

## Management System Interpreting Financial and Economic Security Business in Economic Processes

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### ABSTRACT

The existence of an effective financial and economic security system, which will provide the protection of the enterprise from the threats is one of the most important aspect of sustainable business growth providing and formation of positive results of its financial activities in modern conditions of the economic processes imbalance. The protection is conditioned by the ability of enterprise authorities on appropriate levels to provide sustainable business growth of the enterprise, to neutralize the negative impact of the crisis economy, to form an adequate accounting system of financial flows, to strengthen the operational effectiveness of the control system, to provide the protection of information confidentiality which is a trade secret. The purpose of study foundation the conceptual aspects of the financial and economic security, the disclosure of the functioning of the system's financial and economic security business as well the isolation of the structural elements development strategy in the context of financial and economic security of current economic business processes. Research methods. The main method of research is general scientific methods of cognition phenomena and processes of financial and economic security business as a system of economic categories. Research methodology is based on a systemic approach to the category functioning financial and economic security business. Results. Developed and systematized structural and logical scheme of financial and economic security business, which includes block diagrams regulation: progressive cost management company; budgeting; cash management; diagnosis of the enterprise; management of working capital; application of international standards to ensure safety; tax planning and so on. Practical value. The use of structural and logical scheme of the system financial and economic security business different business structures provides an opportunity to assess the prospects of business, develop its tactics and strategies to reduce the effects of financial crisis and the negative impact of new threats and dangers.

### KEYWORDS

Financial and economic security; strategy of financial and economic security; the system of financial and economic security; a comprehensive system of financial and economic security; management of financial and economic security

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## Introduction

### *Urgency of the problem*

Modern scientific researches indicate that there is impossible to find exit from crisis, to stabilize the economic situation, to create an effective mechanism of doing business without unified system of business financial and economic security. We note at once that the level of financial and economic business security depends on how well its management is able to avoid the real threats and eliminate the harmful effects of certain negative external and internal environments components. The search of the main ways of business acceleration with minimal expenses for forming of effective system of enterprises functioning is aimed at profit maximization and relation harmonization between business stakeholders, and is very relevance in the conditions of post-crisis reconstruction. The efficiency and reliability of the existing system is proposed to evaluate, based on following criteria: the company saves and multiplies wealth and doing business through sustainable development; timely prevents crises and neutralizes negative factors affecting its activities.

Increased risk of doing business requires entities to effective formation environment of financial and economic security, identification and prevention of major impacts on their safety. One should consider the fact that production and economic system, regardless of ownership, are characterized by constant threats and risks associated with the dynamics of external and internal environment their operation. The financial and economic security business depends on the financial security. Meanwhile, it should be noted that currently the financial security of Ukraine is under threat because all components to ensure financial and economic security are under threat. The problems of their own economic security faced every kind of business, not only in times of crisis, but also when working in a stable economic environment, the complex solved with targets has significant difference.

### *Methodological framework*

The main method of research is general scientific methods of cognition phenomena and processes of financial and economic security business as a system of economic categories. Research methodology is based on a systemic approach to the category functioning financial and economic security business.

## Results

### *The essential characteristics of the system, substantial financial and economic security as the direction of business security*

Ensuring an adequate level of safety and security is one of the fundamental principles of maintaining its viability in a dynamic economic environment. Business Security – is the basis of preserving a sustainable competitive position, the premise effective functioning and stable development of the entity. Therefore, safety management is an integral part of business culture, and according to modern views – as business in general. The quality of the business is determined by such basic elements as: economic efficiency; social orientation; security (Vivchar, 2016). Safety as part of the “quality” of

local business, then, according to experts, the main negative factors are: lack of full market environment; incomplete formation of the institutional framework for economic policy; unbalanced state regulatory policy; inadequacy of budgetary policy; abuse of monopoly price nature; increasing the number of criminal attacks, so-called "raid" of corruption and discriminatory action for entrepreneurs; imperfection of the judicial system, corruption in government and the lack of public institutions that effectively protect the rights of the owner; low competitiveness of enterprises and their innovative activity; poor performance of the financial condition and efficiency of enterprises and the use resource support and more.

