

---

## Business Analysis as an Important Component of Ensuring Enterprise's Economic Security

---

Y.G. Chernysheva<sup>1</sup>, G.I. Shepelenko<sup>2</sup>, I.V. Gashenko<sup>3</sup>, I.V. Orobinskaya<sup>4</sup>,  
Y.S. Zima<sup>5</sup>

**Corresponding Author:** Yu. G. Chernysheva Rostov State University of Economics. Rostov-on-Don, B. Sadovaya, 69, 344002, Russian Federation. Tel. +7863-261-3892. E-mail: [julia282001@mail.ru](mailto:julia282001@mail.ru)

**Abstract:**

*The article studies the essence of economic security on the enterprise's level and defines key aspects. It analyses the existing approaches to the assessment of its level basing on the indicators of complex economic analysis.*

*The authors offer to use the tools of new analytical conception of business analysis, allowing not only to assess the level of economic security but to promote its protection.*

**Keywords:** *business analysis of enterprise, enterprise's economic security, methodology of complex economic analysis.*

**JEL classification codes:** M00, M21, L29

---

<sup>1</sup> Chernysheva Yulia Garyevna, D.Sc, Professor, Department of Business Performance Analysis and Forecasting, Rostov State University of Economics, Rostov-on-Don, Russian Federation.

<sup>2</sup> Shepelenko Gariy Ivanovich, D.Sc., Professor, Department of Innovative Management and Entrepreneurship, Rostov State University of Economics, Rostov-on-Don, Russian Federation.

<sup>3</sup> Gashenko Irina Vladilenovna, D.Sc., Professor, Department of Taxes and Taxation, Rostov State University of Economics, Rostov-on-Don, Russian Federation.

<sup>4</sup> Orobinskaya Irina Viktorovna, D.Sc., Professor, Department of Taxes and Taxation, Volgograd State Agrarian University named after Emperor Peter I, Volgograd, Russian Federation.

<sup>5</sup> Zima Yulia Sergeevna, Ph.D., Associate Professor, Department of Taxes and Taxation, Rostov State University of Economics, Rostov-on-Don, Russian Federation.

## **1. The significance of economic security in Russia and abroad**

Problems of economic security are relatively new in Russian and foreign economies. They have become relevant over the recent years, and many Russian and foreign scientists have been studying them in their works.

Economic security is an important component of the system of national security because the economy is the basis of the living of a country, society, individual, sustainable development of a country in a whole.

National security of any country is characterized by its potential, specifics, geopolitical position of a country, the nature of its international links. The competitiveness of national economy is playing a significant role in ensuring national security of a state. There are no self-sustaining states in the world. Some of them possess considerable natural resources, others develop innovative technologies.

The main tasks of ensuring national security are the following:

- to identify factors constituting a threat for national security;
- to identify internal and external threats for national security and to develop preventative measures;
- to ensure territorial integrity and sovereignty of a country, security of its border area, defense potential of a country on the necessary level;
- to ensure sustainable development of economy and the growth of living standards and to implement socially-oriented model of economic development;
- to develop national systems of scientific and technical provision of producing competitive goods, to reduce scientific and technical and technological dependence of a country on external sources;
- to collaborate mutually-beneficially with other states of the world and to create favourable conditions for integrating state's economy in the world economic system.

The legislation of the Russian Federation does not define the concept "economic security" and its role in ensuring national security. As a result, there is a dispute among scientists concerning the definition of the term "economic security". There is still no single opinion on the content of the term. The concept of economic security is considered from the point of state's economy on the whole, a separate region and a definite enterprise.

In the scientific literature of Western European countries the term "economic security" is not popular as there is no definition of its concept. It is mainly explained by its novelty both in Western European and Eastern European countries.

The analysis of different definitions of term "national economic security" formulated by foreign economists of such countries as Poland, Lithuania, Hungary, the USA,

Japan, Canada, Spain, Germany, France has shown that in post-Soviet countries the term “national economic security”, as a rule, is considered through their “interests”, in post socialistic countries – through assessing “international security”, in developed countries – through concept “sustainability”. The existing terms of “economic security” in Russia are as following.

