STOCK RISK MANAGEMENT AS A COMPONENT OF INNOVATIVE ENTREPRENEURSHIP

Zabaikin Yury Vasilyevich, Russian State Geological Prospecting University
Shenderov Vladimir Isaakovich, Russian State Geological Prospecting University
Uspaeva Milana Gumkievna, Chechen State University
Diego Agüero, Universidad de Buenos Aires

ABSTRACT

Aim of the study: *Financial and economic activity of any enterprise is associated with various risks that affect the results of its activities and the level of financial stability. Two financial categories: risk and income – are directly proportional to each other. The notion of risk is inextricably linked to the notion of uncertainty arising from the instability and multi-variant nature of events. The uncertainty of environmental processes is caused by objective political, economic and social factors, which in turn set the conditions for the implementation of economic activities.*

Methodology: *The essence of risk lies in the absence of 100th forecasting of the future. One of the main properties of risk is that the risk takes place only in relation to the future, respectively, it is inseparable from forecasting and planning. The risk exists only if a decision has to be made. If there is no need to choose (alternative) when making a decision under uncertainty, there is no risk.*

Conclusion: *Uncertainty is objective in nature, and risk is subjective. Under equal conditions, each person will assess the risk differently based on their own assessments. Uncertainty is a source of risk. Thus, we can talk about the objective-subjective unity of risk.*

Keywords: Entrepreneurship, Innovation System, Risk Management, Stock, Component, Formation.

INTRODUCTION

To date, there is no unambiguous interpretation of the concept of entrepreneurial risk in either domestic or foreign economic literature. The reasons for this are that:

1) Business risk - the concept itself is new and insufficiently studied theoretically;
2) The lack of precise consolidation of the concept in the legislation. Modern Russian legislation operates with the term "risk", but does not fix its clear definition.

Entrepreneurial risk, according to the scientists of the Financial University, is

"*The activity of business entities associated with overcoming uncertainty in the situation of inevitable choice, in the process of which it is possible to assess the probability of achieving the desired result, failure and deviation from the goal contained in the chosen alternatives*." (Akhmetshin, 2018)

Proceeding from item 1 of Art. 2 of the Civil code of the Russian Federation defining business activity as

"Activity independent, performed at own risk and directed on systematic receiving profit from use of property, sale of goods, performance of works or rendering services by the persons registered as businessmen in the order established by the law"

LITURATURE REVIEW

We will specify interpretation of business risk (Koshkin, 2018). In our opinion, business risk is a threat of potential loss of resources in any activities related to the use of property, production and sale of goods, performance of work or provision of services by persons registered as entrepreneurs in accordance with the procedure established by law (Abramov, 2015).

Financial risks play the most significant role in the business risk portfolio (Bandaly, 2013). It is important for entrepreneurs to assess financial risks at the stage of strategic planning (Abramov, 2017). The problem of ignoring these actions leads to unexpected and unpleasant consequences for the financial-economic activity of the organization in the private case, and at the macro level - to the economic stagnation and crisis in the country (Li, 2018).

METHODOLOGY

Any business is characterized by two main risks operational and financial (Ben Ameur, 2018). These types of risks are closely interrelated (Abramov, 2016). The concept of financial risk in the broad sense of the word is the possibility of adverse financial consequences in the form of loss of income and capital in a situation of uncertainty in the course of financial and economic activities (Zopounidis, 2018). In the narrow sense of the word financial risk is the probability of occurrence of an adverse event in the implementation of a specific single financial transaction in the conditions of economic and economic activity (Lancaster, 2003).

Economists interpret the concept of "*Financial Risk*" in different ways. So, I.T. Balabanov, L.N. Lobanova, A.V. Filina, D.A. Chugunova, M.Yu. Pechanova distinguish financial risks as speculative risks, implying by them the probability of damage as a result of operations in the financial, credit and exchange spheres, i.e., the risk arising from the very nature of these risks (Nigbur, 2010).

I.A. Blank characterizes financial risks as follows:

"*Financial risk is the result of the choice by owners or managers of an alternative financial solution aimed at achieving the desired result of financial activity with the probability of economic damage (financial losses), due to the uncertainty of the conditions of its implementation.*"

Iodine E.V., Yu. V. Iodine, Meshkov L.L., E.N. Bolotin noted that

"Risks associated with financial activities, constitute the system of risks of the enterprise, defined the overall concept of financial risk"

In our opinion, a significant narrowing of the scope of financial risk to financial activity in these definitions is incorrect (Yang, 2018).

