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THEORETICAL APPROACHES TO THE STUDY OF FINANCIAL
SECURITY OF ENTERPRISE

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Abstract

Over the past decades, the extensive literature on the importance of business in the economy has consistently shown that the creation of new industrial enterprises contributes to the economic prosperity of any country. While new enterprises play a dominant role in increasing competition in developing sectors, they are crucial for economic growth and innovation potential in many regions of the country. The economic situation of any country, first of all, depends on the level of financial stability of the production sector, the stable development of which is one of the main prerequisites for ensuring the power of the state economic system. The enterprise's financial security system is based on protecting its own financial interests from the impact of internal and external threats in order to ensure the effectiveness of its activities. Assessment of financial security is a particularly relevant issue of the development of an enterprise in conditions of political and economic instability, as well as the dynamics of micro and macro-environment factors that affect the enterprise's performance and its success on the market. The article summarizes modern domestic and foreign studies in the field of assessment of an enterprise financial security. During the study, the author used complex methods of analysis: concrete historical, comparative, logical. The basis of this article is the works of domestic and foreign scientists on the problems of an enterprise financial security in the Russian Federation and abroad.

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1. Introduction

The term "financial security" is widely used in the United States and Europe but is a relatively new term in Russia. Between 2007 and 2020, many comprehensive empirical studies on financial security assessment were conducted (mainly in the US or in the UK). In most of them, financial security is related to consumers, and the main criteria for evaluating it are their expenses, savings, and credit use. At the same time, the lack of knowledge and skills of consumers negatively affects their daily financial security. This group of researchers highlights the causal relationships between increased financial security and consumer satisfaction. They also note the benefits of financial security that cover a range of areas, including spending, savings, retirement planning, credit utilization, and investments (Ahmad & Sabri, 2014). Thus, financial security is considered a state of constant income to maintain the standard of living of consumers now and in the near future. It also emphasizes the need to focus on the impact of government policy and social support programs that affect the financial security of consumers.

Other researchers in their studies prefer to abstract from the connection of financial security only with the standard of living of consumers. They consider specifically the financial security of enterprises, considering it as one of the most important components of national security of any country, because enterprises are taxpayers that form the revenue part of the budget and create workplaces (Delas et al., 2015). Enterprises provide the population with essential goods. The country's gross domestic product (GDP), unemployment rate, purchasing power, and wages depend on the financial condition of enterprises. There is an indisputable fact that the country's economic security depends on the financial security of industrial enterprises on its territory. There is a need to constantly monitor the financial condition of enterprises in order to prevent a state economic crisis. Therefore, the concept of "financial security of the enterprise" should correspond to the concept of "economic security of the country", and at the same time have its own content that could distinguish financial security problems from problems of other types of security.

2. Problem Statement

Nowadays, the current economic situation is characterized by the spread of destabilized economic processes and conflict situations that have a profound impact on the activities of economic entities (Ramskyi & Solon'ko, 2018). Under these conditions, in order to maintain competitive advantages, the enterprise should constantly adjust its own activities to meet the requirements of the external environment, since changes in external factors can lead to an imbalance between the business entity and the external environment. The enterprise should be able to make adequate changes in time using various methods. Being financially independent and fully responsible for the results of its activities, an enterprise in the market structure should form a system that would ensure its high efficiency, competitiveness and stable position on the market. The mechanism for forming the financial security of an enterprise is used to influence the subjects of management (the enterprise, management personnel, or business process) on the object (economic relations that affect the level of security). The management personnel of the enterprise sets goals, after consideration of which the system analyst forms tasks and criteria (conducts a quantitative analysis of goals) for functional managers who, based on management principles, perform the functions of planning, organizing, stimulating, analyzing and the control function. All of this together makes it possible to achieve

an increase in the efficiency of the enterprise, which is extremely important in the context of the COVID-19 pandemic, when assessing the sustainability of the performance and efficiency of enterprises come to the fore. We should find out how successful the business was in 2020, whether it managed to survive the quarantine measures, whether the enterprises had enough financial capabilities, strength and experience to survive this difficult period. This will allow the management staff to develop timely management decisions, the implementation of which will strengthen the financial security of the enterprise in the next year.

