

PROJECT MANAGEMENT AND FINANCIAL AND ECONOMIC SECURITY IN THE CONDITIONS OF GLOBALIZATION

UDC 336.1

DOI <https://doi.org/10.26661/2414-0287-2024-1-61-16>

MODERN APPROACHES TO ASSESSING PROBLEMS OF FINANCIAL AND ECONOMIC SECURITY OF UKRAINE

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Key words:

financial and economic security,
shadow economy, corruption,
economic crime, unfair
competition, public debt

The article examines and analyzes the views of domestic and foreign scientists regarding the essence of the concept of “financial security” and “economic crime”. It is established that financial and economic security is the basis for many spheres in the middle of every country. It was determined that today there are quite a lot of threats to financial and economic security in Ukraine: rising inflation, shadow economy, rising unemployment, corruption, high level of public debt, reduction of gross accumulation of fixed capital and many other factors that should be investigated. Investigating the impact of economic crimes in Ukraine, in relation to other criteria, it was established that this indicator is only 6 %, but the losses from them exceed billions of hryvnias annually. If we talk specifically about the results of the Ukrainian economy, then according to data, 51 % of Ukrainian organizations have become victims of economic crime. It was determined that, in addition to economic crimes, the financial and economic security of the state and other spheres of life are negatively affected by corruption. Corruption in social, political, legal and economic aspects is considered. It was established that another threat to the national interests and national security of Ukraine in the economic sphere is the “shadow economy”. It has been proven that there is no reliable and one hundred percent means of combating the shadow economy, because even the “legalization of shadow relations” with the help of amnesty and other steps at the level of declarative slogans will lead to the deepening of the crisis, the development of the shadow economy and, ultimately, the self-isolation of Ukraine. This is primarily related to the imperfection of the accounting and reporting system, the lack of stable and balanced legislation that would control financial and economic relations. It was determined that one of the threats to financial and economic security is unfair competition and the level of public debt. It is noted that for the stable development of the country, a low level of state indebtedness is a guarantee of stabilization of the situation in the economy. Using statistical methods, the level of the shadow economy in Ukraine and the rate of increase / decrease in the level of real GDP were analyzed; the shadow share of various sectors of the economy in GDP, as well as the total foreign and guaranteed debt of Ukraine, which is almost twice as much in 2020 as in 2009. It has been established that financial and economic security is the basis for sustainable development of the country.

СУЧАСНІ ПІДХОДИ ДО ОЦІНКИ ПРОБЛЕМ ФІНАНСОВО-ЕКОНОМІЧНОЇ БЕЗПЕКИ УКРАЇНИ

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Ключові слова:

фінансово-економічна безпека, тіньова економіка, корупція, економічна злочинність, недобросовісна конкуренція, державний борг

У статті досліджено та проаналізовано погляди вітчизняних та зарубіжних науковців щодо сутності поняття «фінансова безпека» та «економічна злочинність». Встановлено, що фінансово-економічна безпека є основою для багатьох сфер в середині кожної країни. Визначено, що на сьогодні в Україні існує досить багато загроз фінансово-економічній безпеці: зростання інфляції, тіньова економіка, зростання безробіття, корупція, високий рівень державного боргу, зменшення валового нагромадження основного капіталу та багато інших чинників, які слід досліджувати. Досліджуючи вплив економічних злочинів в Україні, у відношенні з іншими критеріями, встановлено, що даний показник становить лише 6 %, проте збитки від них щорічно перевищують мільярди гривень. Якщо говорити конкретно про результати української економіки, то за даними 51 % українські організації стали жертвами економічного злочину. Визначено, що крім економічних злочинів на фінансово-економічну безпеку держави та інші сфери життєдіяльності впливає негативно впливає корупція. Розглянуто корупцію в соціальному, політичному, правовому та економічному аспектах. Встановлено, що ще однією із загроз національним інтересам і національній безпеці України в економічній сфері є «тіньова економіка». Доведено, що немає вірогідного та стовідсоткового засобу для боротьби з тіньовою економікою, адже навіть «легалізація тіньових відносин» за допомогою амністії та інших кроків на рівні декларативних гасел призведуть до поглиблення кризи, розвитку тіньової економіки та зрештою – самоізоляції України. Це перш за все має зв'язок з недосконалістю системи обліку та звітності, брак стабільно і збалансованого законодавства, яке б контролювало фінансово-економічні відносини. Визначено, що однією з загроз фінансово-економічній безпеці є також недобросовісна конкуренція та рівень державного боргу. Зазначено, що для стабільного розвитку країни є низький рівень заборгованості держави, адже це є гарантом стабілізації ситуації в економіці. Використовуючи методи статистики, проаналізовано рівень тіньової економіки в Україні і темпи приросту/зниження рівня реального ВВП; тіньову частку різних галузей економіки у ВВП а також загальний зовнішній та гарантований борг України, який майже вдвічі більше у 2020 році аніж у 2009 році. Встановлено, що фінансово-економічна безпека є базою для сталого розвитку країни.