Overall security business – is a state corporate resources (capital resources, personnel, information technology, machinery and equipment, human) and business opportunities in which guaranteed most effectively use them for stable operation and dynamic scientific and technological and social development, prevention of domestic and external negative influences. The main functional elements of the security business are: protection of trade secrets and confidential information; computer security; internal security; Safety of buildings and structures; physical security; technology security; safety communications; security of cargo and people; ecological safety; competitive intelligence, etc. (Vivchar, 2015).

Studying this scientific perspective, it should be noted that during the financial and economic security business should understand the state of protection its resources and intellectual potential of existing and potential threats to internal and external environment for its functioning, characterized by high financial performance and prospects for economic development in the future. Each type of business is a system that is characterized by certain relationships between elements of the system, so the activity is aimed at providing financial and economic security should also carry systemic.

It should be noted that given the range of possible threats to the financial and economic security organization, subject to the protection of all kinds of resources engaged to achieve economic and social purpose businesses. Allocate the following areas:

- physical security business objects: buildings, vehicles, machinery, inventory, raw materials, financial resources;
- information security, protecting information networks, resources, software, and intellectual property and other intangible assets, including property interests of participants of business;
- legal security, which includes the execution of a competent manner and conditions of business;
- safety, safety, personal security entrepreneurs, top management, security, business relations (Fomichenko, 2013).

On the basis of studies found that this comprehensive and systematic approaches to economic and financial security most businesses will provide its full protection. In this context, the system can be characterized by a complex management, insurance, legal, economic, security, operational, judicial and other measures to protect business from unlawful attacks, minimizing or avoiding material and other losses.

Since the basic characteristics of the financial and economic security depend on the business object protection, which is complex and multifaceted, it must be a comprehensive approach to the process control system of financial and economic security. The complex system of financial and economic security business – a set of interrelated activities organizational and legal nature, carried out by special bodies, agencies, departments entity aimed at protecting the vital interests of individuals, businesses and the state from illegal actions of actual or potential individuals or entities that may lead to significant economic losses and economic growth in the future (Neskerenko, 2012).

However it should be noted that the study of financial and economic security chief complex business problems and underlying causes of the current troubles many businesses are hiding in

– lack of demand products in domestic and foreign markets, its low competitiveness; unavailability of investment resources;

– customs and currency barriers. At the time necessary to develop a strategy of financial and economic security, which must contain:

1) description of internal and external threats to the financial and economic security business;

2) identify and monitor the factors that enhance or destroy the stability of his socio-economic position in the short to medium term;

3) development policy, covering accounting mechanisms that affect the state of the financial and economic security factors;

4) areas of the company to implement strategies (Fomichenko, 2013).

The main purpose of the system of financial and economic security business is ensuring its sustainable and maximize performance, create high potential growth and development in future. We, in turn, will defend the idea that an important element in the functioning of financial and economic security business is a mechanism to ensure it is realized through strategic and operational planning to ensure financial and economic security. The system of financial and economic security business –organized actions to ensure the coherent functioning of all services and divisions of the company's employees to prevent or remove threats to the enterprise.

It should be noted that the main tasks of economic security business include: protection of the legitimate rights and interests of the company and its employees; collection, analysis, data evaluation and prediction of the situation; study partners, customers, competitors, candidates for the job; detection, prevention and suppression of illegal and other possible negative of the company's employees to the detriment of its security; preservation of assets and information; obtain the necessary information to develop the most optimal management decisions on strategy and tactics of economic activity etc. (Cherevko, 2015).

The main value of the system of financial and economic security business is that it should be precautionary in nature, and the main criteria for assessing its reliability and efficiency are:

- ensuring the stable operation of the business, conservation and enhancement of financial and material assets;

- sustainable development, conservation and enhancement of property company, a high level of competitiveness of products;
- the use of innovative technologies in production activities;
- security of all business information and resources;
- timely warning of crises and neutralization of negative factors affecting the enterprise (Vasyliev, 2013).

According to the results of research that in the financial and economic security business is the use of a special block scheme of regulation: the progressive cost management company; budgeting; cash management; diagnosis of the enterprise; management of working capital; application of international standards to ensure safety; tax planning and so on. On the basis of theoretical research we developed a systematic and structural logic diagram of financial and economic security business (Fig. 1).

The study proposed a system of management of financial and economic security business. Its main advantage is the clarity and consistency of actions to help managers quickly navigate under uncertainty and threats.

