The article proves importance and significance of effective risk management in the corporate governance system. The article describes separate factors of risk management of leading international enterprises and presents the main provisions of the international standards of risk management. The practice of risk management in companies is analysed, and the problems in the risk management system and their causes are identified. A comprehensive approach to the improvement of risk management system has been proposed.

Key words: corporate governance, risk management, risk, strategy, risk management, international standards, company's strengths, company's weaknesses.

Problem statement. Ensuring sustainable development of the domestic economy is not possible without effective management, introduction of risk management systems in corporations and at enterprises. International experience shows that both leading world and domestic companies do not have proper level of corporate governance. There are many examples one of which is a collapse of such world-known companies as Enron, WorldCom, BenQ Mobile due to ineffective risk management.

Therefore, an integral part of corporate governance is a risk management process. Company owners and managers should pay attention to the improvement of mechanisms of this risk management process as the absence of effective risk management system in domestic companies is one of the main problems in the field of corporate governance, and the risk management itself is one of its main aspects that should change in the first place.

Task formulation. The purpose of the study is to analyse risks in the corporate governance and provide guidance on the risk management.

Presentation of the main material of the study. The results of numerous studies of risk management in leading international companies allow us to say with certainty that the development and implementation of effective corporate risk management systems is a primary strategic objective of each successful company [1]. The competitiveness and successful development of Ukrainian companies will depend on how effective the corporate governance system and particularly risk management system are.

Activities of any organization always involve risks, but if an enterprise implements a risk management system in business planning and performance evaluation processes, strategic and operational objectives will be achieved faster.

International companies-leaders understand that this process is necessary for an organization and use the following experience [2]:

– apply stress testing to confirm risk tolerance;
– use a method approved in an organization to determine the permissible level of risk;
– implement an effective risk management program in an organization;
– define cycles for business planning and risk reporting.

To ensure effective risk management, first off all, the company management should have clear strategy in this area as well as in the area of corporate governance. In this regard, the appropriate supervision of these areas and reporting structure are particularly important. The executive management should play a primary role in risk assessment and management. The developed structure of corporate governance, reporting and providing information on risk management to the board of directors ensure the increase in significance of the risk management system within an organization, improvement of accountability and increase in transparency. In addition, effective risk management reporting and supervision ultimately lead to improved decision-making processes [3].

The development of a risk management strategy allows organizations to more accurately predict the risk. At the same time, even if an organization has the most reliable preventive risk management strategy, adverse events that affect the effectiveness of activities may occur. Thus, it is necessary not only to develop a risk management strategy that reduces risks before the event occurs, but also to develop a strategy for responding to risk in case of its occurrence [4, p. 148].

For successful activities, leading companies develop a risk management system in accordance with international standards. One of international standards in the field of risk management is ISO 31000: 2009. According to this standard, in order to provide effective risk management, an organization must comply at all levels with the following principles [5]:

– risk management for achievement of objectives and improvement of the performance of organization creates and protects assessments. Risk management contributes to the clear achievement of objectives and improvement of performance, for example, human health and safety, protection, compliance with legislation and regulations, public recognition, environmental protection, product quality, project management, performance, leadership and reputation;
– risk management as integral part of all organizational processes separated from the main activities and processes of an organization. Risk management is a part of management responsibility and an integral part of all organizational processes including strategic planning and management of project processes and changes;
– risk management as part of the process of making managerial decisions. Risk management helps managers to make right choices, prioritize and identify alternative courses of action;
– risk management takes into account uncertainty, nature of this uncertainty and how it can be conveyed;
– systematized, structured and time-coordinated risk management contributes to efficiency as well as to consistent, comparable, reliable results;
– risk management should be based on reliable information. The input data for the risk management process are based on information resources such as historical data, experience, stakeholder feedback, observations, forecasts and expert statements. Therefore, a company management should be informed and take into account any data limitations or usage of modelling as well as the possibility of conflicting expert opinions;
– risk management is special for each organization and focused on the external and internal context of organization and risk structure;
– risk management takes into account human and cultural factors, recognizes potential, perceptions and intentions of external and internal stakeholders that can contribute to or hinder the achievement of goals of an organization;
– risk management should be transparent. Appropriate and timely engagement of stakeholders, in particular, decision makers at all levels of an organization ensures that risk management remains relevant and up-to-date;
– risk management is a dynamic, repetitive and changeable process. With internal and external events, context and knowledge change, monitoring and analysis take place, new risks emerge, so risk management responds to changes;
– risk management contributes to the continuous improvement of an organization. Organizations should develop and implement strategies to improve their risk management along with other aspects of an organization.
In order international risk management standards effectively used by leading world companies to be implemented in Ukrainian companies, it is necessary to evaluate and analyse existing risk management practices, particularly strategic ones, to identify possible problems and reasons for the problems.

To this end, the study has been conducted to assess and analyse existing risk management practices. The majority of respondents are companies from various sectors of economy, representatives of small and medium-sized businesses and, according to the organizational-legal form of ownership, are mainly joint-stock companies and limited liability companies [6, p. 229-257].

According to respondents, key aspects of the development of effective risk management system are information record according to risks when making decisions on management of the company – 48 %, organizational and formalized process of risk detection and management – 49 %, development and implementation of policies or concepts of risk management – 35 % [7].

