THE CONCEPT OF ECONOMIC SECURITY OF ENTERPRISE IN UKRAINIAN ECONOMIC THOUGHTS

KONCEPCJA BEZPIECZEŃSTWA EKONOMICZNEGO PRZEDSIĘBIORCZOŚCI W UKRAIŃSKIEJ MYŚLI EKONOMICZNEJ
Abstract: This paper addresses the theoretical foundation for an economic concept largely present in some Eastern-European economic literature: the concept of “economic security of enterprise (ESE)”. In the first part, we provide a brief explanation of the specific conditions of economic and social transformation in the post-Soviet economic science that have led to the introduction of the term “economic security of enterprise”. Next, we discuss specific features of the concept based on a content analysis of Ukrainian research theses devoted to ESE. We conclude with a proposition of a definition of ESE, discussions of possible managerial application of this concept and determination of challenges for further research.

Keywords: economic security, economic security of the enterprise (ESE), post-Soviet countries, threat, risk management

Streszczenie: Artykuł dotyczy teoretycznej podstawy koncepcji ekonomicznej, która jest wyraźnie obecna we wschodnioeuropejskiej literaturze ekonomicznej: koncepcji „bezpieczeństwa ekonomicznego przedsiębiorczości”. W pierwszej części zarysowano specyficzne warunki transformacji gospodarczo-społecznej w postkommunistycznej nauce ekonomicznej, które przyczyniły się do wprowadzenia terminu „bezpieczeństwo ekonomiczne przedsiębiorczości”. Następnie omówiono specyficzne cechy tej koncepcji w oparciu o analizę treści ukraińskich prac badawczych poświęconych bezpieczeństwu ekonomicznemu przedsiębiorczości. W zakończeniu przedstawiono propozycję definicji bezpieczeństwa ekonomicznego przedsiębiorczości, rozważania dotyczące możliwej aplikacji tej koncepcji w zarządzaniu oraz określono wyzwania dla dalszych badań.

Słowa kluczowe: bezpieczeństwo ekonomiczne, bezpieczeństwo ekonomiczne przedsiębiorczości (ESE), państwa postsowieckie, zagrożenie, zarządzanie ryzykiem

Introduction

The concept of economic security has proved to be a widely discussed on the individual and macro-level (economic security of workers, economic security of families, and economic security of the state). Under the conditions of fundamental change in post-Soviet economic space, the concept of economic security of the enterprise (ESE) has experienced transformation and gained specific features with different approaches to its interpretation and evaluation. At the same time, one can observe a distinction between the conceptualization of ESE in transition economies and in Western economic thought. While English-speaking scientific literature has concentrated on economic security of the state, family and individual, the post-Soviet economic school has paid attention, in addition to the above, to economic security of the region and economic security of the enterprise.

On the one hand, this can be explained by the insularity of the Soviet economic science and a slow integration of post-Soviet states (PSSs) into the world scientific community during the post-Soviet period. Theories and concepts from Western scientific literature were not always familiar to local scientists or considered as inadequate for transitional economies because of differences in institutions and business cultures. And vice
versa, due to language barriers most of research trends in PSSs remain unknown for foreign colleagues until nowadays.

On the other hand, specific conditions of business development in PSSs in the early 1990s shaped the course of business research in these countries. A lack of important institutions that would have protected property rights aggravated difficult economic and social situation. Moreover, such channel of cross-border transmission of business practices as internationalization of national firms remained relatively limited in PSSs. Academic articles of compatriots served as a most accessible source of information on business practice.