3. Research Questions

Of course, security is one of the main needs of the enterprise. It is at the second level of Maslow's hierarchy of needs and is the basis for implementing higher-level needs (Maslow, 2019). If we analyze the interpretation of the term "security" presented in various domestic and foreign literature sources, then most often the security of an enterprise is understood as a system of measures and actions to protect it from various types of threats. At the same time, it is noted that, despite the potential threats of various types, when the enterprise is secure, it operates profitably and has the possibility of expansion. Another group of researchers believes that the essence of the term "security" is revealed through a system of methods that strengthen the stability of the enterprise's functioning on the market (Medvedieva & Pogosova, 2013). The safe state of the enterprise is possible not only in the absence of threats, but also during their diagnostics and development of countermeasures.

There are different points of view on the content of the term "financial security of the enterprise". Most researchers define this term as the financial security of the country and then extrapolate it to the micro level (Medvedieva, 2014). They understand financial security of an enterprise as a certain mechanism that ensures the stability and efficiency of the enterprise's functioning (Epifanov et al., 2009). There is no single approach to determining the components of financial security in the economic literature. However, almost all authors believe that financial security is an integral part of the economic security of an enterprise, which protects its financial interests and is one of the factors of stable functioning in market conditions. It is the financial security that has a fundamental impact on the potential of the enterprise, as well as ensures the achievement of the main goals of its economic development. It is suggested to assess financial security using a system of quantitative and qualitative indicators of the financial condition of the enterprise and the effectiveness of its activities.

In general, the term "efficiency" is used to describe the results of economic activity of enterprises. At the same time, performance indicators include criteria that characterize both financial (revenue, profit, solvency, liquidity, profitability, turnover, financial stability) and non-financial (mood in the workforce, consumer satisfaction, growth in the number of employees and the number of customers, and others) results of the enterprise activities. Evaluation of the practice of measuring efficiency leads to the conclusion that recently we can observe a trend towards merging of the use of financial and non-financial indicators. Despite this foreign practice, the assessment of the performance of enterprises in the Russian Federation is most often carried out only using financial indicators.

It should be noted that performance assessment only with the use of financial indicators (such as profit per employee or return on investment period), even despite the fact that they are easy to calculate and interpret, is not sufficient, for example, in the context of small businesses. We should keep in mind that

financial indicators ignore alternative performance criteria based on the owners' personal goals. At the same time, the entrepreneur's personal goals should not be combined with business goals, and financial indicators often do not take into account personal goals, which further complicate the current situation.

Indeed, if we are talking about small and medium-sized enterprises, for many entrepreneurs, financial indicators are not the main goals. Rather, they have non-financial goals related to job satisfaction, a reasonable life, the need for independence, creativity, and respect for society (Toledo-López et al., 2012). While some authors divide them into financial and non-financial success criteria, others call them economic and non-economic goals. When it comes to the success of small and medium-sized businesses, efficiency becomes a subjective, absolute category, a measure of the implementation of the owners of the enterprise goals, which can be simple and unique and thus reflect personal aspirations and motives. In fact, performance is an objective measurement of success as a multidimensional, qualitative and quantitative expression of the achievements of a given enterprise in comparison with other companies or groups of enterprises. Thus, it is not economically feasible to use only financial indicators to assess performance, since this does not allow you to get the most reliable and realistic results. Financial indicators often do not take into account personal goals, which further complicate the current situation. But despite all the shortcomings of financial indicators, their use in measuring efficiency is necessary, first of all, because of the simplicity of calculation and wide application. However, this is not just a measurement of performance indicators, but their combination with other aspects of the enterprise's work in order to reduce the shortage of financial resources, as well as to more objectively recognize the results of the economic entity's activities. One of the delicate tasks facing specialists who evaluate the effectiveness of entrepreneurship is to determine a set of criteria (financial and non-financial) for business success, which determine the reliability of research and the relevance of the results obtained. This is a complex task that can be solved with the appropriate experience and knowledge.

Considering the issues of the mechanism for forming the financial security of an enterprise, it can be noted that some scientists consider this category as a set of methods, forms and tools for influencing the financial security of an enterprise through the system of state support. Other researchers, on the contrary, believe that this mechanism is a set of methods, forms, and means by which, based on the use of economic laws and categories, the company's activity is influenced in order to increase its efficiency. Generalization of various approaches to the formulation of the term under consideration allows us to state that the formation of financial security of an enterprise is a set of legal acts, methods, measures and tools that influence the business object in order to create its security and counter threats.

