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MANAGING ENTREPRENEURIAL RISKS OF INVESTMENT PROJECTS IN THE REAL ESTATE MARKET

The article substantiates the need for business risk management of investment projects in the real estate market at the current stage. The place of entrepreneurial risks in an investment project is studied. The types of risks that appear in an investment project are systematized. An algorithm for managing business risks of investment projects is proposed. It includes the analysis of potential risks, determination of the probability of occurrence and impact of each risk on the project, development of strategies for avoiding, mitigating, transferring, and accepting risk, systematic monitoring of risks throughout the project, which will allow timely detection of new risks and taking measures to eliminate them. It is substantiated that the management of business risks in investment projects involves a systematic, comprehensive, and transparent approach to the identification, assessment, and management of risks in order to achieve successful results.

Keywords: business risk, investment project, real estate market, strategy, management.

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УПРАВЛІННЯ ПІДПРИЄМНИЦЬКИМИ РИЗИКАМИ ІНВЕСТИЦІЙНИХ ПРОЕКТІВ РИНКУ НЕРУХОМОСТІ

У статті обґрунтовано необхідність управління підприємницькими ризиками інвестиційних проєктів ринку нерухомості на сучасному етапі. Досліджено місце підприємницьких ризиків у інвестиційному проєкті. Систематизовано види ризиків, які проявляються в інвестиційному проєкті. Запропоновано алгоритм управління підприємницькими ризиками інвестиційних проєктів, який включає аналіз потенційних ризиків, визначення ймовірності виникнення і впливу кожного ризику на проект, розробка стратегій уникнення, пом'якшення, передачі та прийняття ризику, систематичний моніторинг ризиків протягом усього проекту, що дозволить своєчасно виявити нові ризики та вжити заходів щодо їх усунення. Обґрунтовано, що управління підприємницькими ризиками в інвестиційних проектах передбачає систематичний, комплексний і прозорий підхід до ідентифікації, оцінки та управління ризиками для досягнення успішних результатів.

Ключові слова: підприємницький ризик, інвестиційний проект, ринок нерухомості, стратегія, управління.

INTRODUCTION. The rapid development of economic processes in the modern world requires constant updating of approaches to the management of enterprises in various economic sectors. It is important to study current trends in the modern economy in order to identify risks and develop practical recommendations for improving management systems.

The real estate market plays an important role in the economy of Ukraine and has a significant impact on other industries. However, socio-economic instability can negatively affect the development of construction projects. In such periods, the risk of construction industry investment projects increases, and business risk management becomes a particularly urgent task.

The modern strategy of business risk management involves the creation of enterprises where activity, development and individual business processes can be considered as a set of different projects aimed at achieving strategic goals. In the conditions of high competition in the industry, the formation of project risk management mechanisms is important at the initial stages and requires the creation of a technological and information base. The analysis of theoretical foundations and practice shows that construction enterprises often face project risks, so it is necessary to develop theoretical foundations and provide practical recommendations for effective risk management in these enterprises.

The issue of business risk management of investment projects was considered in the works of A. Alnur, I. Buzka, O. Feyer, K. Kramarenko, and O. Dubrova.

The purpose of the article is to systematize the types of entrepreneurial risks of investment projects and to develop an algorithm for managing entrepreneurial risks of investment projects in the real estate market.

Presentation of basic material. Today, minimizing risks and increasing the resilience of enterprises is more important than ever. Previously, the state bore most of the risks of enterprises and had a significant influence on effective management. However, with the development of the market economy, the situation has changed, and enterprises now have to act independently in risky conditions.

Most modern enterprises operate on the basis of project management principles. This concept involves creating project-oriented enterprises, where development and individual business processes are represented as a set of various projects aimed at achieving strategic goals. Increasing competition in the market requires the establishment of technological and informational bases for managing project risks. Place of risks in the investment project (figure 1).

In any investment project, understanding and managing risk are critical components of success. Risks can come from different sources and affect different aspects of the project. Below are a few key areas where risks typically manifest themselves in an investment project:

There are market risks related to changes in market conditions, such as fluctuations in demand, supply, prices or competition. They affect investment returns and include factors such as economic cycles, technological advances and regulatory changes.

Financial risks involve the possibility of losses due to factors such as interest rate fluctuations, currency fluctuations, liquidity constraints or an inadequate capital structure. Strategies, such as hedging, diversification or optimization of capital allocation, are often used to manage financial risks.