This research intends to explain the concept of ESE in post-Soviet economic thought and discusses its utility for different stakeholders. This study includes an explanation of the specific conditions of economic and social transformation as well as of the developments in post-Soviet economic science that led to the introduction of the term “economic security of the enterprise”. The above mentioned considerations determined our research objectives. Our research is to explain the concept of ESE in the post-Soviet economic thought and trace conceptual boundaries of ESE. The main research questions are therefore: What are the approaches to a definition of ESE within the concept of ESE in Ukrainian economic thought? How can the main features of ESE be defined? What are the benefits of the concept of ESE for a firm’s stakeholders? Our study is based on a qualitative content analysis of the Ukrainian economic literature considering ESE. We conducted a content analysis of the definitions of ESE presented in over 50 theses submitted for the degree of Candidate of Sciences1 (further in text – theses) and defended in Ukraine during the period 1999–2011. This analysis allows us to identify the distinctive features of the concept: ESE is presented as a generalizing concept, in which terms such as competitiveness, threats, and profitability point out only one aspect of the phenomenon neglecting others.

To provide a reader with a detailed explanation of the concept of the ESE, the paper is organised as follows. First, we conduct an overview of presentation of the concept of ESE in English-speaking scientific literature supporting our discourse by few definitions. Second, we explain shortly determinants of development of the concept of ESE in PSSs. Further, we develop our methodological approach to a more detailed study of definitions of ESE and present the main findings. Finally, we provide discussions on the analysed works and propose our vision on interpretation of ESE.

1. The notion of economic security in western economic thought

The notion of economic security is not new one as evidenced by extensive sources in English-speaking economic literature. The scientific articles of XIX and early XX century are devoted to the problems of family economic security and economic security of the state. Later, the importance of the economic security issues was reflected in establishment of responsible institutions at the macro-level.

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1 Candidate of Sciences (Kandidat Nauk) is a post-graduate degree in some post-Soviet countries, is equivalent to PhD degree. In Ukraine the degree of Candidate of Sciences was abolished in 2014, instead PhD is to be awarded.
Some western scientists used the notions of “economic security of the enterprise”, “economic security of the firm” and “economic security of business” in their studies. Thus, Bowie (1930) wrote that “the first duty of the manager is to ensure the economic security of the enterprise he controls”. In the late 1960s, McGraw Hill encyclopaedia said about forestry that “economic security of the enterprise tends to depend upon the accuracy with which the volume of growing stock and the volume of cut stock are kept in balance”. O’Dell (1968) states that “management must constantly strive to reduce and to eliminate risk, hoping thereby to strengthen the economic security of the firm”. Simultaneously, Keating (1969) mentions the term “economic security of the firm” considering its increase along with profitability as a possible long-term goal of the firm. Discussing problems of the firm growth and market growth Pelkmans (1984) in his study of market integration in the European Community notices that “dynamic firms could also be expected to be innovative in organization, product development and the penetration of new markets, which may be felt to strengthen the economic security of the firm”.

Notwithstanding these isolated mentions, the concept remains undeveloped and overlooked by the majority of western economic scientists. Buzan, Wæver, and Wilde (1998) explain this by the fact that “…the firm, has a relatively weak claim to status as a security referent object because of the contradiction between the inherently instrumental, ephemeral nature of the firm and the logic of existential threats that underlies security”. The firm “appears mainly in the role of a functional security actor that affects the security dynamics within the sector”. This remark serves as one of possible explanations of the lack of attention to the firm in security studies in Western economic literature.


At the beginning of 1990s, the problem of economic security gained attention of economists in the PSSs. Firstly, under the focus of attention was the state. Economic system experienced drastic changes due to the transformation from Marxist economic theories into those which were criticized during a long period of the Soviet epoch. Moreover, research on economic security of the state was a logical continuation of tendencies in Soviet economic science where scholars had widely discussed problems of Soviet eco-

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8 Ibidem, p. 103.
conomic security and international economic security. Gradually, scientists brought into focus such objects of economic security as a region and then an enterprise. Therefore, the concept of economic security of the enterprise can be considered being derived from the concept of state economic security. However, some additional factors facilitated security studies. A growing interest in this topic can be explained simply: security issues were in fact a “touch-me-not” topic for the open discussion by an ordinary scientist during Soviet times. Indeed, the communist ideology presumed that Soviet enterprises cannot bear risks and planned economy cannot create economic risks in contrast to the market economy. Consequently, risk theory was almost neglected since there wasn’t any sense to research risks, threats and economic security of a Soviet enterprise operating within the command and administrative economy.