Statement of the problem

In modern Ukraine, there are a number of problems in the economic sphere, which have intensified against the background of the war. For many years, professors and specialists in the economic field have been collecting information and statistical data to highlight and analyze the cause of the country's financial and economic instability. After all, financial and economic security is primarily a reliable foundation for the future of an economically powerful state. Ukraine aspires not only to become strong in the economy, but also to ensure the well-being and social development of its citizens. However, this task is complicated by a number of factors, including excessive dependence on external financing, low trust in financial institutions, economic instability, corruption, inflation, war and other economic and political factors affecting

the financial sector and the general economic situation in the country. Despite some progress in reforming the financial sector and fighting corruption, there are a number of pressing problems that require attention and quick solutions. The first stage of overcoming the problem is the identification of existing problems by the authorities and citizens. Next, the economic sector of Ukraine needs constant analysis, attention and appropriate actions.

Analysis of recent studies and publications

Research in the field of financial and economic security was carried out by such scientists as: V.M. Geets, R.S. Papekhin, I.A. Blank, M.Yu. Pogosova, M.K. Mamardashvili, T.U. Schultz, R.A. Podlasa and others. The listed scientists studied the issue of threats to Ukraine's financial security, analyzed the causes and consequences of these threats, and put forward their own

ideas for solving existing problems. I.A. Blank gave a detailed definition of the concept of “financial security”, M.K. Mamardashvili claims that economic crime can be considered as a kind of “fixed point of intensity”, T.U. Schultz analyzed and formed his own vision of the concept of “economic crime”, which can help in the fight against it in our country, and V.M. Geets, R.S. Papekhin. M.Yu. Pogosova and R.A. Podlas analyzed the situation of financial and economic security in Ukraine, gave their conclusions about it, which set the pace for deepening the study of this problem. The understanding of economic security and a number of threats in the economic sphere is based on their research and results.

Objectives of the article

The main task of the article is to analyze and understand the issues of financial and economic security and threats to the state's economy, to determine the need to fight and protect financial and economic security in Ukraine.

The main material of the research

Professor I.O. Blank believes that “financial security is a quantitatively and qualitatively determined level of financial condition that provides stable protection of priority balanced financial interests from identified real and potential threats of an internal and external nature, the parameters of which are determined on the basis of financial philosophy and create the necessary prerequisites for financial support of sustainable development in the current and prospective period”. Based on such a broad and complete definition, one can come to the conclusion that financial and economic security is the basis for many areas in the middle of each country, because the stability of the currency, the level of the risk of inflation, a sharp increase in fuel prices and many other areas depend on the financial and economic security of the country. However, it is impossible to preserve the “ideal” state of the economy, due to constant threats and problems that have a negative and very strong impact on the level of security of the state [5].

Threats to financial and economic security should be considered all actions that negatively affect the development of the country's economy, complicate or even make impossible the realization of national interests, as well as create a direct danger to the socio-economic and/or political system, national values or livelihoods of the entire nation and individual. Today, there are quite a lot of threats to financial and economic security in Ukraine: rising inflation, shadow economy, rising unemployment, corruption, high level of public debt, reduction of the gross accumulation of fixed capital and many other factors that should be investigated.

The first category of threats is the much-talked-about “economic crime”. In general, the concept of “economic crime” currently does not exist in the legal field, but it is very often used by scientists and analysts in the field of economics. M. Mamardashvili believes that economic crime can be considered as a kind of “fixed point of intensity”, i.e. as a phenomenon, the content of which has not been fully clarified and cannot be fully clarified, but knowing it is an important incentive for the

continuous search for new content [6]. The founder of the theory of economic crime is the American criminologist E. Sutherland, who introduced the concept of “white-collar” crime: “this is anti-social, enrichment-oriented behavior of persons who occupy a socially prestigious position in society and, within the framework of their professional activity, act in such a way that, while simultaneously obeying the law the rest of the people, abuse the public trust enjoyed by their group”. Crimes of an economic orientation differ from others in their rapid adaptation to new conditions and forms of business activity and mastery of banking and customs currency technologies. According to the Constitution of Ukraine since 1996, the main principles of the new economic system were formed, according to which all forms of ownership are protected by the state and competition is supported in the state and international markets. But the transition of our country to a new economic system led to a crisis in all spheres of life, due to which increasingly large-scale economic crime began to appear. However, this definition was immediately criticized by other scientists, led by Schulz, who rather harshly pointed out that the criteria of “abuse of trust” too widen the boundaries of crime, classifying any untruth as economic crime. Among the foreign authors, we should also mention the Chief Director of the Crime Prevention Council at the Swedish Department of Justice, Boo Svensson, who conducted an analysis of this phenomenon and called it economic crime, which includes, first of all, crimes aimed at the direct motive of economic gain [1].