## **2. Characteristics and essence of economic security**

The concept of "economic security" in Russia is interpreted in different ways. The term “economic security”, as a rule, is applied to the country, however, economic security can also be considered from the point of a separate region or an enterprise. Economic security of a country is the condition of security of national household, national economy from internal and external threats which ensures the sustainable development of the society, its economic, social, and political sustainability within the terms of unfavorable external and internal factors.

Economic security of a region is the capacity of the economy of a separate region to resist the influence of internal and external threats with optimal costs of all the resources and non-exhausting use of natural factors, and the possibility of continuous improvement of living standards at the level of approved standards in order to ensure social, economic and social-and-political sustainability of the region. Enterprise's economic security is the condition ensuring an adequate level of its progressive development, invincibility and independence of its economic interests concerning possible internal and external threats (Golovanova, 2014; Ivanova *et al.*, 2017; Lyasnikov *et al.*, 2017; Bibarsov *et al.*, 2017; Kosinova *et al.*, 2016; Salimova *et al.*, 2016).

In spite of the fact that economic security can be examined both at macro and micro level, it has common features. According to the mentioned definition we observe that economic security involves the definite level of security, adequate for sustainable development, and the capacity to resist internal and external threats. Non-susceptibility to threats or their prevention, as many scientists point out, is an inherent element of security at any level.

To assess the level of economic security scientists offer to use threshold values instead of a simple range of indicators. Threshold values (marginal values) mean the definite level of an indicator, where inobservance of the values prevents the common development of different elements of reproduction, which, in turn leads to creating negative or destructive trends in the sphere of economic security.

The high degree of security may be achieved, if there is an aggregate of indicators within admissible threshold values. There are the following indicators of economic security:

- indicators of economic growth: structure and trend of national income, indicators of production volume and rate, structure of economy on its activity, rate of investment;
- indicators characterizing production, scientific-and-technical, natural potential of a country;
- indicators characterizing trends and degree of the adaptability of economic mechanism, the level of its dependence on external factors (budget deficit, inflation level, national currency stability, level of internal and external liability);
- indicators of living standards: level of income spread, GDP per capita, level of providing main groups of population with material benefits and services, employability of the population, condition of the environment.

The examined system of indicators allows characterizing economic security as the capacity of the economy to ensure efficient satisfaction of needs on national and international levels. Economic security can be considered as a total of internal and external conditions creating the background for effective dynamic growth of national economy, its ability to meet needs of the state, society, individual, to ensure the competitiveness on domestic and foreign markets contributing the protection from different losses and threats.

Therefore, we can make the conclusion, firstly, economic security of a country should be ensured with the efficiency of its economy, i.e. together with preventative measures implemented by the state it should protect itself on the base of innovative technology, high labor productivity, quality of a product etc. Secondly, ensuring economic security of a country is not only the task of public service, ministry. It must be supported by the whole system of public bodies, all sectors of economy – different enterprises.

### **3. Characteristics of economic security at micro level**

It is impossible to ensure economic security at the micro level if the economic security is not ensured at the level of separate enterprises. Enterprise's economic security is the condition of their sustainable and successful development, and its securing has become relevant due to the development of crisis phenomena and deterioration of the international situation.

The great relevance of the problem of ensuring enterprise's economic security is confirmed by the fact that even in large enterprises there is no scientifically-grounded framework of assessing the level of economic security and its monitoring which reduces the efficiency of its functioning. Consequently, research for problems of ensuring economic security is important both for economic science due to insufficient status and mastery of the problems of ensuring enterprise's economic security, and for practice of enterprise's functioning.

The necessity of ensuring economic security is predetermined by the need of every enterprise for stable functioning and achieving set strategic goals. The level of enterprise's economic security depends on how efficiently its management is able to avoid possible threats and eliminate negative effects of separate negative constituents of external and internal environment.

Nowadays the assessment of the level of enterprise's economic security is based not on the system of its indicators but on their criteria values. A criterion means a feature or a range of features which are the base for making the conclusion concerning enterprise's economic security.