Besides, the early literature on this issue considers specific aspects for business such as a growing racket and corporate raids – a phenomenon widely observed at the beginning of 1990s in the PSSs (Taras, 1996) and can be considered as one of determining aspects in growing attention to the research on the ESE. Volkov (1999) describes this problem in detail discussing violent entrepreneurship in Russia as the business culture that was similar in most PSSs.

The first works of the researchers in the yearly 1990s that discusses concept of economic security of the enterprise can be tracked to the work of Oleynikov 1993. Since that time the interest in this topic has increased greatly, which can be evidenced by a number of books and articles published and by a number of theses defended during last years. Thus, when in 1999 there was only one defended dissertation in Ukraine on this topic, the following years their number have been constantly growing reaching 14 dissertation per year in 2009 and the total number 64 during 1999-2011. This trend is observable not only in Ukraine but also in other PSSs. Furthermore, some scientific conferences are dedicated specifically to the issue of economic security of the enterprise (for instance, annual conference “Information and Economic Security of the Enterprise (INFECO)” in Ukraine).

3. Methodology

Due to increasing popularity of more structured, all-encompassing methods of literature review in different scientific areas (Booth, Papaioannou, & Sutton, 2012; McLeod, 2003; Torgerson, 2003), we decided to employ both: content analysis and narrative literature review. On the one hand, utilization of content analysis allows obtaining a deeper understanding of the matter under inquiry and avoid bias since it “entails a systematic reading of a body of texts...not necessary from an author’s or user’s perspective” (Krip-
pendorff, 2004) “for making replicable and valid inferences from texts … to the contexts of their use”\textsuperscript{13}. On the other hand, the purpose of our study coincides with the intention of a narrative review which is “to describe and synthesize the available literature on a topic, providing a conclusion from this evidence” (Green, Johnson, & Adams, 2006)\textsuperscript{14}.

First, we looked through theses prepared for the degree of Candidate of Sciences and defended in Ukraine during 1999-2011. Thesis for the Degree is a scientific qualification work, done personally by the candidate in a form of manuscript or published monograph. In such theses, authors proposed their definitions of ESE or modified definitions of other researchers. The information on theses on ESE defended before 1999 and after 2011 was not available in the online database of Vernadskyi National Library of Ukraine\textsuperscript{15}. On the first stage, we selected all theses devoted to study of ESE, the title include “economic security of the enterprise”. In addition, we selected also those abstracts which authors focus on other economic problems but at the same time touch upon the issue of ESE. We limit ourselves to economic literature leaving aside works published in sociology, law, politics, and safety studies. In total, we selected 54 works that provide a definition of ESE or explain it shortly.

The next step of our research is to extract definitions or parts of the text containing a detail explanation of ESE and derive those attributes that the authors use to characterise ESE. We merged the words that fall under the same category like “effective use of resources” and “effectiveness”. Further, we cluster the definitions by attributes to derive main approaches dominating in research on ESE (Figure 1).

In our study, we employ “narrow context analysis” as well as “wide context analysis” (Seuring & Gold, 2012)\textsuperscript{16}. When the first one is to analyse extracted attributes, the second approach allows to grasp a wider picture taking into account a period of time when a definition appeared and additional information from the text. Guided by the word count, we analyse the most utilised attributes of definitions of ESE.

### 4. Conceptualization of ESE in Ukrainian Economic Literature

Over 50 theses submitted for the degree of Candidate of Sciences and defended in Ukraine during 2000-2011 are dealing with economic security of the enterprise and present different perspectives on its interpretation. Figure 1 contains the results of content analysis of these studies basing on defined attributes of the selected ESE definitions. Also, the figure includes information on a number of authors who use the identified key words.