Taking into account the data of official statistics, the share of so-called economic crimes in Ukraine, in relation to other criteria, is only 6 %, but the losses from them annually exceed billions of hryvnias. In 2020, Price water house Coopers (PwC) conducted research on the threat level of economic crimes around the world. According to the results of these studies, it was found that more than 47 % of organizations on the global stage were affected by economic crimes and fraud during the last two years. If we talk specifically about the results of the Ukrainian economy, then according to data, 51 % of Ukrainian organizations have become victims of economic crime. Compared to 2018, the indicators increased (previous years did not exceed 47–48 %). These statistics were divided into blocks according to the types of crimes committed: misappropriation of property accounted for 47 %, bribery and corruption also accounted for 47 %, customer fraud and cybercrime accounted for 31 %, and procurement fraud – 31 %.

The second category of the most widespread threats to the financial and economic security of the state is corruption. One of the main aspects for understanding the concept of corruption is the definition of subjects of corruption: civil servants; deputies of councils of all levels; heads of local councils; military; other persons whose administrative responsibility is stipulated by disciplinary statutes, as well as those whose service is defined as state [9].

Corruption has a negative impact not only directly on the country's economy, but also on other spheres of life. For example, corruption has a negative impact on the social aspect – the destruction of state authorities and a decrease in the level of trust between people, which

destroys the state and society from the inside. If we take into account the political aspect of corruption, then there is a direct relationship. As a social phenomenon, corruption cannot exist outside the government, or without its participation. The government implements an anti-corruption policy, changing the pace and dynamics of corruption, its percentage of existence in the country, and the government also creates the same corruption. We can say that power and corruption are eternal companions of each other. The legal aspect is determined by the offense, criminal, administrative and civil legal actions aimed at causing damage to the economy. And, of course, the economic aspect, because corruption is the use of official position to obtain income. It is an element of relationships and their direct, unfortunately, negative consequence. If we talk about statistics that are really impressive, from the 2000s to 2010, about 67 % of Ukrainians who were directly involved in government affairs admitted that they had a direct relationship with corruption. In a 2010 survey, 30–49.9 % of respondents admitted to paying bribes to public service providers in the past year; in a similar study in 2007, 18–32 % of respondents reported paying a bribe. It can be considered that these indicators are not very high, but if we compare, for example, with Great Britain, then at the same time its indicators reached 1.9 %. The issue of corruption is not only bribery between officials, this problem occurs everywhere, and even in the field of education in our country. Among the students surveyed, 33 % admitted that they encountered corruption in their educational institution, and 29 % heard about cases of corruption from other students. According to a study by Transparency International conducted in 2008, 47.3 % of university students said that they had been asked for bribes; of them, 29 % voluntarily paid a bribe. According to the statistics provided to us by Transparency International in 2018, it can be seen that the tax service ranks first among the most corrupt spheres – more than 25 %, and the last place is occupied by local government bodies – 1.4 %. In addition, it is estimated that corruption crimes account for approximately 700 million dollars per year. In 2020, the Ministry of Internal Affairs published statistics based on the results of 2020, where, based on the review of 3,908 criminal proceedings in the field of corruption, it was established that the state suffered 3.025 billion hryvnias as a result of economic crimes, including corruption. The Law of Ukraine “On the Prevention of Corruption” № 49, Article 2056 has been in effect on the territory of our country since October 14, 2014 and entailed a number of changes in 57 articles of various Laws. This fact makes us understand that corruption as a phenomenon is much more painful and widespread, because it is not for nothing that the authorities are so actively trying to fight such a financial and economic threat [4].

