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STATE MARINE POLICY REGULATION: RISK MANAGEMENT ASPECTS

The article deals with the risks of implementing the state maritime policy. Causes and factors of their occurrence, consequences and indicators of risks' monitoring are consistently presented. Particular attention is paid to the human resource risk. Based on a comparative analysis of privatized and state port administrations, the main distinctive features of this risk's emergence have been identified. It is determined that the profitability orientation is inherent to the state port administrations to a lesser extent.

Key words: state marine regulation, port authority, policy, risks, business-model.

The researches regarding administrative and management system of the sea commercial ports were carried out by the Ukrainian scientists G. Vilsky, I. I. Goncharov, Y. Kruk, E. Krushkin [1]. C. I. Chlomoudis and C. D. Lampridis are looking for the business excellence approach for the sea trade ports management on the enterprise level. The risk management problems in the port activities were studied by O. Merkt [3]. The port workd competitiveness is regularly considered by the Organisation for Economic Cooperation and Development [4]. The strategic plan for the development of maritime transport for the period up to 2020 has been approved by the order of the Ministry of Infrastructure of Ukraine from December 18th, 2015, No. 542 [5]. For proper development of the sector during 2016-2020, the work will focus on the following strategic directions:

1. Reforming the state management system of the industry.
2. Implementation of state-private partnership's effective forms at ports and strategic port infrastructure's development.
3. Development of e-community, simplification of control procedures, creation of favorable conditions for business.

Implementing business-models that involved the macro-level regulation and go futher to the port as an enterprise through the port authorities organ-

isation can be a powerful tool for disseminating interactive strategic practices such as effective engagement in decision making. In particular, reflecting the formation of value and the logic of value formation, the structure of a business model captures a new heuristic logic and, thus, can have the ability to break the dominant cognitive frame of knowledge, by introducing a new perspective on strategic thinking.

A limited set of publications, starting with Goss' seminal article "Strategies for Port Authorities", does focus on port authority policies and its risks. Goss identifies four strategies that port administrations can follow [7, p. 412]: (1) being a minimalist port authority and letting the private sector control all cargo handling functions, (2) imposing some ad hoc control on the private sector, (3) actively introducing competition by means of well-developed concessioning policies, (4) keeping everything in public hands. Note that these "strategies" are not really strategies in the sense of "a plan to achieve a certain goal/mission", as the underlying goals of these four strategies are different. Moreover, Goss' approach is limited by its focus on the relation of the port authority with the cargo handling business. Indeed, following this seminar paper, a substantial body of research has addressed the issue of concessions in ports (see, for example, the special issue on Concessions in Maritime Policy and Management, Eds). Taking into account these four strategies in the article we suggest to identify the risk management process stage description deducted to the risk identification through its sources and indicators.

Among the risks for the implementation of the Strategic Plan there are risks of losing the competitiveness of Ukrainian national transport system, which will manifest itself in the country's inability to participate in servicing the main transnational and transcontinental freight flows between the West and the East and the final loss of transit potential.

The risks of long-term investments in infrastructure objects may arise: due to political instability; the deterioration of the investment climate caused both by the effects of economic depression and the uncertain prospects for economic growth, and the problems of increasing the corruption level, the inhibition of reforms, the tight saving of budget funds and the reduction of capital investment at the expense of public funds. There is a high risk of entrepreneurial activity, which limits investment income to Ukrainian maritime business.

The purpose of the article is to disclose the risks of the state marine policy regulation. Systematization of strategic and current activities, expert surveys and interviews with employees of Ukrainian sea trade ports allowed identify-

ing risks and the consequences of their implementation in the state marine policy. Let's consider first macro-political risks of this policy. The source of these risks is the unexpected activities from the side of society, legal power threats or aggressors attacks to the country, as well as instability. Change of power and ruling political parties, change of the state development strategy and development strategies of Ukrainian seaports until 2038, unauthorized actions of the executive and local authorities are the sources for this risk as well. As a result the low capitalization and the port attractiveness will arise. This risk as well must be studied through the investor's perspectives to avoid the investment confiscation. There is a separate research with a visualised map of political risks, conducted by Marsh [8].

The possibility of the macro-social risks' emergence exists as a military actions, civil unrest, confusion and protests, actions of international and non-governmental (public) organizations, strikes of the population. The government's inability to fulfill its contractual obligations can be a reason of the violation of state guarantees social unrest that caused the damage to the property interests on the micro level. One of the indicators to find out this risk may be the differentiation of the population earnings.

The macroeconomic risks of the state maritime policy are economic instability, the decline of the national economy, Gross Development Product (GDP) reduction, purchasing power of the population, inflation, embargo, and restrictions on imports or exports. The results for this risk influence are the changes in the trade's volume and structure, the decrease of the cargo volumes processing, etc. How to measure this risk? I advice to monitor the GDP volume, as well in regional context, consumer price index, per capita revenues, foreign investment, and national bank discount rate.

