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**Pankaj Srivastava,
Chai Ching Tan,
Zinaida Zhyvko,
Pichyada Pheunpha**



Management of the financial component of the economic security system of the national economy as source of potential support of business enteties

Zinaida Zhyvko¹, Nataliia Zachosova², Yevhenii Kyryliuk³

¹ Departement of Management, Lviv State University of Internal Affairs

² Departement of Management and Economic Security, Bohdan Khmelnytsky National University of Cherkasy

³ Departement of Economy and International Economic Relations, Bohdan Khmelnytsky National University of Cherkasy

Abstract

The purpose of the research is to find out and concretized the features of strategic management of the financial component of the economic security system of the national economy. Among the principal results of the study is successful expansion efforts by the authors of fundamental foundations of management science in financial security plane. Elements of the mechanism for managing the financial component of the economic security system of the national economy are concretized. The financial interests of the state as an object of strategic and operational management of financial security are found out. Features of operational and strategic management of the financial component of the economic security system of the national economy are discussed. The major conclusion is: the lack of a common understanding of the concept of financial security of the national economy, the lack of formation of thesaurus of security studies for the processes of formation, operation and management of the financial component of economic security of the national economy, lead to the need to develop theoretical and methodological and scientific-methodological approaches to solving the problem of category levels and maintenance of the state of financial security of the state through the mechanism of management of the system of its provision.

Keyword: Management; Security; Strategy; Economy; Financial system

Introduction

Ensuring economic security of the national economy is a prerequisite for the realization of private and state economic interests, a guarantee of the evolution of the economic system and the successful positioning of the state in the global economic arena. The financial system is the center of a modern economy, and within its boundaries in domestic realities, the risks of sustainable development in the near future are formed. Thus, the economic security of the national economy is largely determined by the level of economic security of the state and the individual functional components of its system, one of which is financial security [1].

In modern conditions, financial security is the basis of the national security system. The state's ability to attract investment assets on the external and internal financial markets depends on the sustainable development of the financial sector and its ability to ensure economic needs and to meet the financial interests of the country, the people, and business structures [2]. The lack of a unified universal approach to the definition of the concept of financial security of the state, which is an important component of the economic security of the national economy, the formation of the

thesaurus of security science for the processes of formation, functioning and management of the financial security system of the national economy and the state as a whole actualize the scientific task of developing a methodology for managing financial macro-security at the operational and strategic levels and its application in practical plane.

Material and methods

The method of managing the financial component of the economic security system of the national economy is a set of specific instructions, methods, rules that are used systematically, according to a certain algorithm, in order to study and regulate the sequence of actions of the subject of management of the system of financial security in space and time.

The management of financial security of the state is carried out in the vast majority of cases as one of the elements of the national anti-crisis policy. If the national economic system is in a normal state of affairs, the issue of managing its financial security is often not raised at all, since the government does not want to divert the limited financial resources to develop preventive measures to address threats that may not be characteristic of its financial system the future. As a result, it can have fatal consequences for the development of the financial component of the national economy.

Realizing the need to manage state financial security, modern theoretical experts and practitioners limit the object of their research to the financial component of the country's economic security system, despite the fact that the whole set of national financial interests is under constant influence of external and internal risks and threats, and maintaining a high level of financial security requires unconventional methodological approaches to managing existing own and borrowed financial resources.

Theory/calculation

An important point in the process of studying the peculiarities of managing the financial component of the system of economic security is the establishment of a list of subjects of management and objects of protection. As the subjects of financial security management of the state should be recognized state authorities – the President, the Cabinet of Ministers and national regulators of the financial market. The object of management is the level of financial security, which is the result of using existing financial resources of the state in order to minimize risks and maximize the efficiency of functioning of the financial sector of the national economy. The management of the financial component of the economic security system of the national economy to the subjects of management is expedient to carry out at the strategic and operational levels [3].

