

MECHANISM OF THE FINANCIAL AND ECONOMIC SECURITY OF THE CORE PORT ACTIVITY ENTERPRISES

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Abstract

The analysis of financial and economic security (FES) issues of the core port activity enterprises (CPAE), which provide services for the maintenance of sea vessels, cargo, passengers and other services in seaports, assumes particular importance due to the adoption of the Law "On Seaports of Ukraine" and the Law "On Concessions". The article confirms the relevance and necessity for studying the maintenance of financial and economic activity of the core port activity enterprises and the mechanism of the FES. It was studied its role in the financial and economic security, there were considered the functions and principles affecting the level of FES, tasks and requirements for the mechanism.

Key words: *analysis of financial and economic security, business entities, government agencies, provision*

JEL Classification: *B49, D21, D29*

I. INTRODUCTION

Analysis of modern research points to ambiguous interpretation of industrial. In Ukraine at the current stage, under the conditions of exacerbation of crises, economic transformations, more and more attention is paid to the protection of enterprises from dangers and implementation of measures for their prevention, therefore, the issues of the mechanism of financial and economic security arise with increasing frequency before the heads of enterprises of various forms of incorporation, as well as before the heads of enterprises of the core port activity.

II. ANALYSIS OF RECENT RESEARCHES AND PUBLICATIONS

The system of maintenance of the financial and economic security by business entities and the problems of its functioning are studied in the works of many foreign and Ukrainian scientists, such as: Vasylytsiv, Voloshyn, Boikevych, & Karkavchuk (2012); Holovko, Minchenko, & Sharmanska (2006); Stolbov, & Shapoval, (2013); Ivashchenko, & Chetvierikov (2012); Podolchak, & Karkovs' ka (2014); Moiseienko, & Marchenko (2011); Horiacheva (2013) and many others.

No doubt, the scientific findings of these and many other domestic and foreign scientists and practitioners have made a significant contribution to solving theoretical and applied aspects of the FES issue, and serve as an important theoretical and methodological basis for further research development in this field. However, the mechanism of the provision of FES particularly of the core port activity enterprises, its role in provision of financial and economic security did not receive its final definition.

The objective of this work is the definition of the concept and formation of the system of financial and economic security of the core port activity enterprises.

III. RESEARCH RESULTS

The analysis of literature sources allowed to define problematic issues consisting in the ambiguity of interpretations of the terms "economic security", "financial security" and the primary trends in the formation of modern concept "financial and economic security of the enterprise".

Among the complex systemic and integrated economic categories, financial and economic security of the enterprise is significant.

Economic security is the most complete characteristic of the capability of enterprises for viability and development, dynamic economic stability and competitiveness.

Financial security testifies to the supportability, protection and effectiveness of the policy of formation, use and development of the second main (after work) factor of production – capital, thus playing a role of the most

important functional component of economic security.

Having considered the existing definitions of the concept “financial and economic security”, it may be said that the FES of the core port activity enterprises is a state of protection against adverse changes at other transport enterprises, actions of cargo owners, port administrations, impact of force majeure circumstances and against internal threats arising in conditions of risks and dangers.

It is expedient to consider financial and economic security, first of all, in the context of its functional components. This approach will allow to monitor the factors affecting the state of both functional components and financial and economic security in general.

For consideration of the mechanism of financial and economic security, let's consider what the mechanism represents in general.

The mechanism in the primary meaning represents a system as a set of material forms and structures forming a certain integrity, it does not represent a complicated system within this meaning, since its separate elements, although combined and function in concert, do not have the properties of organization, dynamism, openness, multi-levelness, hierarchy (Demchenko, 2010: 149).

Economic mechanism, according to the definition of authors (Danylyshyn, 2008: 355), represents a system or method determining the order of a particular activity type. In addition, the mechanism is a system of direct and indirect relationships between economic phenomena and primarily between their opposite sides, as well as subsystems and elements of economic systems (Shvets & Solomina, 2014: 100).

Financial mechanism is a component of the economic mechanism and represents a set of forms, methods of creating and using financial resources in order to meet the requirements of government agencies, business entities and population. There is a large number of definitions of the financial mechanism, formed by scientists from the point of view of the object of influence, the mechanism structure, the relationships with the categories of finances, financial resources (Bondarenko, 2004: 98-105).