Operational risks arise from internal processes, systems, or human errors within an organization. These

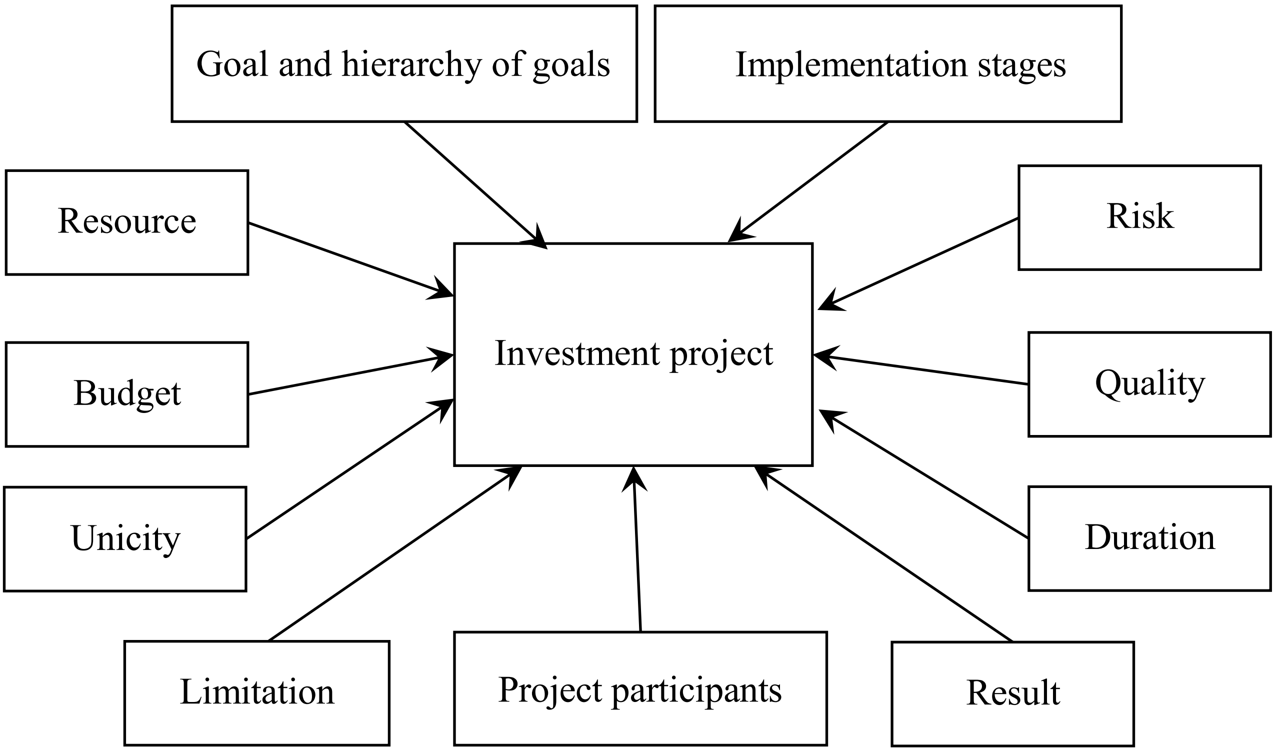

Figure 1 - Place of risks in the investment project

include issues such as project failures, supply chain disruptions, labor disputes, regulatory violations, or technological failures. To effectively manage operational risk, focus is on improving processes, implementing controls, and developing a culture of accountability.

Legal and regulatory risks arise from non-compliance with laws, regulations or contractual obligations. These risks could result in fines, lawsuits, reputational damage or project delays. Legal and regulatory risk management involves informing about relevant laws and regulations, obtaining necessary permits and approvals, and implementing compliance measures.

Environmental risks include factors, such as pollution, resource depletion or climate change, while social risks cover issues, such as community opposition, labor practices or human rights abuses. Addressing environmental and social risks may include conducting impact assessments, implementing sustainable practices, or engaging stakeholders.

Reputational risks arise from negative publicity, public perception or stakeholder dissatisfaction. A tarnished reputation can damage relationships with customers, investors, regulators and other stakeholders, affecting the long-term viability of the project. Managing reputational risk requires active communication, transparency and ethical behavior.

Technology risks can lead to project delays, cost overruns, or performance issues. Mitigating technological risks involves staying abreast of technological advances, conducting thorough testing, and implementing robust cybersecurity measures.

Thus, risk is a necessary element of economic life, and understanding its essence is key to effectively managing enterprises in the conditions of a modern market economy.