The mechanism of financial security management should be divided into a one that provides a preventive effect on the influence of threats and dangers, and an another – mechanism for crisis management. Preventive (financial) control of financial security is the planning of financial development strategies, analysis, forecasting, planning of necessary changes in financial relations and timely response to financial risks and challenges. Under the crisis management of financial security should be understood the implementation of such a management mechanism, which provides a rapid reduction of losses through the immediate response of negative phenomena and events of financial nature of origin [4].

Based on the research results of such scientists as Kalambet S. V., Voropai V. A., the purpose of functioning of the mechanism of financial security management can be called "ensuring of financial equilibrium, achieving a certain financial effectiveness of the activity and the goals and objectives of the further development of the economic system" [5]. The purpose of managing the financial component of the economic security system of the national economy is to achieve the maximum possible level of realization of the financial interests of the state and to meet the financial interests and needs of the participants of the financial system at the optimal cost of financial

resources to minimize the threats that are characteristic of their activities within the national economy.

Vasyliiev O. V., Meita V. I. define the basic principles on which the system of economic, and hence financial security management, should be based: "the principle of development, the principle of adaptability, the principle of unity, the principle of competence, the principle of economic feasibility, the principle of efficiency, the principle of integrity, the principle of legality, the principle of continuity"[6]. Kyrychenko O. S. adds to the mentioned principles, such as "the principle of systemicity, the principle of coordination of interaction with the internal and external environment, the principle of the planned basis of activity, the principle of preventive, the principle of effectiveness" [7]. A list of principals based on the research of these scholars is sufficiently comprehensive and suitable for use in the process of managing the financial component of the economic security system of the national economy.

One allocates such methods of management of economic security, which are used and to coordinate relations within the framework of its financial component, as institutional and administrative (organizational, regulatory, policy, command), economic, technological, informational, social and psychological [8, 9]. Security science recognizes such general management methods as legal, ideological and technological. All of them can be applied at different levels of financial security management at the right time [3].

Results

1. Fundamental foundations of management science in financial security management

1.1. Special functions of management of financial security

The necessary stage of managing the financial component of the economic security system of the national economy is the specification of the functions and tasks of a management process.

The special functions of management of financial security considered by specialists are:

- forecasting and identifying internal and external risks and threats to the financial interests of security agents;
- implementation of a set of tactical and strategic measures aimed at preventing the negative consequences of threats to the security object and their effect neutralization;
- implementation of the system of measures for the regeneration of the current state of financial security objects that have suffered in a result of the implementation of financial threats;
- the creation of conditions and opportunities for operational management of elements of the financial security system both at tactical and strategic level;
- active international cooperation in the field of achieving and maintaining a high level of financial security [10].

Returning to the fundamental foundations of management science, it should be noted that Faiol A. in 1916 identified the basic functions of management, such as forecasting, planning, organization, team management, coordination and control [11]. American scientists Meskon M., Albert M. and Hedory F. distinguish four functions of management: planning, organization, motivation, control [12]. To manage the financial security of the state, it is rational to distinguish between such functions as planning protection against the effects of financial threats and risks, the organization of financial security, personnel security management, periodic monitoring and evaluation of the level of financial security, control over the state of financial security. Their effective implementation will allow at the state level to form a modern and effective model of management of the financial component of the economic security system of the national economy for the current and strategic perspective.

The management mechanism in the economic literature is often considered in the sense of the constituent part of the management system, which provides an influence on a number of factors,

from which the results of the activity of the controlled object depend on. Management is a process, and the control system is the mechanism that provides this process [13]. The proposed definition gives a clear indication of the essence of the concept under study, although under discussion is an attempt to define the category of "management system" through the term "mechanism".

To study the peculiarities of constructing a mechanism for managing the financial component of the economic security system of a national economy, it is expedient to use a system-process approach. Within the framework of this approach, under management we will understand the process of applying the system of actions on the formation, resource provision of a mechanism for ensuring the process of satisfying the financial interests of the state, the population and economic entities from the impact of existing and potential internal and external threats. The object of management is financial security as an element of the system of public administration at the state level, management of which is one of the processes implemented in this system [3].