Thus, the system of financial and economic security is a complex business events of different character, which aim to protect the interests of its negative impact from the outside. Based on the object, the subject system, purpose, objectives, principles and instruments of financial and economic security. Directly involved in the issues of ensuring security company.

### ***Pragmatics functioning of the financial and economic security business***

The experience of foreign companies in order to enhance the level of financial and economic security business it is advisable to create the specialized service.

Service (Department) financial and economic security business – a special unit that is part of the organizational structure, which aims at forming an adequate level of financial and economic security and neutralize the main threats that could expect business in the course of its industrial and economic activities.

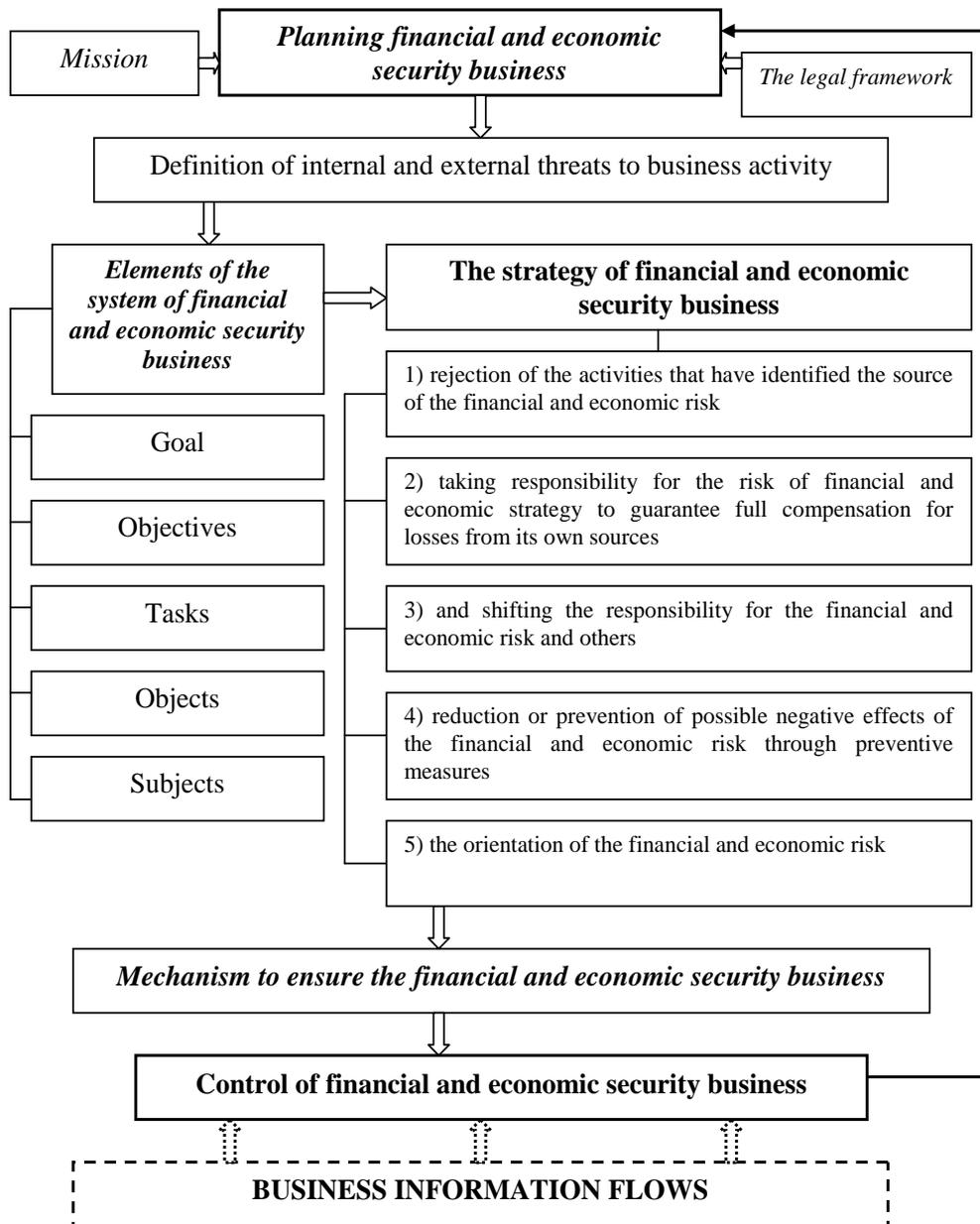
The main functions performed by the office of financial and economic security, the following: protection of production activity and protect business data from unauthorized access; introduction of special information systems for combating obtaining commercial secrets; detection and neutralization of possible leakage of confidential information in the production process; provision of premises, equipment, products, personnel from unlawful actions of competitors.