\textsuperscript{15} Database of the Vernadsky National Library of Ukraine, http://www.nbuv.gov.ua/
Popularity of the concept of economic security at the micro-level in PSSs is sometimes explained due to the lack of knowledge about the concept of economic risks extensively developed in Western scientific literature. Our analysis of theses shows that the term “risk” is rarely used in definitions of ESE. Moreover, those who refer to risk as a component of ESE rarely discuss the conceptual borders between ESE and risks. Usually, scholars simply admit existence of risks and a need to manage them. Thus, Grigoruk (2009) sees the ESE as “an institution of governance that establishes the rules of economic activities of the enterprise, reforms them in case of loss of adequacy under crisis and risk...”\(^\text{17}\).

At the same time, it can be observed that although most Ukrainian theses on ESE do not refer directly to risk, this category is indirectly embedded via the term “threat”. Indeed, many ESE definitions are dealing with external and internal threats of the enterprise. From this perspective ESE is commonly defined as “a state of protection of an enterprise from external and internal threats...” (Pletnikova, 2001)\(^\text{18}\). Due to such substitution of these notions, there is an on-going debate in economic literature on relations between the concepts of threats and risks. This, in turn, presents a challenge for their implications in the ESE definitions because both of them are considered as central to understanding of security concept (Rausand, 2013)\(^\text{19}\).

Appealing to external and internal threats and risks, scholars support the idea of division of enterprise’s environment into external and internal and admit the importance of

\(^{17}\) S. Grigoruk, *Formuvannia mekhanizmu upravlinnia ekonomichnoiu bezpekoiu pidpryiemstva [The mechanism of formation of economic security of enterprise]* Thesis for the degree of Cand.of Sc. PVNZ European University, Kyiv 2009, p. 5.


influence of the external environment on enterprise performance. However, when implied in the concept of ESE, the external environment is seen sometimes not just through a prism of potential threats and negative factors but corresponds to a view of Ansoff (1980) who considers it also as a source of opportunities in his strategic issue management system. Likewise, ESE is defined as “realization of strategic interests of an enterprise on the basis of exploitation of external environment opportunities and effective interaction with external environment actors” (Shemayeva 2010). It should be noted that notions of threats, risks and external environment are implemented in most theoretical perspectives of the ESE.

Needless to say that risk is often associated with possible losses in enterprise’s assets. That is why it is not surprising that some scholars mix risk or threat approach with the resource view of the enterprise. Originally, physical and information security approaches dominated in the explanation of ESE. Indeed, enterprise assets are considered as highly important being a necessary condition of a stable work of the enterprise. Therefore, special attention was given first of all to safety of enterprise’s material resources and personal security of owners, managers and personnel in general. Moreover, information was also included into the list of enterprise’s resources that must be protected due to its growing importance. First, modern enterprises use a lot of information technologies which, on the one hand, allow them to connect easily with customers and suppliers from any part of the world, and on the other hand, put the enterprise under the risks of information attacks and possible loss of business secrets. Second, possession of confidential information allows the enterprise to increase profits, overcome risks, to secure its position on the market, or to derive some other benefits, which makes information security a vital part of the ESE. The problem of information security is also discussed along intellectual property rights (IPR) protection, which is treated by innovative companies as their most valuable asset and needs special consideration.

Despite of its limitations, during last years, the narrow physical and informational approach has revived because of a growing problem of corporate raids (Kireev, 2007). Likewise, Kapitula (2009) interprets ESE as state of “protection of an enterprise, namely its capital, personnel, tangible and intangible assets, rights, market position, image and prospects of further development from aggregate economic endogenous and exogenous factors”. Simultaneously, Molodetska (2010) points out that it is possible to divide ESE into two dependent elements: economic security of a company and economic security of holders. The first characterizes the efficiency of assets, ensuring their optimal structure to achieve solvency, financial stability and efficiency of its performance, in other words

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reflects the state of protection from economic threats. The second one relates to achievement of effective corporate governance and control, of a high degree of security of company’s shareholders from potential corporate conflicts.