Discussing enterprise's economic security one identifies the following functional constituents: 1) financial-and-economic or economic constituent: stable or financial-and-economic indicators of the performance tending to grow; 2) personnel and intellectual constituents: preservation and development of enterprise's intellectual potential and its efficient management; 3) technical-and-technological constituent: the degree of matching the applied technologies with the best world analogues; 4) political-and-legal constituent: overall legal provision of enterprise's activity, law-abidingness; 5) information constituent: efficient informational-and analytical provision of enterprise's economic activity; 6) ecological constituent: environmental compliance, reducing the downsides from polluting the environment; 7) force constituent: providing personnel safety (firstly, managers), protection of enterprise's assets.

In our opinion the economic constituent is of the greatest importance while ensuring sustainable and successful development of an enterprise and its economic security. The main financial-and-economic indicators of enterprise's performance which are assumed to be used as criteria while assessing its constituent (volume of annual turnover, own equity, income, profitability etc) reflect general results of ensuring the security from intellectual, legal, informational and economic sides. The following indicators may be included – absence of fines, sanctions of public bodies for breaking laws (for instance, tax or antimonopoly regulations), absence of losses from deals with dishonest contractors.

The important point is supposed to be the fact that it is essential not only to assess economic security on a definite period of time (this information will be characterized by the given results) or to design the system of indicators and to identify quantitative criteria but to have necessary analytical tools as well. These tools will make the assessment and encourage the provision and support of economic security.

Nowadays Russian scientists suggest qualitative and quantitative methods of assessing the level of economic security. Some scientists note that the standardization of analysis regulations is a necessary condition allowing using more efficient methods in enterprise's practice. It should be noted that from the one hand analysis methods and criteria of assessing the level of economic security are difficult

to standardize and from the other hand it is illogical as criteria for different enterprises will depend on their activities, size and many other factors.

After transiting to market relations analysis procedures have tended to be unique as every enterprise has its own range of problems, requirements of interested parties, its strategy and possibility to achieve current and prospective goals. The uniqueness of analysis procedure for every enterprise allows making it more efficient as there is a focus on the definite “bottlenecks” or realizing definite abilities of the enterprise.

Methods of complex (economic) analysis of enterprise’s activities are offered to use together with the standardization of criteria while assessing economic security. It should be noted that the conception of complex analysis appeared during the period of planned economy when the main tasks of any enterprise were to fulfill planned assignments, raise the efficiency of used resources, to reduce costs and others; variance analysis played a significant role. The analysis had also audit function. It was necessary for the development of the economy to achieve these goals. In other words, the analysis within an enterprise should have made for achieving centrally-grounded and set goals.

Local goals of the enterprise have been changed in the terms of market economy. There have appeared goals and tasks most of which could not have turned up in the terms of planned economy. An enterprise should be competitive, sustainable and generate profits. To develop and achieve set goals every enterprise should work out its own strategy.

To achieve these goals it is not enough just to calculate the level of the profitability or to assess the efficiency of used resources because these and many other indicators, which are traditionally calculated while making a complex analysis of enterprise’s activities, do not allow identifying the exact problems, needs of interested parties at full extent, and assessing the fulfillment of strategic goals and tasks and, as a result it does not allow to introduce changes which encourage successful functioning of business and its economic security.

At present time there is the expansion of a range of analysis tasks and analytical methods and procedures allowing to assess economic activities of an enterprise and to monitor it. The occurrence of business analysis conception is predetermined by the necessity to complete tasks by analyzing a wide range of tasks in order to ensure economic sustainability and, consequently, economic security in the terms of market economy.

IIBA – International Institute of Business Analysis was founded as noncommercial enterprise in October 2003 and registered in April 2006 in Toronto. The Institute developed a professional standard — Business Analysis Body of Knowledge – BABOK, containing generally accepted practice and knowledge on discipline “business analysis”. Currently BABOK reflects the best practice and represents the entire system describing the areas of knowledge connected with all related activities,

tasks and skills. BABOK Guidelines are the conception describing the tasks of business analysis which should be fulfilled in order to understand how an enterprise will benefit from the made solution.

A business analyst, in accordance with BABOK, is responsible for detecting, generalizing and analyzing the information from different sources within an enterprise. He should find out the needs of interested parties in order to define main tasks and motives. The business analyst should ensure the correspondence of interested parties with designed and realized solutions.