Financial security is the main component of economic security, therefore, in order to provide the financial and economic security of enterprises it is necessary to solve the following tasks: identification of dangers and threats by enterprises; determination of indicators of financial and economic security of enterprises; development of the financial and economic security monitoring system; development of measures aimed at provision of the financial and economic security of enterprises, both in the short-run and long-run period; control over the implementation of measures; analysis of implementation of measures, their evaluation, adjustment; identification of dangers and threats of enterprises and adjustment of indicators depending on changes in the state of the external environment, goals and objectives of enterprises.

In the process of evaluation of the financial danger of enterprises, first of all they evaluate threats to economic security, which have a political and legal nature, and which include: internal negative actions, external negative actions, force majeure circumstances.

During the evaluation of the current level of provision of the financial component of economic security they analyze:

- financial statements and results of the enterprise operation (solvency, financial independence, structure, and use of capital and profit);
- competitive state of enterprises in the market (market share owned by the business entity, the level of applied technologies and management);
- securities market (enterprises-operators and investors of securities, shares price and listing).

They also pay attention to the decrease in liquidity, increase in accounts payable and receivables, decrease in the financial stability of the enterprise.

From the point of view of the financial component separation, the tasks of the financial and economic security system are:

- monitoring, forecasting, timely detection and elimination of threats to the security of enterprises, causes and conditions contributing to the financial and material damage, disruption of their normal operation and development;
- creation of mechanism and conditions for prompt response to security threat and manifestation of negative trends in business entities operation;
- substantiation and formation of the organizational system of complex security;
- effective elimination of threats to personnel and encroachments on the resources of enterprises in the case of legal, organizational and engineering measures, and means to achieve the required level of security;
- creation of regulatory mechanism for the maximum possible localization and compensation of damage caused by illegal actions of individuals and legal entities, mitigation of the negative impact of the consequence of security breach aimed at renewal of enterprise activities according to its strategy;
- creation of effective mechanisms of interaction between government agencies and enterprise on security issues;

- creation of a system of training, retraining and advanced training of security personnel of the enterprise;
- study and implementation of positive experience in the field of security, gained in the countries of near and far abroad;
- creation of a single information database on the state of threats, knowledge database for management decision making (Herasymchuk, 1995; Shyriaieva, 2015).

Thus, it may be concluded that financial security as a component of economic security of the enterprise is the most important, since all the activities of the enterprise depend on it. Its proper level significantly influences over internal and external threats, and it can quite often eliminate them completely.

The essential FES characteristics need to be clarified, in particular regarding the differentiation of their features in terms of separation of functional components, types of economic activity and business sectors, definition of tasks and principles of security, development of a reliable permanent mechanism for its provision.

Thus, the methodological apparatus of provision of the financial and economic security of the core port activity enterprises may include such methods as: technical and economic calculations, balance, economic and statistical, economic and mathematical, expert assessments, discounted value, asset amortization, reengineering, logistics, audit, tax optimization, simulation game.

Financial leverages of provision of the financial and economic security of CPAE is a system of incentives and encouragements for managers for effective management decision making and a system of sanctions for the negative consequences of their actions in the field of financial security, as well as a general internal mechanism of enterprise management based on its own financial philosophy.

Systems of information and analytical support are formed on the basis of: data of financial, operational and statistical accounting and reporting; industry performance indicators of analogue enterprises; reports and plans, and forecasts obtained in the processes of strategic, tactical and operational planning, analysis, control and budgeting; evaluation of threats to the financial security of business activity by source, level of implications, probability, area and source of occurrence, duration of influence, degree of development, degree of tension, etc.

IV. CONCLUSION

Thus, in order to ensure the successful activity of any enterprise, to avoid external and internal threats to the enterprise, it is necessary to ensure its financial and economic security. And in its turn, for the effective implementation of financial security of the enterprise it is necessary to develop and use at the enterprise the mechanism of economic security, which includes: tools for the FES provision, methods of the FES provision, leverages of the FES provision, system of information and analytical provision of FES. It should be noted that the use of the mechanism of financial and economic security allows the core port activity enterprises to efficiently operate in conditions of fierce competition and to be profitable and cost efficient.

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