The third category of threats includes the shadow economy, which, according to Art. 7 of the Law of Ukraine “On the Basics of National Security of Ukraine” is recognized as one of the threats to the national interests and national security of Ukraine in the economic sphere. In general, the shadow economy is a type of economic activity in which the results of this economy are not reflected in the

official statistics of the national economy. Unfortunately, even now there is no reliable and one hundred percent means of combating the shadow economy, because even the “legalization of shadow relations” with the help of amnesty and other steps at the level of declarative slogans will lead to the deepening of the crisis, the development of the shadow economy and, ultimately, the self-isolation of Ukraine (Fig. 1). This is primarily related to the imperfection of the accounting and reporting system, the lack of stable and balanced legislation that would control financial and economic relations. According to the methodology of the UN system of national accounts, all manifestations of the shadow economy are divided into two groups:

- productive, the results of which are taken into account in the GDP;
- crimes against persons and property, which are not included in GDP and recorded in a special account to reduce statistical errors.

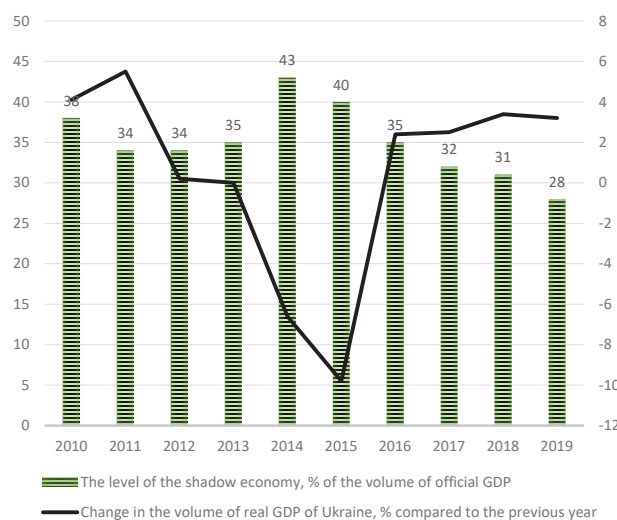


Figure 1 – Integral indicator of the level of the shadow economy in Ukraine (in % of the volume of official GDP) and rates of increase/decrease in the level of real GDP (in % to the corresponding period of the previous year)
Source: compiled by the authors based on [2]

The level of the shadow economy of Ukraine decreased by 1 p.p. up to 31 % of GDP according to the results of the three quarters of 2021, this is stated in the report of the Ministry of Economy. By the way, this is 32 % lower than the level of the shadow economy for the previous 10 years. The share of “shadows” decreased most significantly in the real estate sector – from 44 % to 30 % over the year, which, among other things, led to a reduction in losses received in the sector and an increase in consumption. For the same reasons, the level of shadowing decreased in the transport industry (by 10 percentage points to 44 %), in the processing industry (by 9 percentage points to 26 %) and in the mining industry (by 8 percentage points to 31 %). In addition, the easing of the quarantine allowed the trade sector to become more transparent by 7 percentage points and reduce the “shadow” to 19 %. In construction, the share remained unchanged at the level of 28 % due to the

increase in the price of raw materials necessary for the performance of works [2, 8].

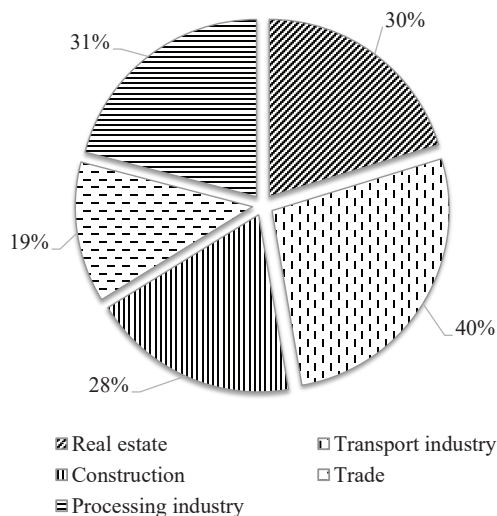


Figure 2 – Shadow share in GDP of economic sectors
Source: compiled by the authors based on [8]

The fourth category represents unfair competition. The word “concurrentia” translated from Latin means “competition, rivalry”. In the economy, competition is a rivalry between producers of goods for the most favorable conditions for the production and sale of goods. In the economy, there is so-called unfair competition, which harms not the security of the country's economy. If we talk about specific examples recorded on the territory of Ukraine, we can recall when in 2020 an investigation was conducted due to mass complaints against a producer of butter. This product, in addition to supply to various stores, was also wholesaled for use by schools, kindergartens, hospitals and other institutions. Very often there have been incidents of poisoning or upset stomach among consumers of this particular oil. After a series of checks and analyzes of the product composition, it was established that the content of non-dairy and vegetable fats sometimes reached 90–100 %. After the trial and establishing the circumstances, the manufacturer was fined more than 140 million hryvnias. This situation is a good example of unfair competition, when the manufacturer wanted to save money on the production of goods, while receiving a large income [11].