At the same time, the arguments of the limits of this approach point out the existence of diverse economic aspects, hidden risks etc. that need to be researched because the interpretation of ESE exclusively as physical security of its assets does not allow seeing all threats to enterprise. Moreover, limitation of resources management only to prevention of losses closes many opportunities for enterprises. Therefore, a wider resource-based approach gained more popularity and became one of the most popular approaches to interpretation of the concept of ESE along with information and physical security. According to it, the ESE is viewed as the most effective use of the enterprise’s resources to prevent threats, reduce risks, achieve goals and ensure stability in the present and future period (Kuzenko, 2004; Reznikov, 2011; Yaremko, 2009)25.

The other connotation of this approach can be found in the definition of Kirienko (2000)26 who points out the optimal level of use of the economic potential of the enterprise as the vital criterion of the ESE. Therefore, ESE is presented as a combination of several components that most often represent different groups of the enterprise's resources, specifically, financial, technical and technological, human resources, information, ecological etc. (Kamyshnikova, 2010; Kirienko, 2000; Oleynikov, 1997)27. This interpretation of ESE allows considering ESE as a complex system, determines protection-needed objects and gives some instruments to managers, and therefore allows easier to operationalize concept and conduct research. This approach gained a lot of opponents which resulted in its further development. Notably, some authors link effective resources management with competitiveness and interpret ESE through the notion of competitiveness. For example, Reshetnikova (2003)28 sees competitiveness as a foundation of ESE. From this perspective, the ESE is interpreted through presence of competitive advantages and corresponding balance between material, financial, human and technical-and-technological potential, firm’s organizational structure and its strategic goals and objectives.

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Speaking about goals and objectives of the enterprise, scholars refer very often to enterprise’s interests. Our content analysis of research in Ukraine devoted to ESE showed that most researchers employ the element of protection of economic interests of the enterprise in their definitions of the ESE. The approach to ESE in the work of Kozachenko et al. (2003) goes further underlying the need to harmonize interests of various actors in business environment. The authors point out to the importance of stakeholders for successful enterprise performance and effectively, although they do not directly cite it in their work.

Following the neoclassical view of the firm, according to which profit is considered as the main interest and therefore the main goal of the enterprise, some Ukrainian researchers introduced the category of profit as the main criteria of ESE. At the same time, they agreed that this absolute measure can be helpful in identifying if the enterprise is economically secure but does not allow identifying a precise level of ESE. Despite this criticism, application of profit as a criterion of ESE gained its proponents.

Thus, a broader application of this approach can be found in the study of Ponomariov (2000) and later Kozachenko, Ponomarev, & Lyashenko (2003) who suggest to define the ESE as a measure of harmonization of economic interests of an enterprise with the interests of external environment agents and propose to use the indicator of minimum profit as a criterion of this harmonization. Podluzhna (2003) introduced a modified indicator basing on profit measure) Further studies consider capability for generating profit from the point of view of supporting a high development potential and strengthening enterprise’s investment opportunities rather than receiving current benefits (Kamyshnikova, 2010).

Kozachenko et al. (2003) refer also to another important category of economic theory – reproduction (as defined in Marxian economics). Discussing the proposed indicator of the minimum profit required for simple reproduction, the scholars underline the importance of expanded reproduction of the enterprise’s capital for safeguarding its interests and considering interests of other economic agents. Likewise, Zhalilo (2003) argues that the definition of economic security should be revised taking into account that economic security is explained in the first place as the state of security of its main economic interests, and the main vital interest in economic sphere is reproduction of sources of performance. Following the view of Zhalilo (2003), the basic difference between reproduction approach and other approaches is that in the case of reproduction approach there is

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a transformation from economic security as a provision (i.e. externally managed process) to economic security as an ability (presence of internal mechanisms of production, distribution, realization and consumption.