It should be stressed that according to the selected service option of financial and economic security business should be developed service provision of economic security, defined list of key tasks and functions in terms of safety, functional responsibilities and powers of officers, the list specific objects of protection formed the organizational and staff structure, made completing each unit. Employees of the economic security must be professionally trained person with high qualifications who are constantly engaged in these activities, mainly economic and legal expertise. As the practice of economic security services, preference is often given to former employees of law enforcement agencies (Ministry of Interior, Security

Service, prosecutors and tax police audit units) of relevant work experience and high moral stature (Zhyvko, 2014).

The composition of such units usually include economists, lawyers, risk manager, technologist, marketer, programmer and other specialists for specific business operation (Fig. 2). Unfortunately, the domestic practice of creation of such services is not a widespread phenomenon, which is one of the key problems of management of financial and economic security and makes it low.

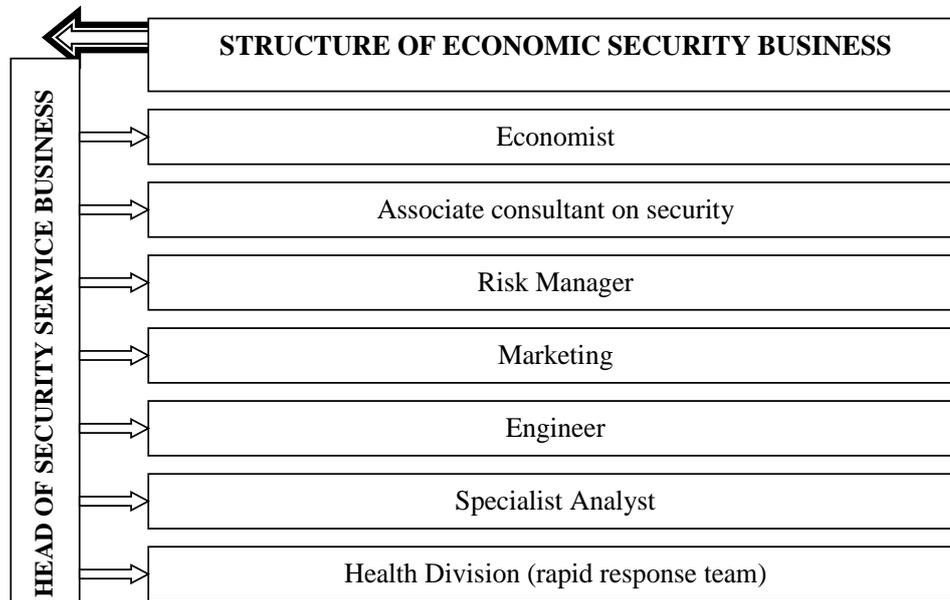
Service economic security business should operate in two modes – normal and extraordinary. In normal mode, corresponding essentially preventive and prophylactic function when there is no significant threat to financial and economic security business is preventive work with their warning, and activities of all structural units of service and the whole enterprise is in a daily rhythm.



**Figure 1.** Structural and logical diagram of financial and economic security business [in house development]

In the event of a threat to global challenges and threats are resolved and liquidated in working order. Among those already traditional for domestic enterprises threats include: changes in applicable law; worsening crime situation in the country (region); the appearance of unfair competition; changes in the dynamics of enterprise development caused by adjusting strategies and tactics of economic activity, the emergence of new production technologies and access to new markets; change in headcount (high turnover, the release of highly-skilled workers who possess valuable information and have access to trade secrets); change the list of data that

constitute commercial secrets and confidential information of the company; improving information network.



**Figure 2.** Structure of economic security business [in-house development]

When emergencies arise threats with a high probability of causing harm business. In such cases, which is part of the economic security has to start working group on emergencies (rapid response team), including the most qualified and knowledgeable professionals with a problem involving the need for employees of other units (Korobchynskyi, 2009).