Unfair competition includes espionage. Espionage, as you can understand, exists not only in the middle of the state, between enterprises operating on the Ukrainian market, but also outside the borders of our country. Thus, the Security Service of Ukraine reported that starting from 2014 and until 2022, investigative bodies investigated 20,822 criminal proceedings based on the fact of committing crimes against the national financial and economic security of Ukraine. States that carry out espionage against Ukraine have never spared the power and means to carry out reconnaissance and subversive activities, even in such a form as espionage. That is why the government of Ukraine pays great attention to the protection of state secrets:

“1. Transfer or collection for the purpose of transfer to a foreign state, a foreign organization or their representatives, information constituting a state secret, if these actions are committed by a foreigner or a stateless person, shall be punishable by imprisonment for a term of ten to fifteen years with or without confiscation of property.

2. A person who stopped the activities provided for in part one of this article and voluntarily informed the state authorities about what was done is exempted from criminal liability, if as a result of this and the measures taken, damage to the interests of Ukraine was prevented” – according to Article 114, as amended in accordance with Laws No. 1183-VII dated 08.04.2014, № 1689-VII dated 07.10.2014 [3].

Threats also include a high level of public debt. It should be noted that a low level of state debt is essential for the stable development of the country, because it is a guarantor of the stabilization of the situation in the economy. At the beginning of 2020, the total foreign and guaranteed debt of Ukraine amounted to 49.81 billion dollars – this is almost twice as much as in 2009. This amount can be divided into the total external debt of Ukraine, which amounted to 40.45 billion dollars, and the external state-guaranteed debt of Ukraine, which was equal to 9.36 billion dollars (Fig. 3) [7].

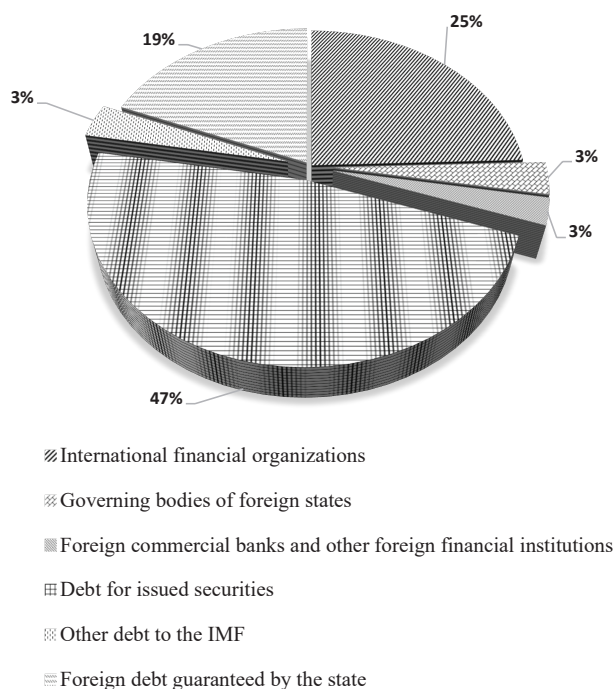


Figure 3 – Debt of Ukraine for 2020, %
Source: compiled by the authors based on [7]

If we talk about the present, then according to the Ministry of Finance, the total foreign debt of Ukraine is 3.584 trillion hryvnias or 98.03 billion dollars. Financial support from partner countries is very important for our country now, and this is an indisputable fact, but the debt will have to be paid sooner or later. It is because of this that many Ukrainians are very cautious and almost

distrustful of bank accounts and do not expect economic progress in the country in the near future – everyone is afraid of inflation. Based on this, the level of social needs of people falls, psychology, science and many other components of life suffer. Here, the connection between the financial and economic sphere and other spheres is clearly observed [10].

Conclusions

During the research, it became clear that the state of financial and economic security depends on internal and external factors, on the government, the state and each of us. In order to combat threats to financial and economic security, it is necessary not only to implement new laws regulating the economic sphere of Ukraine, but also to pay

attention to all sectors of life, because the economy is not a separate link. First of all, it is a big web that is interconnected: economy, psychology, science, environment, family, law and power – everything that surrounds us complements each other, shaping our life, our comfort, well-being and our development.

Therefore, the financial security of business entities plays an important role in ensuring national economic security. Therefore, the strengthening of such an important component of the country's economic security – financial security – depends to a large extent on the improvement of indicators of the efficiency of the functioning of enterprises, their provision of real economic growth; strengthening the financial potential of individual business entities and, as a result, the economy as a whole.

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