Further works of Omelianovych (2006)\textsuperscript{35}, Shkarlet (2008)\textsuperscript{36}, Boykevych (2011)\textsuperscript{37}, Kostetskyi (2010)\textsuperscript{38}, and Shutyak (2011)\textsuperscript{39} support and develop the idea of reproduction approach to the definition of economic security. This approach is based on the economic reproduction theory of Marx where reproduction is defined as a continuous renewal of the process of production of goods, services and nonmaterial benefits, on the base of which there is a reproduction of all elements of economic system – productive forces, technical and economic relations, organization and economic relations, production relations (or relations concerning economic property) and economic mechanism. Therefore, the ESE is considered as enterprise’s ability to achieve qualitative development, when the company can not only increase production, but also improve the performance of production.

Many of Ukrainian scholars in their research directly or indirectly elaborate the term system in the definition of the ESE. Although this approach is not the most popular one, we distinguish specific features of ESE from this perspective as a separate approach because it presents an important implication for understanding the complexity of the term economic security as well as complexity and interdependencies of the enterprise’s internal and external environments.

Under this approach economic security, more precisely economic security management system mainly deals with adverse effects on the enterprise system as well as with complex of measures to eliminate these influences and their consequences (Rudensky, 2002)\textsuperscript{40}. This underlines the conceptualisation of ESE as an object of management. The reasoning behind this concept is based on interdependencies of external and internal conditions in economy and society, which requires the management system of ESE to be aimed not only at elimination of the consequences of threats, but also at losses of certain threats basing on development of preventive measures and procedures (Rudensky, 2002). The category of system embedded in the concept of ESE has also implication for the institutional integrity of an enterprise. Here it is also worth to outline the theoretical proposition developed by Arefiev (2009)\textsuperscript{41} that institutional capacity and economic security pre-


\textsuperscript{39} Y. Shutyak, \textit{Diahnostyka ekonomichnoi bezpeky pidpryiemstva}. Thesis for the degree of Cand. of Sc.. Khmelnytskyi National University, Khmelnytskyi 2011.

\textsuperscript{40} R. Rudensky, \textit{Modeluvannia protsesiv antysypatyvnoho upravlinnia ekonomichnoiu bezpekoiu}. Thesis for the degree of Cand.of Sc. Donetsk National University, Donetsk 2002.

\textsuperscript{41} S. Arefiev, \textit{Formuvannia orhanizatsiinoho potentsialu rozvytku ekonomichnoi bezpeky pidpryiemstv}. Thesis for the degree of Cand.of Sc European University, Kyiv 2009.
sent a single integrated process, the main goal of which is ensuring economic security and its development on the basis of adequate institutional capacity and improvement relevant content of its components.

Another implication of this approach is discussed by Podluzhna (2003) who sees economic security as a feature of a system (enterprise) that self-organizes and self-develops, or a state when a combination of economic parameters allow managers to secure balance and stability along with minimization of threats. In other words, an enterprise is considered as a complex system and ESE would imply in this case stability of this system, effective functioning and stable development under the conditions of internal and external threats. Further development of this approach includes discussion of ESE through the prism of the enterprise’s external and internal network. From this perspective internal and external environment of the enterprise presents an integrated system composed of complex internal and external structure of direct and indirect relationships. The ESE, therefore, is defined as “a state of the economic system of the enterprise’s internal environment that during the whole life cycle of the enterprise is able to successfully neutralize both its own internal and external threats without significant losses of resources” (Nagorna 2008). In other words, ESE is interpreted basing on the position of the enterprise within a system of its internal and external relations achieving goals of stability (survival) and development. It is worth mentioning that previously discussed approaches to the ESE do not contradict this one, as most Ukrainian scholars partially base their interpretations their ESE definitions on the assumption that enterprise presents a system entity.

Summarizing our content analysis of ESE definitions in Ukrainian research several distinctive features may be identified.