The following interpretations of financial risk are directly related to the movement of financial resources. So, D. E. Serdyukov gives the following definition of financial risk:

"Financial risk is the risk of loss or of income, due to the influence of macroeconomic (exogenous) and internal (endogenous) factors and conditions. Financial risks arise in connection with the movement of financial flows."

Professor Frank J. Sloan, school of management, Massachusetts Institute of technology. Fabozzi associates financial risk with the uneven flow of payments by the Issuer and the outflow of payments on financial liabilities (Gatzert, 2008).

These definitions, in our opinion, are also very narrow, are not strategic and are not suitable for use by holdings. As a rule, oil companies are large in scale and represent a group of companies consisting of several legal entities. Thus, the negative cash flow of one legal entity has no risks when consolidating the indicators of all companies in the Group.

RESULTS AND DISCUSSION

In order to present a refined interpretation of the concept of "*Financial Risk*", consider the main characteristics of financial risks (Abramov, 2018).

Financial risks are based on the objective uncertainty of the external environment caused by political, economic, social and other factors of the macroeconomic environment in which the organization operates. The uncertainty of the environment implies the whole set of factors that create a risk situation due to the fact that the company does not have complete information about all entities/objects with which it is forced to come into contact to perform its statutory activities (Morozov, 2018).

On the other hand, financial risks are also subjective, as they are realized through human activity. It is the entrepreneur who makes a choice from a variety of alternative solutions, assessing the risk situation. Thus, the personal qualities and professionalism of the entrepreneur play an important role in the assessment of financial risks and the subsequent outcome of the case (Cummins, 2009).

Further, it is necessary to limit the boundaries of financial risks (Baboshkina, 2018). In accordance with the purpose of the study, we localize the manifestation of financial risk within the framework of an economic entity, deliberately not considering its manifestation on the scale of macro - and meso-economic systems (Sarens, 2017).

Thus, under the financial risk we propose to understand the probability of adverse financial consequences in the form of reduction (loss) of financial resources, capital or profitability of the organization in terms of making one of the alternative solutions in the process of financial and economic activity in conditions of uncertainty (Lehmann, 2010).

The occurrence and degree of influence of financial risks is determined by various factors, which include (Maingot, 2018):

- Dynamic economic situation.
- Inflation process.
- Changes in market conditions.
- Solvency of the population.
- Consumer demand.
- Development of new financial instruments and technologies.
- The growth of the sphere of financial relations.
- Expansion of markets for products and services.

The issue of classification of financial risks is debatable. Today in Russia there are two approaches to the classification of financial risks:

In the first approach, the risks are considered from the point of view of enterprise management, where the whole set of financial risks is divided into:

1) Risks related to securities;
2) The risk of bankruptcy;
3) Risks of loss of profit (lost income).

One of the representatives of this school−J. Sinki classifying risks according to the "*Return on Capital*" model, which is reflected in formula 1:

$$\text{Return on equity}=\text{Return on asset} \times \text{Multiplier}$$

At the same time, the set of financial risks in terms of profit on capital is divided into portfolio, regulatory, technological risks, the risk of efficiency of current activities, the risk of subsidiaries, strategies. John. Since highlighting key financial risks risk the effectiveness of the current activities and portfolio risk. At the same time, portfolio risk includes credit risk, interest rate risk and liquidity risk.

Representatives of the Financial University also follows the first approach in the classification of financial risks.

The second approach is based on "*Overview*" classifications that complement each other. There are pure risks and speculative.

Pure risks imply the possibility of occurrence of only negative or neutral effects. Speculative risks are associated with obtaining both positive and negative results and are fully determined by the management decision.

One of the representatives of this approach is Professor M.M. Maksimtsov. He proposes to classify risks according to several distinctive features: the possible economic result, the cause of occurrence, depending on the purchasing power of money, as well as the influence of the investment climate.

CONCLUSION

Understanding the specifics of the risks of a particular industry is the most important element of risk management, as well as provides resource savings and efficiency of the program to reduce them. When identifying financial risks of oilfield services companies, a comprehensive approach is required, taking into account the specifics of the industry and the emerging financial relations between the stakeholders of the process of producing and consuming oilfield services.