In 30 % of companies, the responsibilities for organizing and supporting the risk management process in a company are assigned to the CEO, which is in line with international risk management practices. In 29 % of companies, these functions are performed by the audit committee (audit commission) and in 13 % of companies, by the board of directors. However, only in 7 % of companies, a financial director, whose role is one of the key in the risk management process, has responsibilities for organizing and maintaining risk management [8].

It has been found that 7 % of companies do not have centralized risk management, which, in our opinion, threatens competitiveness, reduces the level of corporate security and prevents sustainable development of a company.

The board of directors carries out the functions of organizing and supporting risk management in 13 % of companies, which is inappropriate as it should be responsible for the overall approach to risk management, for approval of risk management strategy and principles.

According to respondents, in the process of risk management, the most considerable costs are risk management procedures such as risk insurance – 40 % and risk management control and monitoring – 40 % [9]. If the costs of eliminating or minimizing risk are too high, companies should either accept risks or find and apply cheaper management mechanisms that can have a similar effect.

In order to identify the factors that impede the development of an effective risk management strategy, several components of strategic risk management were identified and analysed:

- assessment of a company's strengths;
- assessment of a company's weaknesses;
- use of results of analysis of a company’s strengths and weaknesses in strategic management;
- assessment of market opportunities and threats in terms of a company development strategy.

The assessment of companies’ strengths has shown that most companies have insufficiently developed strengths and advantages over competitors – 52 %. 41 % of companies do not have strengths and advantages over competitors as the company management do not monitor and evaluate them. And only 7 % of companies have a lot of strengths and are competitive on the market [10].

The mentioned problem which consists in the absence of company’s strengthens can be caused by the following reasons:
- a company does not have strengths, which makes it vulnerable to competitors;
- a company does not regularly collect and analyse information about its competitors as well as does not conduct specialized marketing research aimed at studying the assortment, price and marketing policy of major competitors.

The next aspect of strategic risk analysis was the evaluation of a company's weaknesses. Most respondents have mentioned that executives ignore or do not see company’s weaknesses whose number is quite large – 58 %; for 37 % of companies, this problem does not have such a devastating effect on company's activities. 7 % of enterprises do not have many weaknesses, and executives make all possible efforts to eliminate them; such companies conduct thorough assessment and analysis of weaknesses.

This problem, which consists in a significant number of weaknesses, or in the absence of qualitative analysis and assessment of weaknesses, may be caused by the following reasons:
- company executives do not see or ignore its weaknesses, which makes a company potentially vulnerable to competitors;
- a company does not have employees who have experience and skills in studying and assessing the effectiveness of existing ways of organizing work and management of a company as a whole;
- a company does not regularly collect and analyse information about its competitors as well as does not conduct specialized marketing research aimed at studying the assortment, price and marketing policy of major competitors.

Consequently, company executives are not aware of the strengths and weaknesses of their competitors and peculiarities of their strategies and do not consider them when making decisions about the behaviour of their company on the market.

The majority of respondents have faced the fact that the strengths and weaknesses are not fully analysed that leads to ineffective use of its results in strategic management of a company – 56 %. Positive dynamics in strategic risk management is that executives in 27 % of companies properly analyse strengths and weaknesses of a company. The
analysis of strengths and weaknesses is not carried out by 17% of companies. This fact indicates their ineffective management of strategic risks [11].

The mentioned problem, which consists in inefficient use of the analysis of strengths and weaknesses, may be caused by the following reasons:

– company executive does not request the staff responsible for collecting marketing information to provide information necessary for the strategy development and correspondingly does not use such information in making strategic decisions;

– company does not have mechanisms for making strategic decisions about a company's behaviour on the market in relation to its main consumers, competitors and partners and the formation of the company's product range.

These results suggest that the current practice of strategic risk management at enterprises is not sufficiently optimal and effective in terms of minimization and elimination of strategic risks and requires a number of transformations.

Conclusions. The study has shown that for effective risk management, it is necessary to improve the corporate governance system of a company as a whole, i.e. to implement an integrated approach to improvement of the risk management system in accordance with international practice, namely:

– the effective risk management system can be implemented through the introduction of the OECD international corporate governance to the system that ensures: protection of shareholder rights, equal treatment of shareholders, recognition of statutory rights of interested parties, timely and accurate disclosure of all major issues related to organization, effective control over activities of the board conducted by the board (supervisory board) as well as accountability of the board to shareholders;

– executives of an organization have to develop a clear strategy in the field of risk management and corporate governance. In this regard, the supervision of these fields by the board of directors and reporting to them are of particular importance. An important factor is the distribution of responsibility for the management of individual risks between the structural units;

– it is necessary to integrate risk management systems in business processes. The organizations that implement risk management system in the business planning process and in evaluating the effectiveness of activities tend to achieve strategic and operational objectives faster;

– it is necessary to optimize risk management functions by coordinating risk management measures in all departments dealing with these issues as well as ensuring the compliance with legal requirements.

The development of up-to-date comprehensive risk management systems based on existing international risk management standards will allow executives to more effectively manage risks of corporations and enterprises and the key to improving the company's competitiveness and its successful development.

References.