterprise potential structuring, it should be noted that scientists have controversial approaches to its structure defining. Indeed, depending on the industry sector, type of business activity and the specificity of its work the constituents of various entities potential can be modified. However, the basic structure must include a set of elements. The major ones are: information, labour, innovation, investment, financial, organizational and administrative, resource, functional (production) and market potentials [1, p. 36].

However, this approach is descriptive and only outlines the main elements of enterprise potential structure, as each of these types of potentials is also a structured element. For example, it is believed that technological and resource potentials are parts of production potential, or investment potential is part of the financial one, that is, they are components of a lower order due to the fact that they have common characteristics and reflect the overall activity direction of the enterprise [2, p. 48].

Surely the logical connection between the production and the resource or technological potentials do exist, and we believe that the construction of the hierarchical structure of a business entity economic potential model is possible provided the availability of certain functional relationships between the components.

To build a potential model adequate to present-day market conditions it is necessary to study the characteristics of its operations and explore the essence and fullness of each of its components.

In our opinion, it is impossible to identify the manufacturing and resource potential levels, since not all the available (or affordable) enterprise resources are involved in the enterprise activities or just in productive activities. In addition, the

emergence (non-additive) principle of capacity building leads to the deviation (increase) of results from the integration use of resources compared to their effectiveness amount.

Given the above and considering the characteristics of the enterprise potential formation under current market conditions, we think it necessary to carry out the identification of its elements and explore its structure not in three, but four levels, namely: resource; manufacturing; hardware; institutional (Fig. 1).

Thus, the important features of the resource potential are its limitations and exhaustion. These resource potential traits acquire particular relevance under competitive and resource-intensive condition, as a result requires a search for new alternative sources of resourcing.

The potential type is closely linked to technical, scientific and technical potentials. Depending on the type of enterprise activity they may be equal with technological potential, and otherwise be on the level of the lowest order, that is to be part of its structure.

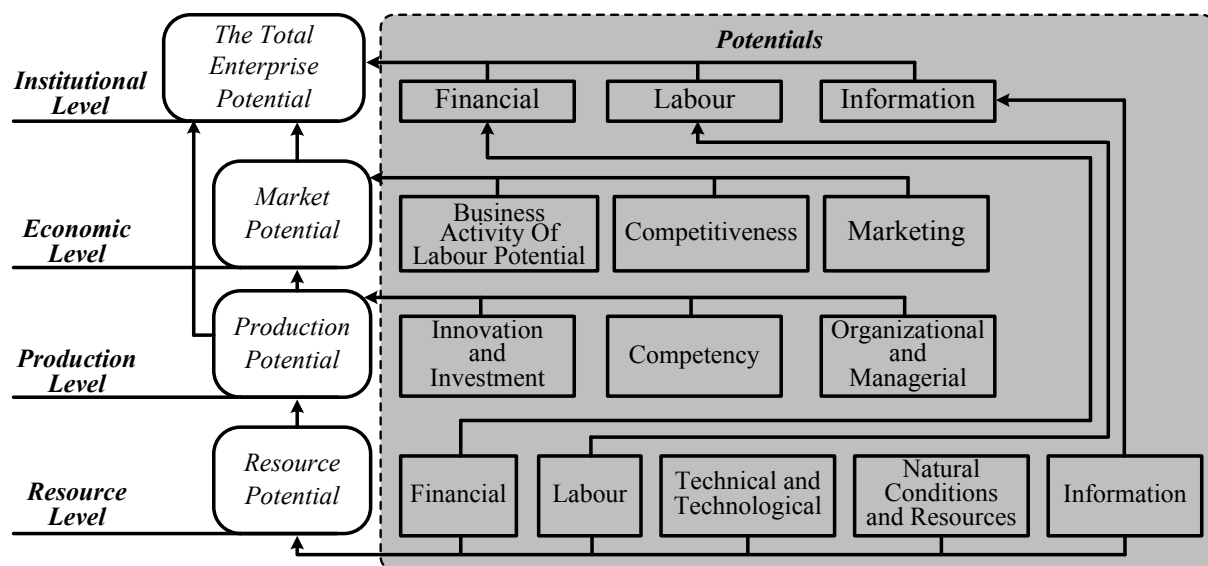


Fig. 1. Hierarchical model of the enterprise potential [3, p. 192].

The reason for the decline in business activity of domestic enterprises and the emergence of bankruptcy risk is the lack of work for effective monitoring of the results, detection of losses, downtime and the impact of external factors, and enterprise adaptation to the conditions that develop.

The fierce competition and dynamic external and internal environment require constant improvement, adaptation and creation of something new, which together

lead to a new level of business, based on the adoption and use of innovative solutions.

A key factor in the use of innovative potential level is information provision, which is manifested in the optimal use and speed of information flows passage in the enterprise. Under modern conditions the reaction rate on external information and the ability to use it in a timely manner can not only survive under difficult conditions of uncertainty, but also to strengthen its competitive position in the market.

Accordingly, innovative development allows enterprise to increase its overall potential, its economic assessment (economic potential) and achieve strategic goals by adjusting and improving the current problems. Therefore, the company's ability to innovate is directly influenced by the amount and the level of its economic potential efficiency use.

The actual implementation of innovative projects should be supported by existing financial potential of the enterprise. In addition, the financial potential provides the transformation of resource, manufacturing and market potentials into enterprise activity results.