The rapid development of economic processes in the modern world requires constant updating of scientific and methodological approaches to enterprise management in various sectors of the economy. Researching current trends in the market environment and identifying risks become key tasks for enterprises. Particularly relevant is the management of project risks in the construction industry, which is of great importance for the country's economic development.

The modern concept of project management involves creating project-oriented enterprises, where activities are represented as a set of various projects aimed at achieving strategic goals. Due to the high level of competition in the construction industry, there is a need to create technological and informational bases for managing project risks, which is important to consider when forming enterprise strategies.

Analysis shows that construction companies lack sufficient protection from project risks, which requires the development of theoretical foundations and the provision of practical recommendations for effective risk management in project-oriented enterprises.

The influence of uncertainty on the consequences of entrepreneurial risks (figure 2).

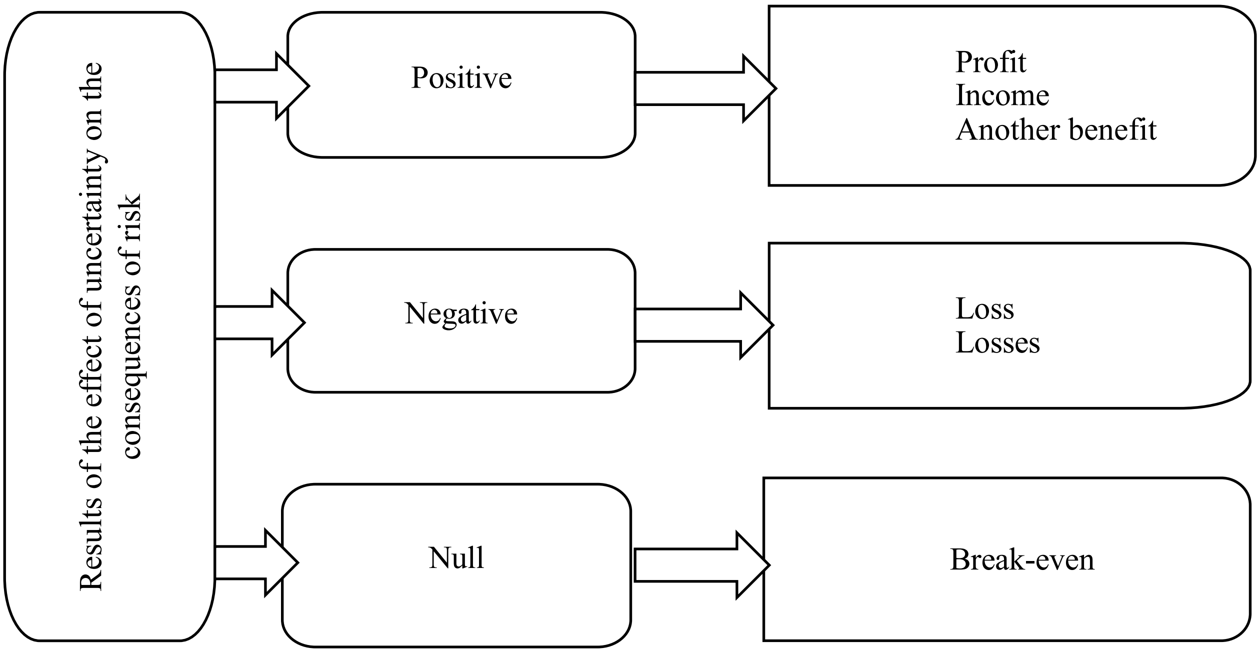

Figure 2 - The influence of uncertainty on the consequences of entrepreneurial risks
(compiled by the author based on [1]).

Uncertainty, which affects the results of entrepreneurial activity, plays a significant role in shaping the consequences of entrepreneurial risks.

Uncertainty inherently affects decision-making processes. Entrepreneurs often face ambiguous or incomplete information when making strategic decisions, such as entering new markets, developing products, or allocating resources. The level of uncertainty can affect the expected trade-off between risk and reward and the willingness of entrepreneurs to act.

Uncertainty can increase or decrease the perceived level of risk associated with entrepreneurial activity. High levels of uncertainty can lead to greater perceived risk, potentially discouraging entrepreneurs from pursuing opportunities. Conversely, some entrepreneurs thrive in an uncertain environment, seeing uncertainty as an opportunity for innovation and disruption.

Uncertainty also affects how entrepreneurs allocate resources in their enterprises. Effective management of uncertainty requires strategic allocation of limited resources. Investments in market research, technology development, or the hiring of skilled workers may be prioritized to mitigate uncertainties related to market demand, technological feasibility, or competitive dynamics.