It can be said that the business analyst acts as a middleman between interested parties in order to collect, analyze, communicate and verify requirements on changing business processes, regulations and information systems. The business analyst understands the possibilities of business and problems in the context of requirements and advises the solutions which enable an enterprise to achieve its goals.

#### **4. Conclusions and suggestions**

In our opinion it is illogical to use only methods of complex analysis for maintenance and consolidation while assessing the level of enterprise's economic security and its monitoring. Moreover, it is much better to apply the procedure of business analysis which involves 50 analytical methods, which do not provide the description of definite situations with the use of one or another method. BABOK defines six main concepts connected with business analysis and relations between them:

- Changes
- Needs
- Interested parties (Stakeholders)
- Solutions
- Contexts
- Value.

Each of six concepts included in the model is an idea which is of great importance for business analysis practice. Furthermore, all concepts are essential and equal. There are case-and-effect relations between all the concepts. None of these concepts has greater importance in comparison with any other concept. All of them play an important role in understanding the type of information which is identified, then analyzed or which is monitored within tasks on business analysis.

One should make a focus on such concepts as "Context" and "Value". "Context" is defined by IIBA as "a part of the environment which involves changes", that is everything connected with changes excluding the change itself. Context includes all context models such as PESTLE-analysis (political, economic, sociological, technological legal and environmental analysis) and CATWOE-analysis (customers, actors, transformation process, world view, owner, environmental constraints). The

context can also include culture, infrastructure, relationships and other areas related to business changes. In other words, business analysis allows encompassing all the aspects which economic sustainability and enterprise's security depend on.

“Value” is considered as a constituent part of “need”, and the need, in turn, should provide potential value. The value identifies how important something is for interested parties in the definite context. The value can be assessed by different ways: increasing the sales, reducing risks, extending possibilities, improving productivity etc. Thus, business analysis enables to work out solutions for ensuring economic sustainability and security on the base of solving identified problems and/or realizing given opportunities.

It is also necessary to carry out business analysis in order to ensure sustainable business operations as the business analyst must have flexible thinking (agile initiative), that means the ability to apply one or another method providing the highest efficiency in every given situation.

“Agile Perspective” suggests a quick response to constant changes. Agility means the presence of flexible thinking turning into the knowledge and ability to use a set of values and principles applied in different analytical practices (analysis procedures of an enterprise). The business analyst using an Agile approach must constantly revise, adapt, correct priority tasks, tactics, analysis methods. He must provide continuous flexibility of analytical work in case of possible changes. Analytical work cannot be done in advance but only at the definite time which ensures its efficiency (just-in-time approach) (Chernysheva, 2016; Kormishkin *et al.*, 2016; Epifanova *et al.*, 2015).

Except continuous monitoring of the activity, and, consequently, timely problem recognition or using the possibilities of further business development, and, as a result, ensuring enterprise's economic security, business analysis enables to identify and analyze risks and threats in the area of economic security, and also to work out measures on its elimination. It can be achieved by systematic business analysis (if problems are recognized) since according to BABOK business analysis is a practice enabling to make changes in an enterprise on the base of identifying needs of interested parties (stakeholders) and to work out recommendations on solutions which provide the value for interested parties (BABOK-Business Analysis Body of Knowledge).

While ensuring economic security it is necessary to point out such constituent as risk. Among methods of business analysis there are methods enabling to assess the risk level which also stipulates the practicability of its application. Since business analysis is aimed at ensuring and maintaining the successful performance of an enterprise and identifying prospective problems, at the same time the main goal will be achieved – ensuring its economic security.



