СЕКЦІЯ 2. АКТУАЛЬНІ ПИТАННЯ ТЕОРІЇ Й ПРАКТИКИ ФІНАНСІВ, БАНКІВСЬКОЇ СПРАВИ ТА СТРАХУВАННЯ В УМОВАХ ЦИФРОВОГО РОЗВИТКУ СУСПІЛЬСТВА

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FINANCIAL RISKS FOR INTERNATIONAL BUSINESSES

Introduction. Enterprise risk is the possibility of undesirable events or losses occurring as a result of an enterprise's activities. These can be various types of risks, such as financial risks, market risks, technical risks, personnel risks, legal risks, natural disaster risks, health and safety risks, and others.

The main part. O. Zhyhor and M. Shtekhan define financial risk as «…a specific economic category that arises in the course of economic activity and reflects the probability of a decrease in profits, loss of capital, bankruptcy under the condition of uncertainty of financial, production and economic factors [1]». G. Kramarenko and O. Chorna note that: «…financial risks are, firstly, the danger of potentially possible, probable loss of resources or shortfall in funds compared to the option designed for the rational use of resources in this area of activity; secondly, the probability of obtaining additional profit associated with the risk [2]». M. Dyba considers financial risk as «…a type of risk that arises in the financial and economic activities of an entity when the causal result or measures to achieve it differ from the established goals and planned norms, and the resulting deviations are of a costly nature [3]».

International businesses face a variety of financial risks associated with the specifics of their international operations. Financial risks can have a serious impact on the financial performance of an enterprise and require careful analysis and management.

The main financial risks for international business enterprises may include:

1. Currency risk – associated with changes in exchange rates. When conducting transactions in different currencies, the company is exposed to the risk of losses due to negative changes in exchange rates.

2. Political risk is associated with the risk of war, political turbulence, changes in legislation, government instability, etc. Companies should be prepared for the risks associated with changes in the political situation in the countries where they do business.

3. Non-payment risk is associated with the possibility of non-payment by counterparties or delays in payments due to the complexity of cross-border payments.

4. Credit risk is associated with the possibility of default by the counterparty. Enterprises should be prepared for the risk of default, especially when conducting transactions with counterparties with a high level of credit risk.

5. Market risk – is associated with changes in international markets, such as changes in supply and demand, fluctuations in prices for goods and services, and changes in competition conditions.

To effectively manage financial risks, a company can take the following steps: assess the risks associated with its activities and determine their level; develop a risk management strategy, including identifying approaches to mitigate risks and increase the efficiency of risk management; use financial instruments: such as futures, options and other derivatives to mitigate foreign exchange, market price and other risks; diversify the portfolio by investing in a variety of assets, which reduces the risk of losses; monitor the market and current events to respond in a timely manner to changes in foreign exchange, market prices and other risks; plan its budget, including risk management expenses and risk mitigation measures; regularly evaluate the effectiveness of the risk management strategy and make necessary changes; engage financial and risk management specialists to support effective financial risk management.

After implementing a risk management plan, it is important to start monitoring and evaluating its effectiveness. This allows you to identify new risks in a timely manner and change the risk management strategy in accordance with new circumstances.

Monitoring can be conducted by both internal and external resources. Internal resources may include the controlling department, finance department, or risk management team responsible for implementing the plan. External resources may include audit firms or risk management consultants.

Monitoring should take into account that risks can change over time, so it is important to constantly evaluate them and adapt the risk management strategy to new circumstances. It is also important to have a reporting system that allows you to effectively track the implementation of the plan and the results of its implementation.

Monitoring and evaluating the effectiveness of the plan allows identifying new risks and adapting the risk management strategy in line with changes in the market and internal factors of the enterprise. This helps to reduce the impact of risks on the company's financial results and ensure sustainable development in the face of instability in international markets.

In order to assess financial risks, it is necessary to identify potential factors that may affect the financial condition of the company and assess their impact on the company.

A combination of qualitative and quantitative analysis methods is used to assess financial risks. Qualitative analysis involves identifying risks, identifying sources and causes of their occurrence, establishing potential risk areas, identifying possible benefits and negative consequences of implementing a risky decision. Quantitative analysis involves determining the specific amount of monetary losses from certain types of financial risks. For this purpose, economic and statistical methods, calculation and analytical, expert, analog and many others can be used [4].

Allocation of separate financial risk zones depending on the amount of expected losses and the factors that cause them should be the basis for the formation of the organization's financial risk management system.

Since the company has little or no influence on external risks, the main focus should be on internal mechanisms for neutralizing risks, which include:

1. Diversification, which is the process of distributing invested funds among different objects of capital investment that are not directly related to each other.

2. Limitation is the establishment of a limit, i. e., the maximum amount of expenses, sales, loans, etc.

3. Self-insurance is a decentralized form of creating in-kind and cash insurance funds directly at enterprises, especially those whose activities are at risk.

4. Hedging makes it possible to reduce the risk by entering into an appropriate agreement. Hedging is most often used as a means of insuring the value of goods or profits.

It should be noted that financial risk assessment is a dynamic process, as the factors affecting the financial position of an enterprise may change over time. Therefore, financial risk assessment should be conducted regularly and should take into account changes in the external and internal environment of the enterprise.

Conclusion. In conclusion, it should be noted that timely identification of risks that affect the value of an enterprise allows avoiding financial losses and reducing the costs of covering the consequences of these risks. The generality of risks is manifested in the fact that they are not an accidental result of conscious activity, but a necessary condition for the existence of any company. Financial risk management allows companies to achieve targets for profit and profitability of their operations, and prevent the irrational use of resources. The issue of financial risk management is relevant and important for any commercial structure. It is associated with the likelihood of loss in the area of sustainable financial position of the organization in the course of its activities and is part of the structure of any business decision.

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