

## CONSIDERATION OF FORECASTING AND PROGRAMMING AS FUNCTIONS OF STATE AND BUSINESS ENTITIES

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**Introduction.** The process of state regulation of the economy includes the implementation of many functions. These include forecasting and planning, organization, coordination and regulation, accounting, control and analysis, activation and promotion. As a rule, management functions are always aimed at achieving management goals. Since the goal of management is formed within the functions of predictive programming, it can be noted that these functions are key in the system of state regulation of the economy. In modern conditions, forecasting is of unprecedented proportions. Consciously or subconsciously, any person predicts the consequences of his actions, and decisions about the future are formulated as a vision or model of the future. The role of predictability is constantly increasing with the acceleration of scientific and technological progress, the implementation of complex management tasks and effective functioning under uncertainty.

**Methodology.** Various methods of economic analysis allowed to better understand the role of forecasting and planning in contemporary economic trends, as well as their impact on economic policy. Sociological research and survey is one of the most efficient method along with the comparative analysis and the of statistic line. The methods of analysis, scientific abstractions were also used during our research.

**Literature review.** We have studied the scholarly articles and books by the leading experts in this field. Most importantly, we examined the factors of risk, uncertainty and income suggested by Frank Knight [Knight, 2003, 12- 108]. We find justified and convincing the concept of forecasting and risk analysis in supply chain management suggested by Shoumen Datta, Clive W. J. Granger, Don P. Graham, Nikhil Sagar, Pat Doody, Reuben Slone and Olli-Pekka Hilmola [Datta, 2020, 78-92]. In addition, Andrew T. Young, Matthew J. Higgins, Donald J. Lacombe & Briana Sell look at the direct and indirect effects of SBA lending on economic growth, which, in turns spreads essential light to the above mentioned issues [Young et al., 2018, 43]. Among other topics related to our analysis we considered the different approaches to economic risks and their assessment [Bodrukhina, 2009,120], business risk management in the context of small and medium-sized enterprises [Dvorsky, et al., 2020, 1690-1708].

**Scientific novelty.** We believe that forecasting is the primary basis in economic development management, as any management decision has a forecasting component or

programmed orientation. Forecasting reveals uncertainty in the system, justifies the factors through which business and other goals are realized. Finally, we have justify the importance of forecasting and programming as basic institutions to be used by state in strategic planning.

**Analysis.** The identification of risks, their evaluation and management, as well as the study of the factors affecting the emergence of risks, have a special role in forecasting practice [Knight, 2003]. Experience shows that business risks can arise as a result of the implementation of activities due to the influence of many factors. They can be caused by internal company decisions, problem solving, or the general influence of the higher business environment. Analysis of the current state of the economy allows us to distinguish the following reasons leading to business risks:

- the economic crisis,
- increasing criminalization of society,
- high level of inflation,
- political instability,
- irresponsibility shown by business entities,
- imperfection and continuous variability of legislative and legal acts regulating business activities,
- the lack of personal responsibility of a significant part of entrepreneurs for the results of their activities, which increases the "moral" risk of any transaction,
- the dependence of some forms of entrepreneurship on the criminal world, the inability of law enforcement agencies to protect businessmen,
- unreasonable intervention of politicians in the economy,
- unjustified increase of management apparatus at macro and local levels,
- unstable tax legislation,
- changes in the tax burden and mandatory payments,
- low level of awareness of entrepreneurs on market and entrepreneurship issues.

The survey and sociological research conducted among entrepreneurs showed that the following factors are dangerous for running a civilized business (Table 1).

