

BUSINESS ECONOMICS

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THE IMPACT OF THE RISK MANAGEMENT STRATEGY ON IMPROVING AIRCRAFT SAFETY IN THE AIRLINE

In the current conditions of the unstable situation of the air transportation market there is a need for risk management to ensure flight safety. It should be noted that the aviation industry is affected by a wide range of technical, natural, human and economic hazards. Yes, perhaps the biggest blow to airlines was dealt by the coronavirus pandemic. Quarantine and a ban on international passenger transport have left airlines without a main source of income, forcing them to freeze their activities and "burn" the reserves set aside for years so as not to go bankrupt.

In most airlines, however, risk management is limited to compulsory insurance under the Air Code and the conditions of international flights.

In its content, the system of risk management or risk management is the process of making and implementing management decisions aimed at cost-effective protection of the organization, in order to prevent unacceptable risk and minimize possible losses. The basis of risk management is a purposeful search and organization of work to reduce the degree of risk, the art of obtaining and increasing income in an uncertain economic situation. The ultimate goal of risk management

must be consistent with the objective function of entrepreneurship and the strategic goal of the business system. Risk management includes management strategy and tactics.

Risk management strategy defines risk management in an uncertain economic situation, based on risk forecasting and methods of reducing it.

Tactics, in turn, shows specific methods and techniques for achieving a specific goal in certain conditions. The task of management tactics is to choose the optimal solution and the most acceptable in this economic situation management methods and techniques.

Risk management as a management system consists of two subsystems: the managed subsystem (the object of management - the airline itself) and the control subsystem (the subject of management - a top manager of strategic development, an insurance specialist).

The risk management system is designed not only to reduce the impact of negative factors on the company and minimize the financial consequences, but also to increase the competitiveness of the airline in the market.

Risk management is represented in each industry by a specific set of operational risks. The aviation industry is subject to strict regulation by the state and international organizations, including in the field of operational risks. The International Civil Aviation Organization (ICAO) has demanded that all airlines around the world implement a flight safety risk management system by January 1, 2009. ICAO did not limit itself to declaring the requirement: considerable funds were invested in the development of methodologies and training programs. ICAO methodological developments are especially relevant for small companies that do not have the resources to develop their own [4]. The following risks are most often identified, the implementation of which is critical for the continuity of the company:

- instability of the economic situation, including political and currency risks;
- shortage of qualified personnel;
- non-fulfillment of aircraft fleet renewal programs;

- aviation events;
- insufficient development of ground infrastructure, including at airports.

We can say that today, despite some risk management situations, the problem as a whole in the civil aviation sector is still ambiguous. Risk management is often of interest to top managers in charge of finance. To some extent, this is understandable, because they are responsible for the main financial indicators, gross profit, share price, cost reduction, payback period, etc. However, this often results in a skew of interest and a one-sided view of risk management. Indicators such as payback period, IRR, NPV do not show risk management, which reflects the state of operational processes and protects the preservation of property interests of the company's owners. Very often, the decisions on the identified risks are reduced only to insurance - this means that the use of one tool from a huge arsenal creates only an imitation of participation [1].

When it comes to calculating the effectiveness of the existing risk management system, experts face certain difficulties: lack of developed mathematical methods, lack of statistics of events and incidents in the industry, information isolation of many airlines, the prevalence of qualitative indicators over quantitative ones, which complicates efficiency calculations and analysis. .

Creating a comprehensive risk management system in the airline is a long process and requires a restructuring of corporate culture, which requires individual approaches and an effective process of managing transformations, guided by the company's management.

It should be noted that the "human factor" is as important as the "technological side" of risk management. This condition allows you to combine technologies that provide real results for business, and the human factor that ensures the success of transformations.

Airline safety management professionals would like to have a simple and reliable tool for quantifying and forecasting the risk of performing flights in the airline. The safety management manual describes three safety management strategies [3] (Table 1).

Table 1

Flight safety management strategies

| № | Flight safety management method | Application of the method in flight safety management |
|---|---|--|
| 1 | The jet (response) method responds to aviation events that have already occurred | This is a traditional method that is based on the investigation of incidents, emergencies, compliance and results-oriented. Thus the air transport system (ATS), as it is supposed, in most cases works on its settlement characteristics. |
| 2 | The preventive method actively identifies risk factors by analyzing the airline's activities | These methods are performance-based and process-oriented. It is assumed that the PBX does not work in most cases according to its design characteristics, but there are deviations: acceptable and dangerous |
| 3 | Prognostic (warning) analyzes the characteristics of the system in its future production activities | |

Quantitative assessment of risks to flight safety in value and in kind is based on the analysis of information about the operational activities of the airline. Risk in value terms at the first stage of system development is estimated by the value of the average expected loss in monetary terms, calculated for 1 hour of flight. The risk in kind is the probability of death (irreparable damage to health), as well as the irreversible loss of the aircraft operated by the airline.

Thus, the analysis of the current state and trends in the development of civil aviation and the economy as a whole, the problems and characteristics of enterprises confirms the relevance and timeliness of the development of risk management mechanism. Undoubtedly, risk management as a science is still being formed, but today it is becoming clear that none of the life processes of the airline is without risks, and therefore there is a need to manage them.

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