## References

- Azarskaya, M.A., Pozdeev, V.L. 2015. Enterprise's economic security: accounting-analytic provision: monograph: Ioshkar-Ola: Volga State University of Technology, 216 p.
- BABOK (Business Analysis Body of Knowledge). // URL: <http://iiba.ru/chapter-1-introduction-3-babok-guide/#i-3>
- Bibarov, R.K., Khokholova, I.G., Okladnikova, R.D. 2017. Conceptual Basics and Mechanism of Innovation Project Management. *European Research Studies Journal*, 20(2B), 224-235.
- Chernysheva, Yu.G. 2016. Features of business analysis. // Proceedings of regional scientific and practical conference "Crucial directions of the development of accounting, analysis and audit in modern economy". Rostov state university of economics (RINH), Rostov-on-Don, 305-310.
- Epifanova, T., Romanenko, N., Mosienko, T., Skvortsova, T. and Kupchinskiy, A. 2015. Modernization of Institutional Environment of Entrepreneurship in Russia for Development of Innovation Initiative in Small Business Structures. *European Research Studies Journal*, 18(3), 137-148.
- Ermolaev, D.V. 2012. Constituents of enterprise's economic security. // Proceedings of Orlov state university. Edition: Humanitarian and social sciences, 4.
- Getmanova, A.V., Kozyr, N.S. 2016. Analysis of indicators of regional economic security // Modern scientific studies and innovations, 10 [Electronic resource]. URL: <http://web.snauka.ru/issues/2016/10/72181>.
- Golovanova, N.B. 2014. Developing approaches to the assessment of economic security of business entity // Reports of TUSUR, 2(32), 294-300.
- Grunin, O.A., Grunin, S.O. 2002. Enterprise's economic security — St. Petersburg: Peter, 160 p.
- Ivanova, A.E., Mackaev, M.M., Platonova, K.T., Elagina, V.N. 2017. Theoretical Basis for Composition of Economic Strategy for Industry Development. *European Research Studies Journal*, 20(1), 246-256.
- Ivanuta, T.N. 2013. Main approaches to designing the system of economic security at enterprises // *Young scientist*, 4(51), 215-223.
- Kharenkov, S.A. 2006. The role and place of economic security by designing the strategy of enterprise's development. // *Bulletin of Kuzbass state technological university*, 2.
- Kolupaev, (Akulich) V.A. 2002. The formation of the conception of national economic security in foreign countries // *Belarusian economy: analysis, forecast, regulation. Economic bulletin of SREI of Ministry of Economy of Belorussia*, 12, 2-9.
- Kormishkin, D.E., Sausheva, S.O., Gorin, A.V. and Zemskova, S.E. 2016. Innovation and Investment Safety as the Condition for Neo-Industrial Development. *European Research Studies Journal*, 19(3) Part A, 94-109.
- Kosinova, N.N., Tolstel, S.M., Sazonov, P.S. and Vaysbeyn, D.K. 2016. Development of Methodological Approach to Enterprise's Financial Strategy Based on Comprehensive Evaluation of Its Strategic Potential. *European Research Studies Journal*, 19(2), 21 – 33.
- Krasnoshek, A.A., Dinets, D.A. 2010. Modern aspects of analyzing and assessing enterprise's economic security // *Corporate resources*, 4 (16), 73-83.
- Kuznetsov, I.N. 2007. Business security. — M.: Publishing trade corporation "Dashkov and Co", 416 p.
- Lyasnikov, V.N., Frolova, E.E., Mamedov, A.A., Zinkovskii, B.S., Voikova, A.N. 2017. Venture Capital Financing as a Mechanism for Impelling Innovation Activity.

European Research Studies Journal, 20(2B), 111-122.

Pavlov, A.Yu., Batova, V.N. 2014. Economic security of business processes within the term of implementing the conception of sustainable development // *Russian business*, 23 (269), 113-119.

Pozdeev, V.L. 2014. Analysis in the system of economic security // *Innovative development of economy*, 2, 38-47.

Pozdeev, V.L. 2016. Vital tasks of analysis of enterprise's economic security. // *Accounting. Analysis*, 2.

Salimova, A.T., Makolov, I.V. 2016. Unused Potential of Quality Management Systems of the Russian Companies: an Empirical Study. *European Research Studies Journal*, 19(3) Part A, 150-166.

Shlykov, V.V. 2005. Complex provision of enterprise's economic security. // *St. Petersburg: "Aleteya"*, p. 59.

Zhuravleva, N.A., Kostylev, A.V. 2010. Assessing threshold values of enterprise's economic security of infrastructure complex // *ETAP. Economics, Analysis, Practice*, 1, 39-56.