Uncertainty influences market dynamics, affecting the competitive landscape and industry structure. You must anticipate how uncertainty may shape market trends, consumer behavior, and the regulatory environment to position your business for success.

In modern conditions, significant changes are taking place in the investment strategy of enterprises. The situation is accompanied by dynamic changes in the structure of sources of financing investment projects and methods of their evaluation. Particularly important is risk management of investment projects in enterprises in the conditions of a war situation in Ukraine.

Today, traditional management approaches to investment project evaluation do not always meet the requirements of stakeholders, such as enterprise owners, investors, and customers. Therefore, the development of an organizational and economic mechanism for managing investment project risks at the enterprise level becomes important. Research in this direction is extremely relevant and should be based on objective problem identification, particularly at the microeconomic level, and requires theoretical substantiation.

Entrepreneurial risk management in the implementation of investment projects is a critical element in ensuring the success and efficiency of investment initiatives. Entrepreneurial risks encompass a wide range of hazards that may arise during the implementation of investment projects and affect their outcomes.

The place of entrepreneurial risks in an investment project (figure 3).

Let's consider key aspects of entrepreneurial risk management in the context of investment projects. It is important to conduct a thorough analysis of potential risks that may arise at various stages of project implementation, as well as to determine and categorize risks (financial, technical, market, legal, etc.).

It is necessary to determine the probability and impact of each risk on the project and consider the interaction of different risk factors and their possible consequences. Developing strategies for each identified risk, including strategies for avoidance, mitigation, transfer, and acceptance of risk, entails creating an action plan for each risk management strategy.

Management of business risks of the investment project (figure 4).

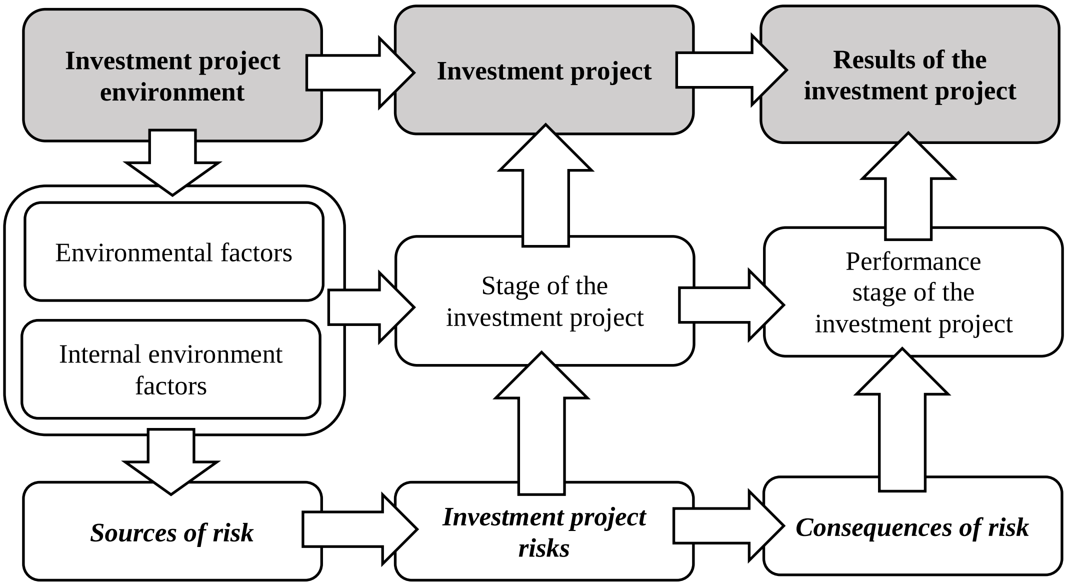

Figure 3 - The place of entrepreneurial risks in an investment project (compiled by the author based on [2].