Defining the economic content of the "mechanism for forming the financial security of an enterprise" concept, it can be noted that in most scientific works this category is identified with the concepts of "security mechanism" and "management mechanism". However, according to the author, it is necessary to distinguish the concepts "security mechanism" and "formation mechanism". The formation mechanism is a way of the subject to influence the object by various means, and the security mechanism is a set of measures to create reliable conditions for guaranteed protection from threats. Consequently, the mechanism for forming enterprise financial security considered as a set of goals, objectives, principles, methods, functions and measures that allow diagnostics, forecasting and control over the security state for making management decisions on the enterprise development.

Ensuring financial security determines the formation of the necessary elements and the overall scheme of enterprise management. Analysis of scientific sources allows us to state that elements of financial security mechanism include the purpose, measures, objects and subjects of management, function, organizational structure, management methods and principles, and regulatory support. The main goal is to ensure the security of the enterprise at the necessary level to achieve tactical and strategic goals. The implementation of this goal is carried out by solving the main economic and organizational measures (planning tasks, functions, principles of security, organization and formation of the budget, financial support, control over the compliance with planned indicators and analysis of deviations, as well as diagnostics of the security status).

The mechanism for forming the financial security of an enterprise performs the following functions:

- analysis of internal and external threats to economic security;
- formation and classification of economic interests of the enterprise;
- building the necessary resource potential to ensure security;
- forecasting;
- planning (tactical and strategic) of production and economic activities of the enterprise;
- functional safety analysis;
- assessment of the status and diagnostics of the achieved level of safety.

Among the existing structures, the most optimal considering the concept of "financial security formation mechanism" can be the model of the enterprise's economic development management mechanism. Achieving the maximum level of financial security of the enterprise allows counteracting fraud and abuse of official authority. Ensuring the financial security of an enterprise automatically means helping to strengthen the economic security of the country, as well as countering various types of economic fraud. Considering this question it is necessary to define the place of Russia among the leading countries of the world in terms of economic security of enterprises, as the important factor of financial security grow is corruption, bribery and fraud. The corruption perception index is one of the most important indicators in this area. According to the international anti-corruption movement Transparency international Russia in the past 2019, our country scored only 28 out of the maximum 100 points and took one position higher than in 2018 (137 out of 180) (Transparency International, 2019). Thus, the position of our country in terms of the corruption perception index is quite stable (since 2015, it has varied in the range of 28-29). But the changes in the ranking are more significant (2015-119th place, 2016-131st place, 2017-135th place, 2018-138th place). Such fluctuations are associated with the inclusion of some countries in the rating (or exclusion from it). In addition, the Russian Federation has not yet ratified the Civil Law Convention on Corruption, and anti-corruption tools are not used properly. Therefore, the Russian Federation scored the same number of points with Kenya, Papua New Guinea, Paraguay, Uganda, Mauritania, Liberia, and the Dominican Republic last year.

Legal support of financial security of economic entities is based on the regulatory framework that defines the principles, methods, functions and powers of state authorities in the budget, tax, currency, banking, investment and other components of the financial system. In particular, in the field of financial control, which contributes to the establishment of the legality of financial activities and the rational use of

finances (Getmanets, 2020). It is necessary to admit the lack of regulatory financial security at all levels of the Russian economy, including in the activities of economic entities, as an integral state policy.

Anti-corruption policy is interlinked with competition protection and development policy (Golovanova & Meleshkina, 2016). Thus, it is necessary to direct the entire range of efforts to increase the corruption perception index, for which it is necessary to develop an effective system of measures to counter corruption schemes, which will improve the business climate in Russia, increase the attractiveness of investment in our country's economy, business development, and increase of resource use efficiency. In the end, this will affect the strengthening of the economic security of the Russian Federation.

4. Purpose of the Study

The purpose of the article is to study theoretical questions on the problem of assessing the financial security of an enterprise and different perspectives on the term "financial security". To highlight the relationships and differences between the terms "security", "financial security of the enterprise", "economic security of the country". To analyze the problems of ensuring economic and financial security both at industrial enterprises and in the country as a whole and to study the relationships between the financial security of the enterprise, the economic security of the country and the level of anti-corruption. To analyze the corruption perception index as one of the most important indicators in this area and to determine the prospects for further research.

