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ORGANIZATIONAL AND LEGAL FOUNDATIONS OF THE IMPACT OF CRIMINAL ACTIVITY ON THE ECONOMIC SECURITY OF BUSINESS STRUCTURES IN TRANSFORMATIONAL CONDITIONS

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SUMMARY

Theoretical and applied aspects of the impact of criminal activity on the economic security of business structures have been investigated; the structural and dynamic trend of the main threats to the economic security of enterprises on the basis of an integrated assessment, depending on partial indicators have been studied; the features of a multi-vector mechanism of countering crime by means of economic security enterprises, based on the selection of a set of measures has been substantiated.

Key words: economic security of enterprises, threats to the economic security of business structures, economic crime, white-collar crime, multi-vector mechanism for countering crime.

Target setting. In today's post-conflict environment, the criminal activity of the system of entrepreneurial structures develops because of imperfect legislation, lack of control and responsibility of enterprises, institutions and organizations, many of which achieve profit by both lawful and unlawful means. It is these and other circumstances that make it necessary to study this topic of scientific research. Therefore, given the current socio-economic situation, relevant and timely is the analysis of

the issues and the development of a multi-vector mechanism to counteract crime by means of economic security of business structures.

Analysis of the latest research studies and publications. The issue of economic security of business structures was once considered by B. Andrushkiv, A. Balanda, O. Vivchar, L. Holovkova, V. Zakharchenko, M. Yermoshenko, H. Pasternak-Taranushenko, S. Pyrozhkova, M. Fleichuk, V. Franchuk U. Shchurko, V.

Khrapkina foreign researchers D. Becker, Ch. Volen, C. Huntington, L. Honcharenko, M. Hronson, I. Ehrlich, R. Ingthart, L.Kozhenovski, R. Latov, G. Morgentan, E. Oleinykov, M. Porter, J. Reid, J. Sweeney, V.Senchahov, L. Phillips and others. Meanwhile, modern mechanisms of criminal activity influence on the economic security of business structures remained out of sight of the mentioned scientists.

Purpose of the article. The purpose of the work is to study its own modern mechanisms of the influence of criminal activity on the economic security of business structure, to substantiate the structural dynamics of the main threats to the economic security of business structure, to reveal the features of a multi-vector mechanism to counter crime by means of the economic security of enterprises, based on the allocation of a set of measures.

Presentation of basic material of the research. The analysis of the processes taking place in the state economy demonstrates the penetration of criminal interests into the sphere of the economy. It is here that the phenomena are gaining in scale. The range of criminal activity expands from the usual theft of state property to large-scale scams, as well as to the establishment of control over entire sectors of the national economy and business structures in particular. Crime in the system of business structures is the result of intrapersonal, interpersonal, and sometimes socio-political conflict. We

can say that crime is a conflicting way of meeting needs, achieving goals [1, 250].

It should be noted that the dominant trends and current problematic aspects allow us to note that the mechanism of crime is a process of criminalization of individuals and communities. The commission of a crime is usually preceded by a certain period of time. They gain criminal experience in the process of asocialization, both voluntarily and forcefully.

On the basis of the conducted research, it should be noted that one of the main generators of risks in Ukraine is illegal (criminal and shadow) economic activity. The most informative characteristic of the environment, the scope of risks and specificity is the analysis of the structure of the most common predicate offenses. Figure 1 shows that the first place among the predicates, which are committed in Ukraine, is the activity of subjects of fictitious entrepreneurship. In turn, fictitious entrepreneurship is one of the key elements of the mechanism of tax evasion, the essence of which is reduced, on the one hand, to the formation of favorable conditions for the commission of crimes in the sphere of economic activity, on the other hand - to disguise criminal activity, reducing the object of taxation from taxes, fees and other obligatory payments, concealment of the origin and location of criminal activity to evade responsibility of the organizers.

Fig. 1. The structure of criminal activity in 2020

[formed by the author on the basis of statistical data]

The structure shown in Figure 1 allows us to state another fact that specifies the specifics of criminal activity - the national structure of predicate offenses is fiscal-corruptive. Approximately 40% of predicate crimes are related to various ways of illegal / shadow redistribution of income of business structures (fictitious entrepreneurship; tax evasion; fraud; embezzlement), another 40% of predicate crimes are related to various types of corruption (abuse of power, official position, forgery of documents, etc.) [5].

Thus, the specifics of the formation of domestic illegal income is that their main source is not drug

trafficking or other types of classical crime, but the field of white-collar crime - tax evasion on a large and especially large scale and the commission of corruption acts involving a wide range of national public figures [6, 595].

We would like to note once again that the economic security of business structures is a complex and multi-vector concept. Since the primary tasks designed to neutralize threats and prevent a decline in the level of economic security of enterprises can be attributed to the creation of economic security system, the development of ways to avoid possible threats and directions to

minimize the negative impacts on the economic system of enterprises. Thus, the threat is, first of all, damage to the security of the enterprise as a socio-economic system, which manifests itself in the form of additional costs, losses and damages, loss of profits, undesirable changes in security parameters, and as a consequence, a violation of the stability of the enterprise and deviation from the chosen development strategy.