The oilfield services market is one of the most rapidly developing segments of the world economy and is currently estimated at $15−$20 billion. with the prospect of growth caused by the need to develop new oil and gas provinces, as well as due to the depletion of resources in the "Mature" areas. It is important to note that drilling wells, for example, in Eastern Siberia at a cost of 3-5 times more expensive than in Western Siberia. At the end of 2012, the total revenue of public oil service companies exceeded $ 300 billion.

Currently, there are about 200 oil service companies in Russia, which can be divided into three categories: affiliated with oil and gas companies; large independent service companies; medium and small service companies. The share of oilfield services from Russian vertically-integrated oil companies (JSC "NK "*Rosneft*", OJSC "*Surgutneftegaz*", OJSC ANK "*Bashneft*", etc.) account for about 40% of the Russian market (for comparison, in 2003 this figure was more than 80%, i.e., the gradual process of separating oilfield services from vertically integrated companies) .

The largest foreign TNCs (Haliburton, Weatherford and Schlumberger) account for about 18% of the Russian market of oil machinery and all types of oilfield services.

Some analysts believe that medium-sized companies with a limited number of possible services and small companies performing one or two technological operations are likely to be unable to avoid absorption or displacement from the market due to lack of competitiveness .

Today, the global trend is strengthening the oilfield services sector due to the increasing volume of licensing of oil and gas companies for subsoil use. The use of oilfield services allows oil and gas companies to significantly reduce costs by eliminating investments in non-core or low-profitable activities. In turn, oilfield service operators can receive quite high revenues due to the scale of their work. The main part of the exploration, exploration and development of deposits is performed by an external service companies. This transformation is also due to the increasing technological complexity of oil and gas production.

Oilfield services companies specialize in the provision of services in the field of operation, repair, maintenance and rental of oil equipment, construction and maintenance of oil wells. To ensure long-term and flawless operation of the pumping equipment, it is necessary to effectively organize production, quality maintenance, use of modern technologies and equipment for repair and high professionalism of personnel, which allows oil companies to reduce the cost of oil production mechanically.

The increase in production volumes, high competition from foreign companies of the world level, the creation of joint ventures, the adopted experience and the improvement of technologies, the introduction of international standards of work determine the rapid development of service enterprises. All this contributes to the efficiency of Russian oilfield services companies, pushes them to the daily search for the most fruitful ways of working and improve the quality of services provided. At the same time, there are a number of problems that significantly affect the development of oil service enterprises in Russia, which ultimately affects the development of the entire industry. Basically these are the following problems:

1. The system of concluding annual contracts through tenders does not allow enterprises to plan their production activities. Tender contracts in Russia, as a rule, are concluded for one year, while the payback period for maintenance and construction can reach five years, which proves the impossibility of planning the production activities of oil service organizations. The planning horizon for signing contracts in the oilfield services industry should be a period of at least three years. Currently, the existing tender system in Russia leads to the prosperity of corruption and causes huge damage to state security.
2. High interest rates on loans, expensive leasing necessary for oilfield service enterprises for production purposes, reduce their solvency and increase the risk of bankruptcy due to the presence of cash gaps between lease payments/loans and revenue from customers. The presence of a large number of "bad" debtors from oil service companies increases the demand for the use of collection agencies.
3. Lack of own scientific developments, new technologies and their introduction into production in Russia. All this is fraught with the loss of technological independence of the Russian oilfield services market. To date, the main share of oil engineering accounts for China and the United States.
4. Training for oilfield services: no University in Russia has targeted training for oilfield services, there are no specialized departments. Therefore, personnel are trained on a residual basis, i.e. it is necessary to conclude agreements with universities, to organize modern bases for the appropriate training of teachers and students.

Today, the profitability of service enterprises is 5-8%, the profitability of well repair is at the level of 2-3% with the profitability of oil production above 26%. There is no specific assistance from the government, namely the reduction of the tax burden, the provision of state preferences to the Russian oilfield service, the adoption of the law on state support for service companies and the antidumping law, to date.

Basically, the market of oilfield services in the future is dynamically growing. However, in order to gain a foothold in this market, Russian companies need to work to improve their competitiveness. A mandatory component for this is the construction of a modern financial risk management system that contributes to the effective conduct of business in General, as well as maximizing profits and increasing the value of companies in particular.

Since there are three main features of risk recognition as financial (risk of loss of income, risk of bankruptcy, risk of activity in the financial market), we consider the identified risks of oilfield services companies for their classification as financial risks.

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