5. Research Methods

Statistical information related to the financial security of an enterprise is often internal information that is a trade secret. This fact was taken into account in the course of this study. However, based on indirect indicators that are available in open sources, it is quite possible to get a reliable and complete picture of the degree of Russian enterprises financial security. Therefore, it is possible to use empirical, diagnostic, retrospective, predictive, and stochastic methods to achieve the research goal. When writing the article, special emphasis was placed on the use of three methods of scientific knowledge. The method of generalization of theoretical knowledge was used to form the author's approach to the definition of the concepts of "security", "financial security of the enterprise" and "economic security of the country". The comparison method was used to systematize threats (internal and external) to the enterprise's financial security and to identify ways to strengthen it. Methods of analysis and synthesis were also used in the article to determine trends in the development of the world and Russian economies, etc.

6. Findings

The problem of assessing the financial security of industrial enterprises as one of the main components of the economic security of the Russian Federation has been relevant for several years. The problem is the lack of a unified methodology for assessing the financial security of an enterprise and a unified approach to managing it. In addition, it is possible to note the lack of attention to the issues under consideration by the heads of Russian companies, their deputies and top managers. The lack of a single mechanism for assessing financial security, created on the basis of a study of the characteristics of all sectors

of the national economy of the Russian Federation, taking into account the individual characteristics of each enterprise separately and focusing on consumers, is also important. The results of the study allow us to outline adequate approaches to the development of methods for assessing the financial security of an industrial enterprise.

The author studied and summarized various approaches to the terms "security" and "financial security of an enterprise", after which the conclusion was made: enterprise's financial security considered by most researchers as part of the economic security of the country. The term "financial security of enterprise" is analyzed by them as an independent category that needs to be studied more for several reasons:

- financial activity of the enterprise is primarily aimed at providing enterprises with the necessary resources;
- financial operations of the enterprise are permanent;
- finances have a significant impact on the stability of the enterprise's economic growth;
- financial risk is the most dangerous on the enterprise.

Financial security of an enterprise, as a component of state economic security, should be formed and put into effect on the basis of solving tasks related to a variety of factors that allow controlling and anticipating the current conditions for the functioning of the financial security system (Ganushchak, 2017). These factors can be divided into two large groups: favorable (support for entrepreneurship by state bodies, high level of infrastructure development to ensure and support the financial security of enterprises, expansion of the middle class, development of entrepreneurship and small business, etc.) and unfavorable (imperfect legislation protecting entrepreneurship and small business; insufficient state and legal regulation and support of industrial enterprises functioning; resource and financial restrictions by local governments; imperfect competitive environment, cases of monopolism on the market; insufficient use of resources of enterprises and their low investment activity; corruption and "customer relationships" between business entities, etc.) (Blakytta & Ganushchak, 2018). The increased impact of adverse factors negatively affects the financial security of the enterprise, which leads to a weakening of the country's economic security (increased unemployment, shortage of goods, high inflation, reduced tax revenues to the federal budget, etc.). The author considers it appropriate to develop and implement a federal law that would define the types of threats to financial stability and the principles of countering them; reflect the powers of state authorities to prevent and eliminate threats in the financial sphere; and to consider the components of the mechanism for protecting the financial interests of enterprises.

7. Conclusion

The level of financial security of an enterprise can be characterized by the degree of spatial and temporal connection between the interests of the enterprise and its counterparties (customers, suppliers, competitors, investors, state and society). The enterprise constantly interacts with various subjects of the external environment. The result of such mutual relations should be profit, the maximization of which is the main goal of the enterprise, which determines its market position and the state of competitiveness of its products. In general, the list of financial interests of enterprises is quite wide. These include maximizing the welfare of enterprises owners; increasing return on equity; sufficient financial resources at all stages of

the enterprise's development; its financial stability; high efficiency of investment and innovation activities, and so on. In this regard, the assessment of the financial security of the enterprise should be carried out, at least in the following areas: analysis of the financial status and efficiency of the enterprise; operational analysis; cash flow analysis; risk analysis of financial and economic activities. To get a general opinion on the level of financial security of Russian enterprises, the author proposes to establish a list of the main financial and non-financial indicators that reflect the specifics of the enterprise's activities and the specifics of the industry to which this enterprise belongs. In the future, this will allow us to continue working on the scientific justification of systems for forming and managing the financial security of an enterprise, which would be aimed at reducing the impact of financial risks and threats on the economic security of the country.

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