**Table 1.** Business risk factors

Possible types of risk	% of responses to number of respondents
dishonesty of colleagues	61
extortion by government officials	57
political instability	55
financial instability	53
violation of the rights of entrepreneurs by state bodies and officials	44
Extortion of criminal persons or structures	23

Since the risk has an objective basis due to the influence of the external environment and the uncertainty of the influence of subjective bases and as a result of the decision by the entrepreneur, the success and failure of entrepreneurial activity can be considered as a set of interacting factors, some of which are external to the entrepreneur or company, and others are internal. For example, internal factors include all those actions, processes and objects that are the cause of the company's activity, both in management, circulation and production (main, supporting and providing activities). The group of internal factors usually includes a systematic, purposeful and scientific approach to the management of the company and the activities of relevant services in order to develop an effective strategy for the development of the enterprise, as well as the characteristics of evaluating the reliability of technical activities within the company, the system, the level of personnel formation, etc. As for external factors, they are usually understood as conditions that the entrepreneur cannot change, but must take into account, because they affect the general state of his affairs. Our studies prove that many external factors affecting the level of entrepreneurial risk can be identified:

- external factors that affect the level of risk,
- indirect influence factors,
- direct influence factors,
- legislation regulating business activities,
- political conditions,
- unpredictable actions of public services and institutions,
- the economic situation in local market,
- tax system,
- the economic situation in the industry,
- relations with partners,
- international events,
- competition between entrepreneurs,
- unexpected, unpredictable events,
- corruption and extortions.

Accordingly, it is difficult to single out the dominance of these factors, because external factors are interrelated. A change in one factor can cause a change in others and, therefore, in the level of risk, so their effects are interrelated.

External factors affecting the level of business risk taken into account during forecasts are divided into two groups: direct impact factors and indirect factors. Direct influence factors have a direct impact on the results of business activities and the level of risk. Indirect factors cannot have a direct impact on business activity and risk level, but contribute to its change. In addition, it is possible to classify risk factors based on the degree of exposure of the company to the impact of these factors. From this point of

view, factors can conditionally be objective factors, that is, factors that the enterprise, company cannot influence, and subjective factors that are regulated by the company. The incorrect definition of the loan amount (one of the factors of credit risks) leads to the emergence of liquidity and operational risk, because the calculation of the interest rate requires the presence of a comprehensive information system and significant internal control capabilities.

The second problem is the presentation of some factors only as direct influence factors of specific types of risks. The factor of risk adjustment, or lack thereof, can itself give rise to risk, which requires conceptualizing the effects of both direct and indirect risk factors. For example, such a shortcoming occurs when analyzing market and credit risks without considering their mutual influence.

Using time series statistics, the probability of adverse events and the amount of damage can be estimated [Bodrukhina, 2009, 120]. This method is particularly suitable for forecasting frequent and homogeneous events. There are also a number of fundamental difficulties associated with developing and evaluating scenarios. Mathematical models and methods used to calculate the consequences of production failures, unexpected accidents and unsuccessful equipment operation also contain considerable uncertainty due to the high complexity of the simulated objects and insufficient knowledge of the development paths of unfavorable processes. Therefore, it is of great importance for developing the risk management strategy of large manufacturing enterprises and increasing the accuracy of calculations, which in particular requires the creation of databases on fault elements, a database for processing accidents, as well as improving the quality of the collection of basic statistical information.

In modern conditions, the forecast of economic development cannot be made without developing risk situations, the possibility of their occurrence, identifying such situations, identifying such risks and their combination in each period of development, and developing tools and methods [Dvorsky, 2020, 1690-1708].

**Conclusions.** In fact, all types of risk are interrelated, and a change in one type of risk causes a change in most. For the most part, the risk has an objective basis due to the impact of the economic environment and subjective - due to the uncertainty of the impact of the fundamentals, as a result of the entrepreneur's decision. Therefore, the successes and failures of any enterprise must be viewed as an interaction of a number of factors, some of which are external and others, internal.

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**Consideration of forecasting and programming as functions of state and business entities**

*Key words: forecasting, competitiveness, risk management, uncertainty, state regulation*

The analysis of theoretical factors in the field of effective risk management allows us to conclude that these studies pay insufficient attention to a number of problems, the underestimation of which in the practical use of the results of theoretical studies can lead to an incorrect assessment of the influence of certain factors on the relevant types of risks. The problem is that some factors can cause multiple effects without focusing on one or more types of risk dynamics. In particular, inflation significantly affects foreign exchange, credit and interest rate risks, securities investments and other areas. The deterioration of the political situation, in turn, leads to an increase in investment, political, country risks. They affect several types of risks at once. In the presence of various factors, a certain type of risk with at least one integral factor should be the basis of a comprehensive analysis of all types of risks associated with it.