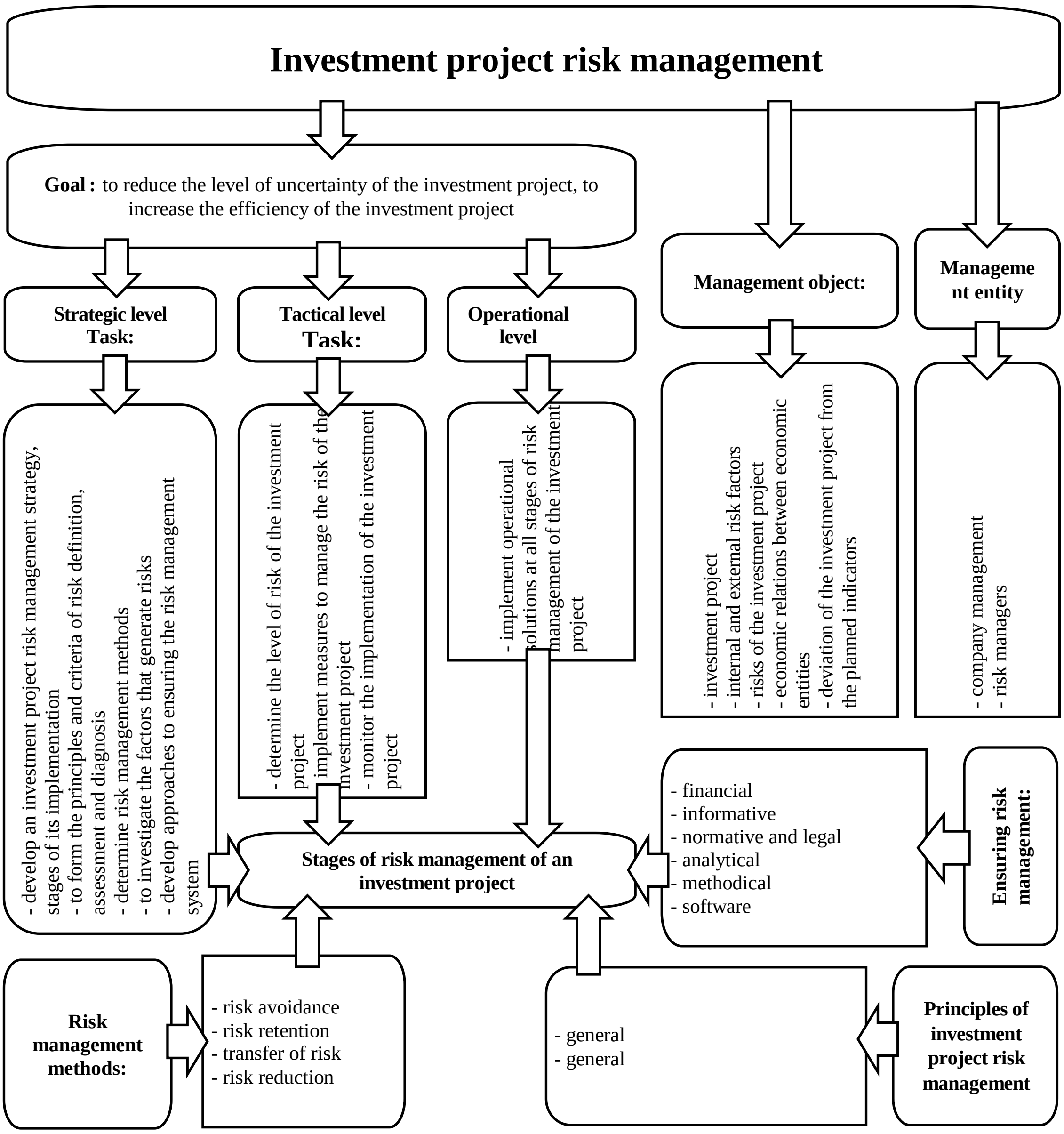

Figure 4 - Management of business risks of the investment project (compiled by the author based on [2, 3].

Systematic monitoring of risks throughout the project will allow for timely identification of new risks and implementation of measures to address them. It is important to use insurance to reduce the financial consequences of some risks and employ financial instruments to manage financial risks. Effective communication with all stakeholders about risks and risk management measures is also vital. Engaging leadership, investors, and other project participants in the risk management process is essential. After completing the project, it is necessary to analyze the results of investments and the effectiveness of risk management measures. Implementing corrections and improvements in future investment initiatives (are of great importance as well).

The overall approach to managing entrepreneurial risks in investment projects involves a systematic, comprehensive, and transparent approach to risk identification, assessment, and management to achieve successful outcomes. Analyzing investment projects in conditions of risk and uncertainty is necessary not only to obtain additional information before making a decision on the feasibility of project implementation but also to anticipate specific organizational, technical, financial, legal, and other measures taken by project participants for managing project risks. This includes measures, such as insurance, reservation, adaptation, etc.

Conclusions. The proposed algorithm for managing business risk of investment projects in the real estate market, which includes the analysis of potential risks, determination of the probability of occurrence and impact of each risk on the project, development of strategies for avoiding, mitigating, transferring and accepting risk, systematic monitoring of risks throughout the project, will allow timely detection of new risks and taking measures to eliminate them.

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