Consequently, the mechanism of management in the general sense is the system of elements of organizational and economic influence on the process of governance [14]. In this scientific approach, an attempt is made to determine the concept of a mechanism through the system category. In scientific circles, the idea that the management mechanism is a way of organizing management of social affairs, which is characterized by interrelated methods, means and principles, and this ensures the effective realization of management objectives. The given definition for its use in the field of security science and in the explanation of economic phenomena and processes needs to be specified and given to it the specific content features necessary for it.

Under the mechanism of managing the financial component of the economic security system of the national economy, within the framework of the system-process approach, it is necessary to understand the process of applying a set of methods and steps that allow to optimize the state of the elements of the system of secure of the control object in order to achieve the maximum level of its financial security. The maximum level of financial security of the national economy should be characterized by the state of protection of the country's financial resources against various types of threats and ensure their effective use in order to obtain positive financial effect in the national economic system. Therefore, the mechanism of financial security management of the state within the framework of the system-process approach is proposed to define as an internal organization of the system of processes for the formation, provision, operation, control of the state of financial security and assessment of the level of financial security as a result of the use of financial resources of the state, both their own and those involved with external and internal sources, in order to meet the financial interests of the country and its people in an optimal condition of their protection from the impact of financial threats.

1.2. Mechanism for managing the financial component of the economic security system of the national economy

The need to develop a mechanism for managing the financial component of the economic security system of the national economy lies in the characteristic features inherent in it in the current conditions. The stages of using the mechanism of financial security management of the state should be: timely detection and analysis of external and internal threats to financial security; assessment of the level of financial security of the state; monitoring of changes in the state of financial security; development and implementation of a plan of measures aimed at correcting shortcomings in the organization of the financial security system; implementation of measures to control the effectiveness of the process of securing financial safety [15].

Fig. 1 presents a set of elements of the mechanism for managing the financial component of the economic security system of the national economy.