The factors of the macro-financial risks are financial instability, change in the direction of international capital flows, complexity of hedging instruments, and reduction of budget financing. The port authorities will face the insufficiency of the cash flows, reduction of cargo volumes as well. The indirect indicators are the direction of international financial flows, the change in the order and amount of budget financing.

The bottom of force-major risks arised by the list included as natural phenomena, earthquakes, storms, floods, fires, civil disturbances, hostilities. It may cause the loss of fixed assets. The monitoring process may be done through the evaluation of the net present value of the cash flow at risk.

Environmental risks and risks of man-made disasters are caused by the natural disasters, high population density and a large number of industrial enterprises in cities, high depreciation of infrastructure. The consequences

are adverse changes in land use patterns and infrastructure use around the port. Detailed information is yearly put in the Environmental Portal Risk Research [9].

The human resource risk arises without doubt and is depending on the kind of port administration, namely governmental and more businesslike port administration (PA). The differences in the strategic beliefs of these PA are respectively executive. In an explorative way, this was checked by comparing the means of the group of privatised/corporatised PAs with the PAs that are governmental bodies [7, p. 437].

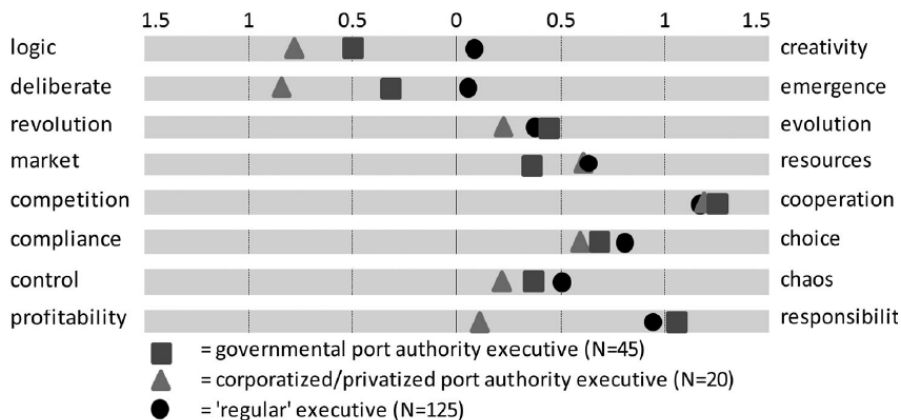


Figure 1. Corporotised port authority versus non corporatized [7, p. 428]

The most striking result, however, is the difference found between PAs on the dimension profitability/responsibility. The fact that executives of more business-like PAs think more in terms of profitability than the executives of public-oriented PAs was expected. What is remarkable is that the executives of private/corporatised PAs think much more in terms of profitability than the general industry average, that is, the “regular” executive. Corporatized/privatised PAs may exaggerate “profitability thinking” at the expense of attention for responsibilities towards other stakeholders. This is an interesting observation that feeds into the discussion on the privatisation of PAs [7, p. 427].

Thus, the scopes of the macropolitical risks were listed in the article after the identification and description of their origin. The suggestion for the monitoring approach was presented per each risk. The thinking framework as a basis of the human resource risk emergence was based on the comparison of the privatized and non-privatized ports.

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РЕГУЛЮВАННЯ ДЕРЖАВНОЇ МОРСЬКОЇ ПОЛІТИКИ: АСПЕКТИ РИЗИК-МЕНЕДЖМЕНТУ

У статті розглядаються ризики реалізації державної морської політики. Послідовно було представлено причини та фактори їх виникнення, наслідки та індикатори моніторингу ризиків. Особливу увагу приділяється ризику людського ресурсу. На основі порівняльного аналізу приватизованих та державних портових адміністрацій, виявлено основні відмінні особливості виникнення даного ризику. Визначено, що орієнтація на прибуток властива державним портовим адміністраціям у меншій мірі.

Ключові слова: державне морське регулювання, портова адміністрація, політика, ризики, бізнес-модель.

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РЕГУЛИРОВАНИЕ ГОСУДАРСТВЕННОЙ МОРСКОЙ ПОЛИТИКИ: АСПЕКТЫ РИСК-МЕНЕДЖМЕНТА

В статье рассматриваются риски реализации государственной морской политики. Последовательно представлены причины и факторы их возникновения, последствия и индикаторы мониторинга рисков. Особое внимание уделяется риску человеческого ресурса. Основываясь на сравнительном анализе приватизированных и государственных портовых администраций, выявлены основные отличительные особенности возникновения данного риска. Определено, что ориентация на прибыль свойственна государственным портовым администрациям в меньшей степени.

Ключевые слова: государственное морское регулирование, портовая администрация, политика, риски, бизнес-модель.

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