Summing emphasize that the system of financial and economic security business done, first special unit – the security service, which is directly engaged in the development of measures to prevent, detect, and eliminate threats to the enterprise. In addition, in some cases, when necessary, can be used outsourcing and security, such as government and public. The second element of the financial and economic security business – protection, by which regulates security safe existence of objects protection, which in turn is the last element of the system, by which the safety and directed the previous capacity. Depending on the form of immediate danger, use the appropriate remedy (principles).

Pragmatics system of financial and economic security business requires the right of the chosen methods of security business, including which include the collection and processing of analytical information on experiences and measures to ensure the safety of foreign enterprises, analysis, constant monitoring and forecasting conditions, threats, dangers and indicators of financial security development and implementation of the necessary measures to support financial and economic security properly.

Immediately, we note that the method of constructing a system of financial and economic security business includes the following steps:

- the study of specific business segment, which it occupies in the market, staffing, and familiarity with the staff;

- analysis of external and internal threats to economic security business and study information about crises, their causes and ways of settlement;
- audit of the existing facilities to ensure safety and compliance analysis of identified threats;
- modeling the new system of economic security business: development plan addressing the identified deficiencies during the audit; preparation of proposals on improving economic security (including the establishment of security in the enterprise, if such existed, or security at its base, the mechanisms of support), the calculation of all kinds of necessary resources; planning the monthly costs of running the system of economic security;
- approval of the leadership model of the new system and the budget for its maintenance;
- the formation of a new system of economic security;
- evaluate the effectiveness of the existing system and its improvement (Korobchynskiy, 2009).

The final stage of system management the financial and economic security business is to monitor the results and their comparison to the plans with the possibility of adjusting them. The main criterion for the efficiency of system management of financial and economic security is to evaluate the economic state of the business and its financial stability. Definition scorecard evaluating the effectiveness of management systems the financial and economic security business.

### Discussions

We believe in the quality of the existing practical mechanism to note that a systematic approach not only allows a new approach to solving many pressing problems, but also to analyze specific positions, actions, situations and goals in the complex logical factors. The need to use a systematic approach because their ultimate goal it should group all significantly important factors that, in turn, create positive conditions for safe operation and development of the company. Thus, effective economic activity without adequate protection in the current competitive environment has no chance of continued existence.

It should be noted that the study of contemporary issues on financial and economic security business covering such leading scientists as T. Andrieieva (2009), O. Cherevko (2015), I. Fomichenko (2013), A. Kal'ko (2013), O. Korobchynskiy (2009), L. Neskerenko (2012), O. Vasyliiev (2013), O. Vivchar (2013), Z. Zhyvko (2014), M. Zyaylik (2013) and other.

The financial and economic security business achieved by the implementation of a single, coherent, balanced, coordinated system of measures adequate internal and external threats. Without a unified system of financial and economic security business cannot reach the crisis, stabilize the economic situation, to create an effective mechanism of functioning of industrial and economic systems. The system of financial and economic security business will be effective in the conditions determining the strategy and tactics. The strategy of financial and economic security

business involves determining the goals and tasks of economic and financial security areas of their solution, as well as forms and methods of application the relevant capabilities, the possibility of regrouping, creation of necessary reserves to neutralize possible threats and localization.

It should be noted that the tactic of the financial and economic security business – is the most flexible part of the system the financial and economic security, which varies depending on the actions of internal and external threats, changing the priority of economic interests and so on. The complexity and variability of the economic and social situation requires the use of various tactical measures to ensure financial and economic security business. It is important to distinguish clearly between strategic goals and tactical measures (Kal'ko, 2013).

We, in turn, will defend the idea that the system of financial and economic security business occupies an important place implementing an effective strategy for economic and financial security business. The strategy of economic and financial security should include: characterization and classification of internal and external threats to economic security; identify and monitor factors that undermine the stability of the financial situation of the company; defining the criteria and parameters that characterize the financial and economic interests and meet your requirements; formation of economic and financial policies and the necessary mechanism that eliminates or eases the effect of factors that undermine the stability of the system the financial and economic security; main directions of economic and financial security; system management of financial and economic security, coordination and management to ensure financial and economic security at all levels.

On the basis of the studies found that the management strategy of financial and economic security business in an uncertain existence must include the following components:

- diagnosis of crisis;
- the separation of the objective and subjective negative impacts;
- establishing a list of measures to prevent threats to economic and financial security of business;
- evaluate the effectiveness of the proposed measures in terms of neutralizing the negative effects;
- evaluate the effectiveness of the proposed measures to address threats to financial and economic security of business (Andrieieva, 2009).