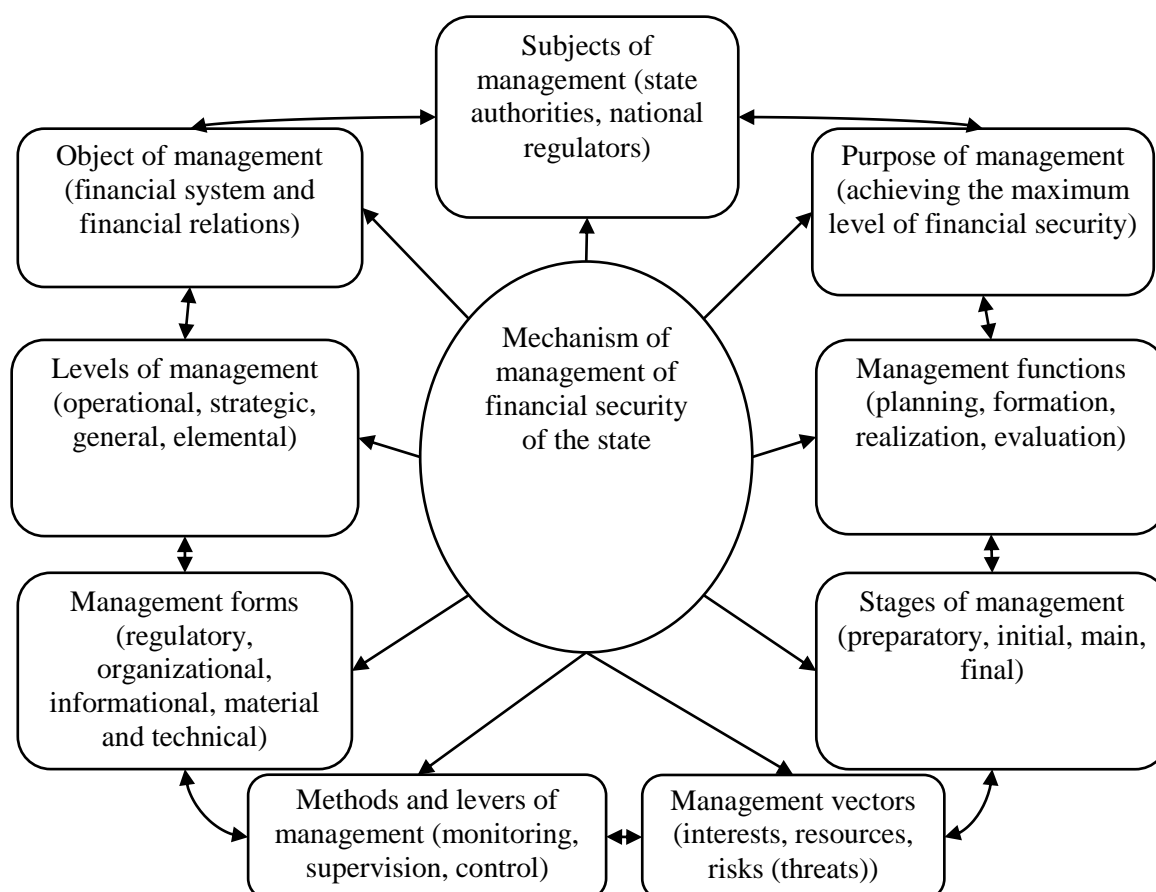


Figure 1. Elements of the mechanism for managing the financial component of the economic security system of the national economy

2. Features of operational and strategic management of the financial component of the economic security system of the national economy

2.1. Operational management of financial security

Thus, a set of operational actions for managing the financial component of the economic security system of the national economy can have such components:

- identification of the causes of risks and threats; formation of risk catalogs and risk maps for financial security matters;
- forecasting (foresight) of negative influence of threats;
- assessing the current level of financial security,
- prevention of the negative impact of various types of threats on the state of financial security through the adoption of managerial decisions;
- assessment of the level of effectiveness of the taken management measures [3].

The features of operational management of the financial component of the economic security system of the national economy are summarized in Table 1.

Table 1. Features of operational management of the financial component of the economic security system of the national economy

Operational control vectors	Desired results for the short term	Features of realization of stages of management	The nature of implementation of management functions
Specifying the current financial	Protecting against the negative effects	At the preparatory stage, a security-	Operational planning of security measures is

interests of participants in the financial system and identifying threats to their satisfaction	of threats that affect security at the current time	oriented management plan is being developed; risk maps are formed and threats to financial security are identified	implemented through the development of annual plans for security-oriented activities
Search for resources that can be quickly deployed to counteract the negative impact of threats for financial security	Availability of a set of measures and clearly planned actions for urgent response to threats that were not identified in advance and warned	At the initial stage, personnel, information, financial support for the implementation of security-oriented management is forming	An additional security subsystem in financial security system can be created if it is necessary for the security provider to respond quickly to new forms of threats and risks that have suddenly arisen
Harmonization of financial interests, avoidance and resolution of contradictions between participants of the financial system	Formation of a team of professionals for professional management of financial security (creation of a department or service of financial and economic security)	At the main stage, a set of measures is implemented to counteract the negative effects of previously identified risks and threats, and those types that manifest themselves accidentally and unexpectedly	The implementation of operational financial security management covers measures taken by the subject of security every day to protect the resources and interests of participants in the financial system
Support of the functional level of the financial security system, comprehensive monitoring of the state of all its subsystems	Development of a set of indicators for assessing the level of financial security achieved	The final phase should include an assessment of the effectiveness of the measures taken, the calculation of losses from the impact of threats that could not be prevented, the analysis of managerial mistakes and miscalculations	Operational assessment of the level of financial security or the level of effectiveness of the implementation of operational measures for its management implies the need to develop a scoring model of evaluation, and in its absence is limited with an expert opinion of a specialist in the field of financial security