We also draw attention to the fact that according to the Content Security Portal, the world's internal and external threats are distributed as follows: disclosure (excessive chatter of employees) - 32%; unauthorized access through bribery and incitement to cooperation by competitors and criminal groups - 24%; lack of proper supervision and strict conditions for ensuring the confidentiality of information - 14%; traditional exchange of production experience - 12%; uncontrolled use of information systems - 10%; the presence of preconditions for the emergence of conflict situations among the staff, associated with the lack of high labor discipline, psychological incompatibility, random recruitment, weak work of staff to unite the team - 8%. We also note that according to a study by Ernst & Young, the level of corporate fraud recorded in Ukraine is slightly higher than the average in developed countries (13%), but better than the rate in developing countries (20%). The French company Kroll Ontrack names theft

with the help of insiders among the top ten trends in data protection in 2017: progressive organizations today rely on enhanced security through technology, while criminals take the easy way out - finding accomplices among the staff. In addition to theft of information, you may also encounter black PR from former subordinates, lawsuits affecting the reputation of the company, the incompetence of the "casual" employee, and errors in personnel documents [5].

Following the logic of this study, we would like to note that the economic threats to business structures are legal uncertainty of economic relations; restrictions by the state of opportunities for economic growth; corruption; forcing producers to sell products to certain consumers; forcing buyers to purchase goods and services from certain producers and sellers; prohibiting the sale of goods from one region to another or abroad giving individual firms an advantage in competition with other businesses; restricting market access through monopolistic collusion by a competing firm with other monopoly firms; discrimination by monopoly firms in the provision of services, the sale of monopoly goods, and prices of services and goods; fraud by rival firms (including in collusion with employees of the company); misappropriation and embezzlement of property; counterfeiting of products, significant violations of contractual relations with partners (Fig. 2).

Fig. 2. The structure of threats to the economic security of Ukrainian enterprises, 2020 [formed by the [author on the basis of statistical data]

We also note that criminal attacks on material values (products), premises, buildings and other resources manifest themselves in the form of: disclosure or misuse

of information, design, performance; product forgery; theft; industrial espionage; fraud; destruction by various means (explosion, arson, firing, etc.) (see Fig. 3).

Fig. 3. The structure of threats to the economic security of enterprises (industrial espionage), 2020
[formed by the author on the basis of statistical data]

Following the logic of our study, we note that the approach of the value of economic security indicators of enterprises to the maximum allowable value warns of the increase in the threat of instability, that is, the real "undermining" of economic security by this characteristic. It should be noted that the overall level of

economic security of the enterprise is proposed to assess as a functional dependence of the generalizing indicators of the level of industrial, financial and investment security of the enterprise that is to implement an integrated assessment, which in turn may be defined functionally, as a dependence on partial indicators.

$$k_y = f(x_1, x_2, \dots, x_H, x_{H+1}, \dots, x_L), \quad h = \overline{1, H}; l = \overline{1, L}, \quad (1)$$

where k_y – generalizing indicator of the level of economic security of the enterprise;
 $(x_1, x_2, \dots, x_H, x_{H+1}, \dots, x_L)$ – partial indicators of the level of economic security of the enterprise

The number of partial indicators H and L , which are taken to assess the threats to economic security of enterprises and is determined depending on the specific conditions of operation of economic entities. Taking into

account the weight values of each individual indicator, we propose to apply the following model for calculating the generalizing indicators of the level of economic security of enterprises [1, 383]:

$$k_y = \sum_{h=1}^H d_h \cdot \varphi_h \frac{\Pi_h^{(F)}}{\Pi_h^{(N)}} + \sum_{l=H+1}^L d_l \cdot \varphi_l \frac{\Pi_l^{(N)}}{\Pi_l^{(F)}}, \quad (2)$$

$$x_h = \frac{\Pi_h^{(F)}}{\Pi_h^{(N)}}; \quad x_l = \frac{\Pi_l^{(N)}}{\Pi_l^{(F)}}, \quad (3)$$

where $\Pi_h^{(F)}, \Pi_l^{(F)}$ – actual values of particular factors (threats), affecting the generalizing indicators of the economic security level of the enterprise;
 $\Pi_h^{(N)}, \Pi_l^{(N)}$ – the same, normative or planned;
 φ_h, φ_l – Weight coefficients of the corresponding partial indicators.

At the same time, it is advisable to take into account that the functions that model partial indicators, positively affect the overall level of economic security of

enterprises are linear (the actual value of the factor is divided by the normative), and the functions that negatively affect the overall level of economic security

are non-linear (the normative value of the factor is divided by the actual). On the basis of the research conducted, we have formed the results of scientific research, on the main partial factors (threats) of the

economic security level of business structures, with deviations to the worse for "positive" indicators almost two times higher than deviations for "negative" indicators (Fig. 4).