First, originating from political sciences, economic security was primarily connected to protection of interests. Adoption of this idea for a definition of ESE looks natural and reasonable. Changeability of the business environment creates barriers to realization of various firm’s interests. In this case, ESE reflects a state when a firm can accomplish goals that correspond to its interests (Shemayeva, 2010).

Second, despite a firm is very often perceived as an inanimate phenomenon, firm’s interests have subjective nature. This characteristic explains a conflict that may arise between various groups of firm’s stakeholders. Therefore, along with protection ESE implies harmonisation or accommodation of interests of the main stakeholders (Ponomariov, 2000). Proponents of this approach argue that provision of ESE is not limited to protection of interests of shareholders, top managers and employees. It becomes essential to take

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into account interests of other groups of stakeholders including the society as a whole (Bezboznyi, 2009; Ponomariov, 2000). Third, authors refer to the ESE as a state or situation of protection. In connection with a need in protection, threats constitute an inherent part of the concept of ESE. The notion of risk is rarely used in definitions of ESE proposed by Ukrainian scientists. Instead, the majority of scholars refer to threats or negative influences. A few works concurrently with the elimination of threats grasp a more complex combination of threats-opportunities (Kuzenko, 2004; Shemayeva, 2010). This combination however characterises the real environment in which a firm operates. Discrimination and utilisation of opportunities allows a firm to strengthen and thus, increase a level of its economic security. Therefore, ESE is interpreted as a state or situation when a firm may achieve its goals based on elimination of threats and utilisation of opportunities.

Forth, a growing number of authors recognise the need to include dynamics in the concept of ESE, which can be seen from the number of studies that apply the terms development, reproduction, mission, goals achievement to the definition of ESE. From this perspective, it becomes important for the enterprise not simply to secure minimization of risks/losses and achieve stable performance, but also to use the available resources in effective way to provide ground for further development.

Finally, a selection of studies tried to incorporate the notion of system in the definition of ESE. This approach underlines a vital implication of ESE, that both enterprise by itself and economic security have systemic nature that implies a complexity of relationships between different players in the business environment. Moreover, ESE has a complex internal nature that includes a variety of structural interactions between internal elements of an enterprise and the external environment.

5. Discussions

ESE is often defined twofold as a state of protection from internal and external threats and risks and also as a vital “component of management system” (Grigoruk 2009). Likewise, Gichova (2010) refers to ESE as to a state opposite to crisis that is defined through ability of an enterprise to function effectively in the present and successfully develop in the future and considers ESE as a final goal of anti-crisis management. From this per-
spective the ability of an enterprise to predict becomes an important source of strengthening ESE. As mentioned by Rudensky (2002)\textsuperscript{50} “security system is directly linked with such concepts as predictable behaviour, because predictable behaviour allows preparing and carrying out a set of preventive measures for certain threats, and hence, ensuring sustainable development and performance of the system, i.e. its security.

In many definitions, ESE concerns risks and threats; however, none of the analysed definitions include the term survival. Being close to these two terms, ESE differs from them focusing not merely on survival of an enterprise or securing a stable performance in the state of crisis or on reduction of possible losses but rather on such balanced and effective use of resources, abilities and competitive advantages of an enterprise that can allow one to reach its strategic goals and secure further development. Although most of ESE definitions focus solely on protection from threats and negative impact of the external environment, a sufficient number of research is devoted to identification of ESE via its crucial element – ability of an enterprise to function effectively, develop and reach its goals (for example, Korobchynsky (2010)\textsuperscript{51}).

Basing on the above discusses considerations it is possible to conclude that ESE concept can be useful on the stage of formulation of strategic goals. ESE reflects the vision and goals of the enterprise in the context of balancing enterprise’s resources, abilities, risks and opportunities as well as short-term and long-term goals.