Given the market economy nature, which is characterized by uncertain behaviour, formation and use of market potential of domestic enterprises is a prior task and a prerequisite for top-level management in achieving strategic goals and objectives.

In the conditions of globalization of economic processes the development of enterprise happens in unpredictable conditions. Adaptive approach towards the potential management and validity of specific managerial decisions demand taking into account different types of risks. The enterprise management face the difficult question-taking into account the risk conditions and localization of negative influences. Taking into account that choosing the directions of development of potential expects the alternatives evaluation, actions as to decreasing uncertainties on the planning stage can be favorable to increasing the effectiveness.

Enterprising activity is connected with making decisions as to planning the development of potential (tactic and strategic) or as to directly the activity in conditions of incomplete information. This stipulates for uncertainty and riskiness.

Riskiness is an inalienable components of enterprising activity. The sources of riskiness can be different factors, in particular political and economic instability in the country, devaluation of hryvnia, changes of lending rate, currency rate change,

problems in relations with partners etc. Riskiness derives from the term “risk” and is born by uncertainty, absence of complete information and impossibility of forecasting the development of events for the future.

Researching the essence of risk and classification of its types is done by many researchers. Summarizing their ideas we can indicate that “risk” is the complicated phenomenon, which has various opposite real bases. On one hand, risk is defined as a possibility of the fact that actual profit will be less than planned, on the other - as a condition, which can increase or decrease the possibility of certain expenses.

Risk appears when the decision is chosen out of several possible variants and there isn't certainty whether it is the most effective. We think, risk is the probability (danger) of losing their resources by a person or organization, not achieving desirable result or appearing additional losses as a result of performing certain production or finance policy.

The main task in risk management for potential planning is in possibility to define future development of events as to planning the potential and activity of enterprise or any of its divisions, and also the estimation of probability of influence of riskiness and consequences of occurrence of this or that event.

Of course, probability is the unexpected concept, and that is why riskiness for potential development may occur not always, but the entrepreneur should pay attention to the fact that riskiness is present on any stage of entrepreneurial activity and can display in all links of production process. However, we consider that the most important for the potential development is the decision making by top and middle management.

For attraction of new investment costs it is necessary to have dynamic stable country, but for the present it is impossible. Therefore, we agree with the thought that administration of the enterprise must be aimed at preservation of resource potential and receiving sufficient profit level, which will compensate the risks of activities under present-day conditions of management [4, p. 9].

Beginning with the stage of planning and during the whole activity of enterprise there cannot be underestimated the importance of uncertainty and riskiness for the development of enterprise potential, as taking into consideration the riskiness requires increasing the time for decision making, for attraction of additional efforts for evaluation the level of riskiness and financial expenses.

However, we think that such expenses are justifiable and they are the reserve for improvement of performance, as, taking into account the riskiness, enterprise will spend more time and resources, but also will receive considerable advantages over the competing enterprises. Consequently, the influence of risk onto the enterprise potential should not be underestimated.

Besides, there should be mentioned that functioning of modern enterprises happens under the conditions of highly competitive economy. In the context of development of market, the competitiveness of an enterprise is formed as a combination of efforts of producer, which is aimed at the effectiveness of using resources and stability of its financial state on all stages of business cycle. The success of these efforts depends much on business activity.

Drawing the analogy between the ideas of different authors, we should mention the same approaches to the fact that business activity depends on the effective use of material, labour and financial resources of enterprises. But then it should include together with the indices of effective use of capital assets the indices of effective use of labour resources, which is not defined by all economists. So we should stick to such a thesis, according to which business activity in a broad sense means the whole spectrum of efforts, which are aimed at intensive use of people and financial capital, which directly influence the financial result of some market participant activity.

Conclusion

Thus, the company, having these or other means of production, personnel with specific characteristics, financial and other resources, is able to respond to the challenges that are constantly changing, and to increase their business activity. Therefore, the interaction of all components of the system of resources achieves the effect of the integrity of resources, and its innovative investment component, meaning, that new properties of synergetics is formed.

The fact that commercial entity of enterprise, its economic potential have the ability to intensification, it is necessary to provide the favorableness of creating, promoting and realization of projects as to designers, participants and managers, substantiating the decrease of uncertainty and riskiness. We believe, that main factor of achieving the success for the organization is self-organization, net democracy, its accessibility and absence of center-dictator (hereat, the presence of a single

democratic centre of higher management is obligatory). The management of potential of enterprises under present-day conditions must be based on these principles.

References:

1. Gonchar O. I. Aktualizaciya upravlinnya potencialom pidpry`yemstva za umov yevrointegraciyi: monografiya / O. I. Gonchar. – Xmel`ny`cz`ky`j: XNU, 2015. – 333 s.
2. Krasnokuts`ka N. S. Potencial pidpry`yemstva: formuvannya ta ocinka / N. S. Krasnokuts`ka. – X.: XDUXT, 2004. – 287 s.
3. Gonchar O. I. Anagement potential of the company with regard flock business life / O. I. Gonchar // Scientific Bulletin of Polissia. – Chernihiv: ChNuT , 2016. – № 3 (7). – P. 192.
4. Vojnarenko M. P., Gonchar O. I., Trochikovski Tadeush. Upravlinnya ry`zy`kamy` v innovacijnij diyal`nosti / // Visn. Xmel`ny`cz. nacz. universy`tetu. Ekonomichni nauky`. – № 4, t. 3 – 2014. – S. 7–11.