It should be noted that the management of financial and economic security business needs to develop a mechanism of strategic development, the components of which are a set of financial interests the enterprise, organizational structure and management, engineering and technology management functions, principles and methods of management, financial instruments and benchmarks.

In total there are five possible strategies that can be used to optimize the level of financial risks in the construction of financial business strategy:

- 1) rejection of the activities that have identified the source of financial risk;
- 2) taking responsibility for risk financial strategies to guarantee full compensation for losses from its own sources;
- 3) selling and shifting responsibility for financial risk to others (including insurance companies);
- 4) reduction or prevention of possible negative consequences of financial risk through preventive measures;
- 5) the orientation of the financial risk which is the usage of all resources in one area of activity for profit at high risk (Zyaylik, 2013).

The basis of ensuring financial security company is the concept of combination system control functions, planning, feedback and information provision.

It should be noted that the development strategy of financial and economic security business shall include:

- description of internal and external threats to the economic security of business;
- identify and monitor the factors that enhance or destroy the stability of his socio-economic position in the short to medium term;
- development policy, covering accounting mechanisms that affect the economic security factors; activities to implement business strategies.

In such circumstances, organizational measures to ensure the implementation of the strategy the financial and economic security business are:

- 1) create a focal point, led by head of the organization, which is the operational body of security;
- 2) develop and approve order of the company normative and methodological support strategy;
- 3) resourcing and using targeted resources.

You should also pay attention to the fact that all management decisions in the field of the protection's financial and economic interests of enterprises from internal and external threats are interrelated and have a direct or indirect impact on its financial performance. Protection due to the ability of government on appropriate levels of sustainable economic development of the enterprise; neutralize the negative impact of the crisis economy; create an adequate system of accounting for financial flows and enhance the operational effectiveness of the controls; ensure that the works to protect the confidentiality of the information is a trade secret and more. In general, modern industrial and economic systems have to manage financial risks that arise from various destabilizing factors. To provide financial security and economic opportunities prediction of risk in the

company must be an effective system of financial and economic security business as a whole (Vivchar, 2015).

Consequently, each enterprise urgent task is to develop an effective strategy for the development of financial and economic security business, which is characterized by a close relationship and interdependence of individual components, so management decisions should take into account that some factors interplay to others.

### Conclusion

We consider it necessary to note that the formation system of financial and economic security of the enterprise – is a complex and multidimensional process, which depends on its sustainability and protection from threats and dangers.

Without pretending to be exhaustive analysis of the study of scientific issues, it must be concluded that disclosed conceptual aspects of the financial and economic security business point to the fact that there are the necessary conditions of formation of an effective system of financial and economic security business should include: increasing security business by enhancing state responsibility (legal, judicial, institutional, etc.) to business entities; efficiency policies that support business; adaptive implementation of safety management systems; ensure internal balance of basic financial and economic parameters of business; strategic orientation and long-term and sustainable development.

An improved system of financial and economic security business that practical realities will provide a higher level of the enterprise market, positive impact on the level of efficiency functioning in uncertain conditions, and contribute to achieving the goals of business activities with maximum efficiency since depicts the widest range of possible situations and enables consistently and without losing some parts quickly navigate under uncertainty and threats. Meanwhile, it should be noted that it is developing and implementing an effective strategy will enable the company to prevent damage from negative impacts on its safety on various aspects of financial and economic activity business, and provide monitoring and balancing revenues and expenses.

It is important to recognize that in general the ability to respond quickly to various changes in the environment formed by establishing new or improving existing management mechanism of financial and economic security, providing competitive advantage for the business to achieve these goals. The level of financial and economic security business depends on how well its management is able to avoid the real threats and eliminate the harmful effects of certain components of negative external and internal environments.

Summing emphasize that the effectiveness of the management system of financial and economic security business is determined by one criterion - the absence or presence caused him material damage and moral damage. Robust financial and economic security business is only possible when

using an integrated and systematic approach to its organization and management. This system provides the opportunity to assess the prospects of the business, develop its tactics and strategies to reduce the effects of the financial crisis and the negative impact of new threats and dangers.

### Disclosure statement

No potential conflict of interest was reported by the authors.

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