Fig. 4. The results of the assessment of the partial indicator with deviations of its actual value from the regulatory level of economic security of business structures, %
[formed by the author on the basis of statistical data]

On the basis of the research, it was found that the growth of economic crime in the system of business structures is promoted by:

- Injustice in remuneration and merit assessment of employees. In such cases, some personnel try to restore justice by stealing, embezzlement, and the like;
- Ambiguity in property rights. This contributes to the deviant actions of senior managers;
- Complex production and organizational structure, the presence of subsidiaries, branches and other economically independent units;
- Ineffective accounting system;

– Low quality of job descriptions: it is not clear who is responsible for what;

– unreasonable system of personnel selection and certification [4, 35].

We also draw attention, as an example of the impact of criminal activity on the economic security of business structures, described the mechanism of action, which is as follows: funds from legal payers are credited to the accounts of fictitious firms and subsequently transferred to the specialized current accounts of these same companies, from which they withdraw as cash (Fig. 5).

Fig. 5. Typically applied scheme of converting funds using fictitious business structures
[Authorship]

Cash, excluding interest, is transferred to the client along with a package of forged documents on fictitiously acquired goods and materials. Recently, there have been cases of opening current accounts of fictitious enterprises in Kyiv, Dnipro, Kharkiv, etc. It should be noted that the current account of such a company does not attract the attention of the fiscal authorities due to the lack of information about their registration and activities.

It is also necessary to note the following types of violations in the system of economic security of enterprises: scams by leading specialists (managers and middle managers responsible for a particular area of business), mainly "behind the walls" of their company, in particular in international organizations; falsification of amounts of "live money" ("cash") at the cash desk and amounts in bank accounts, forgery of checks of the enterprise; unauthorized sale and use of property (property) of the enterprise for selfish purposes; payment for the work of fictitious ("fictitious" persons), so-called "snowdrops"; falsification of the company's documentation with the help of electronic equipment and the Internet (for example, transfer of the company's funds to your personal account, making "necessary" changes in reporting documents); unauthorized transactions with securities, tangible and intangible assets of the enterprise; falsification of reports on the use of funds allocated for business trips, "entertainment expenses" for other needs of the enterprise.

However, it should be noted that the specific features of economic crimes of business structures can be noted: the high level of latency of modern acquisitive economic crimes; rapid improvement of methods and means of criminal encroachments; dynamism, the ability to transform quickly to changes and adapt to new conditions and rules of economic management (economic and legal innovations, etc.); the number of high-tech crimes (carding, computer crime, network crime, personal communications crime), with the use of special knowledge in the field of financial and economic activities, in the course of professional activities is growing; active participation in the implementation of selfish economic crimes by organized criminal groups; merging self-serving economic and self-serving ordinary crime; strengthening the interregional and transnational nature of acquisitive economic crime; creating an effective system for legalizing the proceeds of crime [3, 201].

Conclusions. The analysis of the investigated scientific issues necessitates the formation of a multi-vector mechanism to counteract crime in the system of economic security of business structures, the algorithm for the implementation of which provides:

- development and adoption of a system of protection against manifestations of organized crime and corruption;

- carrying out general economic stabilization through full market reforms and demonopolization of the economy in order to improve the economic security of enterprises, respectively;

- maintaining a system of state control and responsibility for the activities of all economic entities, regardless of ownership, on issues affecting the interests of society (payment of taxes, employment, support for scientific and technological development, etc.)

- creation of favorable legal and economic conditions for domestic investment of legal entrepreneurial business;

- forming a clear mechanism of control and accountability for the effective use of public funds and property;

- minimizing cash turnover by expanding modern electronic means of settlement and introducing modern forms of reporting that will ensure clear control over cash circulation;

- development and implementation of a system of economic means of control over money laundering;

- development and legislative regulation of law enforcement agencies' access to banking information of business structures;

- development and implementation of the draft Program for the return of currency valuables that are illegally abroad to Ukraine;

- development and implementation of economic and legal mechanisms of lawful response to violations of market relations, in the absence of which criminal means of conflict resolution are used.

In addition, the effective fight against manifestations of economic crime requires not only an integrated systemic approach, an organic combination of preventive, law enforcement and repressive measures by the State, but also clearly defined priorities and adequate provision: economic, personnel, professional, information and analytical, scientific and methodological, material and technical, etc. Neglecting at least one of these components, significantly reduces the effectiveness of the fight against economic crime in the system of business structures.

We adhere to this position and would like to add that for the prevention of economic crimes in enterprises it is necessary: to improve the system of selection and evaluation of staff, collecting information about potential employees, evaluation of not only business but also moral qualities; simplification of organizational structures; improvement of accounting systems; duplication and control of accounting operations; organization of internal audit systems.

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