2.2. Strategic management of financial security

At the macro level, financial security is determined by the degree of security of the elements of debt, budgetary, banking, monetary systems and also non-banking financial sector [2]. Strategic financial security management should include measures that will bring about the stabilization of the security situation of each of these components. The realization of financial interests in each of the subsystems of financial security should be the basis for the development of strategic imperatives in the management of the financial component of the economic security of the national economy and the priorities of the development of the financial security system of the state. For example, it is

possible to propose the following strategic priorities of security-oriented management in the direction of development of the financial market:

- intensification of the process of raising the level of financial literacy of the population through the system of institutions of higher education;
- formation of a reserve of top management for work in financial institutions (in particular, in system banks, state insurance companies, largest investment funds and asset management companies, etc.) by organizing training in specialized units of higher education institutions;
- raising requirements for transparency of financial institutions; its periodic evaluation and publication of ratings of information transparency of professional participants in the financial market;
- periodic monitoring of the state of economic security of financial institutions and assessment of the level of banking security and security of the non-banking financial sector; this task may be assigned to one of the national regulators of the financial market;
- the transition to remote online services that is more easily monitored by the authorities;
- setting limits on prices for individual financial products and services;
- formation of informational and documentary support for the process of assessing the level of economic security at micro and macro levels.

The proposed strategic priorities should be reflected in the overall strategy of the financial component of economic security of the national economy. Successful follow-up of the stabilization of financial security will have positive effects on the development of financial services markets, which will, in the long run, help to stabilize the economic security of the national economy.

The purpose of strategic management of financial security should be a single state document, which will determine the main benchmarks for stabilization and long-term development of the domestic financial system. Given the current economic conditions and the threats inherent in the functioning of the financial component of the economic security system of the national economy and elements of the infrastructure of financial services markets into account, the main objective of the financial security strategy of the country should be recognized as promoting the realization of the financial interests of the state by minimizing the threats to the functioning (viability) of the national economics of financial nature of origin or other areas that have a negative impact on financial stability and financial autonomy of the country.

The formation of a strategy for ensuring financial security within the framework of guaranteeing the economic security of the national economy should be carried out in compliance with the proposed step-by-step action. Its development takes place at the national level, for example, one of the national regulators of the financial market as a document of recommendation or policy nature. In general, national financial interests include: cleaning the financial market from ineffective participants and those financial institutions that are not competitive, or created or working with violations of legislation; ensuring the use of the opportunities of international capital markets, expanding access to international settlement systems, raising the level of financial literacy of the population, minimizing cash circulation and shadow financial transactions [1].

Discussion

Table 2 shows the financial interests of the state as an object of strategic and operational management of financial security.

Table 2. The financial interests of the state as an object of strategic and operational management of financial security

Sphere of interest	Financial interests
Monetary sphere	Providing free cash and cashless money, increasing the level of availability of credit resources for individuals and legal entities, expanding the limits of non-

Sphere of interest	Financial interests
	cash circulation of money, forming the reserves of the national currency
Currency sphere	Stabilization of exchange rates and control of their volatility, stopping the fall in the price of the national monetary unit and raising the level of confidence in it from the population, the formation of gold and foreign exchange reserves of sufficient volumes and quality
Budget sphere	Reducing the level of the budget deficit and finding reserves for its coverage, increasing budget revenues, optimizing expenditures from budgets of all levels, maintaining a high level of fiscal decentralization with a view to balancing financing of regional needs
Banking sphere	Increasing the volume of lending to the economy, reducing the level of problem assets in the banks' portfolios, creating an effective deposit guarantee system, stimulating the deposit activity of the population and legal entities, minimizing loans to individuals associated with banks
Non-banking financial sector	Increase in demand and supply in the financial market, growth of investment activity, emission activity of domestic business entities and non-residents, optimization of financial market infrastructure, free competition both in separate financial segments and in the market as a whole, timely identification of professional players in financial services markets that conduct their activities with violations or are used in mechanisms of the shadow economy for the purpose of legalization of proceeds from crime, or withdrawal of the capitals abroad, for example in offshore
Tax sphere	Increase in tax revenues and optimization of the taxation system, first of all, in the direction of simplifying the procedure for administering fiscal operations

Table 3 shows features of strategic management of the financial component of the economic security system of the national economy.