Taking into account the complexity of internal nature of ESE we suggest considering two connected notions of ESE – static and dynamic. Most of the reviewed studies refer to the ESE as a state (situation or conditions) of protection from a negative impact of the external environment, which means that ESE is a static phenomenon. In a short-term perspective ESE can take this form meaning that enterprise defined a certain level of risks as acceptable taking into account available resources, opportunities and economic interests. In the long term perspective, however, ESE is a dynamic phenomenon, meaning that it is not reachable and acceptable risk level is yet to be identified. Under these conditions, ESE would assume confidence that enterprise’s management system is able to deal with potential risks in present and future without compromising its long-term development goals. Therefore, ESE can be defined as a combination of internal system conditions under which appropriate risk level can be defined and mitigation of potential risks is ensured via efficient risk management without compromising enterprise’s long-term development goals and assuring realisation and accommodation of economic and social interests of its stakeholders.

7. Concluding Remarks

As our analysis demonstrates, originating from political rather than economic science the concept of ESE preserves its political nature even on the micro-level. More precisely,

\textsuperscript{50} R. Rudensky, Modeliuvannia protsesiv antysypatyvnoho upravlinnia ekonomichnoiu bezpekoiu. Thesis for the degree of Cand.of Sc. Donetsk National University, Donetsk 2002.

it bridges political with profoundly economic aspects of firm’s life. Dependence of a firm/an organisation on different groups of stakeholders necessitates balancing economic and social interests of these stakeholders. This balancing is only possible when organisational politics implies governing by common interests rather than a self-interest of one person or a small group of people.

Successful work of enterprises has been always the most important issue for business scholars and managers. At the same time, “why do western scientific papers on economic security study everything but the enterprise?” remains an interesting topic for scientific debates. Discussing this question in our paper, we demonstrate that concept of ESE found its popularity in the PSSs during a comparatively short period of time while English-speaking literature concentrated on economic security of state, nation, family, and individual. The science of PSSs develops alternatively the concept of economic security of the enterprise connecting it to other different economic terms such as threats, risks, development, profitability, economic interests, competitiveness and many others.

Buzan, Wæver, and Wilde (1998) mention two reasons which, according to the liberal logic, can underpin the status of the firm as a security object. First, it is an influence of the firm on individuals and local community in general. Second, it is national importance of the firm that “involves the government’s attitude toward the place of a firm in the state’s industrial base”52. In other words, a firm is the main contributor to the local, regional, or national economy and thus, its economic security is incorporated in the economic security of the whole economic system. This characteristic makes the concept interesting not only for business managers but also for public authorities. This concept gives public authorities a basis for policy decision regarding the future of enterprise or the whole business sector.

ESE is a generalizing concept embracing other concepts such as competitiveness, threats, profitability etc. which point out only one aspect of the complex phenomenon neglecting others. As a globalising concept, ESE can serve as a useful tool in management control in a business or public organisation. ESE by its nature refuses organisational politics oriented on seeking of self-interest. It points out at impossibility to ensure a long-term individual economic security within a firm/an organisation without collective economic security. This aspect must encourage managers to reconsider their approaches to organisational management. The concept of ESE obliges to ask constantly a question “from viewpoint of whom?”, “threats against whom?”, “opportunities for whom?”, and “on account of whom?”. Simultaneously, political component does not substitute economic and managerial instruments but rather supplement them as an additional criterion for decision making.

The notion of economic security of the enterprise has a complex internal nature that includes a variety of structural interactions among internal elements of a firm and its external environment. Being a broader concept than other widely applied concepts (such as Enterprise Risk Management), the concept of ESE can be of special interest for business managers as well as public authorities due to its ability to propose a solid foundation for

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economic security on local, regional and national levels. In this context, the economic security framework gives public authorities a basis for policy decisions regarding the future of enterprises.

Questions unexplored in this paper leave a range of opportunities for other researchers. Their work may focus on further elaboration of theory on ESE, particularly, in relation to more used theories and concepts including but not limited to economic risks, bankruptcy, and sustainable development. The next step after theory development is empirical research that must test and enrich the theory of ESE and bring it in line with a managerial practice in modern organisations. In this case, evaluation of ESE is among the most important and challenging issues for researchers.

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