Table 3
Features of strategic management of the financial component of the economic security system of the national economy

Strategic management vectors	The desired results for the long term	Features of realization of management stages	The nature of the implementation of management functions
Developing a set of documents for managing financial security at the strategic level (Concept, Strategy, Policy, Program, Methodological recommendations for assessing the level of security).	The presence of an effective, functional and multi-component financial security system in the state	At the preparatory stage, the current state of financial security is assessed, there are shortcomings in the organization of its system and the mechanism of security-oriented operational and strategic management, or it is stated that they are absent	A set of strategic tasks for financial security is planned, guidelines for the development of the financial security system for five to ten years are set
Formation of an effective system for regulating the state	High level of financial inclusion, raising the level of	At the initial stage, a resource base for strategic management is	A strategy for managing financial security over the long

of the financial system and monitoring its participants' activities	financial literacy of the population; ensuring equal access to financial products and services	formed, a set of strategic guidelines for financial security management is defined	term is being formed
Prevention of confronting financial interests of the state and individual participants in the financial system	Minimize the functioning of the financial system of threats and risks inherent in the external and internal environment	At the main stage, tactical actions are being developed and implemented for the gradual achievement of certain strategic guidelines.	Strategic tasks are implemented by establishing interim, tactical and operational objectives for financial security
Reduction of the level of foreign capital in the financial system, activation of internal sources of financing for the needs of sustainable economic development	Achieving the state of financial sovereignty and maintaining a high level of financial security over a long period of time	At the final stage, the level of achievement of strategic guidelines is estimated, the reasons for the deviations of the real values of the indicators of security parameters from the planned ones are specified, the conclusion about the success of the strategy implementation is formed	Complex assessment of the level of achievement of the established strategic guidelines at the end of the strategy implementation period (usually, five years after its adoption) is carried out

Conclusions

If we interpret the well-known Maslow pyramid for using this outstanding idea for the aim of structuring the purpose of financial security management, it would be advisable, at the basic level of physiological needs, to allocate the resources necessary to continue the functioning of the financial system, protected from loss, damage, theft, deformation, distortion, misuse, etc. At the second level, where in the traditional pyramid, its creator placed the need for security and lack of fear, it is proposed to leave the subject in a state of financial security sufficient to prolong its functioning and realize the goal of creation in the presence of financial risks and threats. At the third level, it is advisable to place a set of measures aimed at ensuring the security of the implementation of the processes of protecting the financial interests of the participants of the financial system and meeting their needs in order to maintain an appropriate level of their confidence in the implementers of financial policy. At the fourth level, mechanisms for securing financial safety should be used to promote the brand of a region or country (depending on the scale of the investigated financial security system) in the national and/or international economic arena, minimizing reputational threats, shaping and following the image of a socially responsible, economically sustainable and financially independent participant in market relations. At the top of the pyramid of the needs of financial security management, it is proposed to place the achievement of the financial goal of the existence of the economic system in the full range of risks and threats to the environment with minimal cost of available own and borrowed resources for measures to counteract their negative impact on the state of financial security. If the first two levels involve the timely acceptance of operational management decisions, for a success at the top of the pyramid it is necessary to have competent and effective strategic management of the financial security of the state [16; 17].

The financial system and the processes in it feed all spheres of economic life of the state with the necessary resources. Therefore, ensuring the proper level of protection of the financial segment of the national economy from the destructive influence of external and internal dangers and threats is one of the priorities of the Government, the solution of which requires effective management tools.

The problem of financial security is being updated due to the crisis trends that are currently observed in national and global financial systems. Political and economic instability is causing new threats to the proper functioning of financial relations entities. Over the last five years, the financial market has seen a trend towards a decline in the number of clients of financial institutions, a reduction in their volume of financing from internal sources, bankruptcies and the elimination of certain types of financial intermediaries. In response to the emerging financial dangers, the paper proposes new approaches to managing financial security on a national scale, the application of which will ensure the financial independence of the state and guarantee a high level of its financial sovereignty.

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