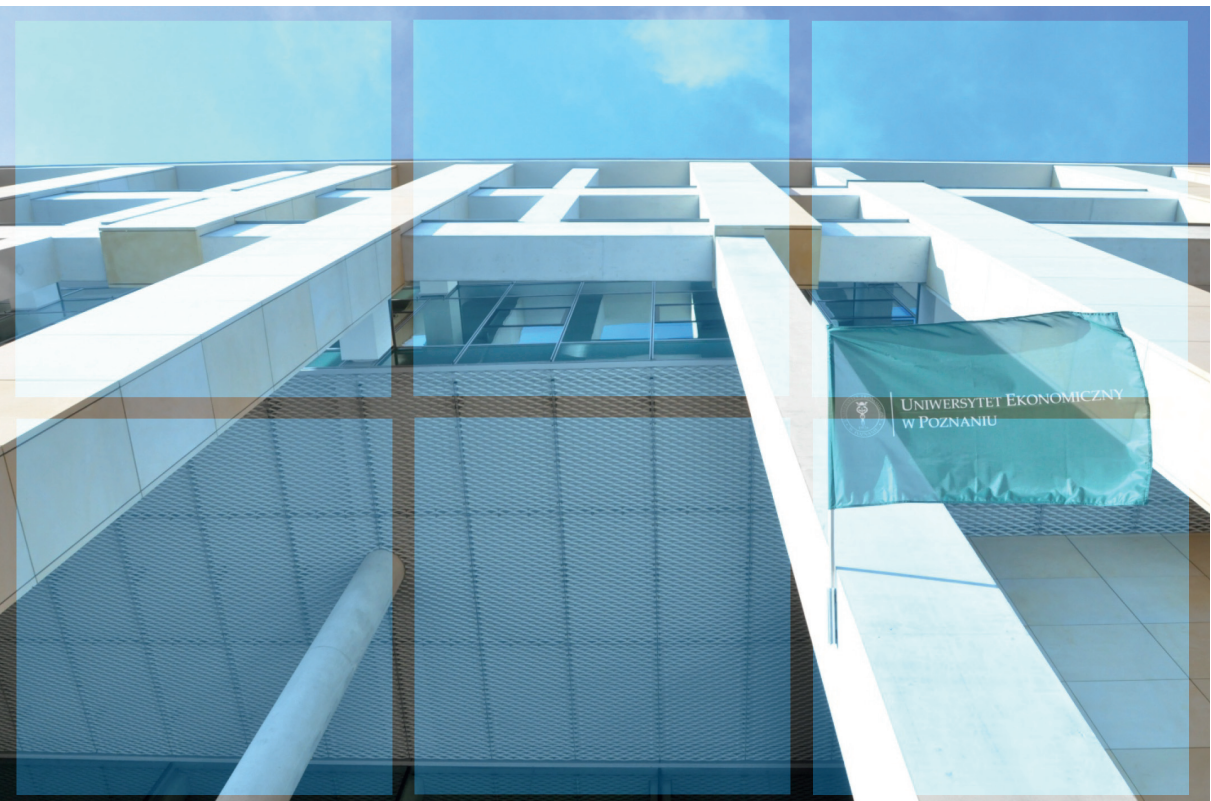


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# Economic security of an industrial enterprise in competitive conditions

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**Abstract:** The research is devoted to the issues of ensuring economic security of industrial enterprises in competitive conditions. The methodological basis of this study is a systematic approach that provides a holistic and functional vision of economic security of industrial enterprises in a competitive environment. It was found that the economic security of an industrial enterprise is a multifaceted, multi-vector concept, according to which the main emphasis is on the efficiency of all types of resources in the process of ensuring competitiveness of the industrial enterprise. The requirements for the functioning of economic security of an industrial enterprise are highlighted. The authors prove the necessity of observance of requirements on the maintenance of economic safety at the industrial enterprise in the conditions of competition, including: formation of system strategic measures concerning components of economic safety of the enterprise, development of industrial enterprise policies to create competitive advantages, use of information tools and digital technologies to monitor the risks and threats of an enterprise, etc.

**Keywords:** economic security, industrial enterprise, competitive conditions, competition.

## Introduction

Modern resource imbalances, constant imbalances arising from the globalisation of economic development, systemic shifts in market conditions, rapid trends in technological change and other challenges require industrial enter-

prises to pay attention to economic security, which allows them to have a competitive position in the market. Industrial enterprises face the question of developing a system of economic security to maintain a competitive position in today's conditions of economic development. Due to the need to substantiate the methods of threat and risk assessment, management decisions are increasingly focused on ensuring the economic security of enterprises. This and other things determine the relevance of the study of economic security of industrial enterprises in a competitive environment.

The purpose of this study is to identify the principles of economic security of industrial enterprises in a competitive environment. To achieve this goal, the authors have identified and carried out the following tasks: highlighting the requirements for the functioning of economic security of an industrial enterprise, formalising approaches to the separation of constituent elements of economic security, outlining the requirements for ensuring economic security at an industrial enterprise in conditions of competition and allocating the direction of efforts of an industrial enterprise to maintain its economic development in competitive conditions.

## **1. Literature review**

The problem of ensuring economic security of industrial enterprises has long been covered in scientific publications, which is among other things, due to globalisation processes that lead to increased competition among industrial enterprises on the market. It should be noted that ensuring economic security in terms of protection of stability of industrial enterprises has been considered by such scientists as: Arefieva O. (2021), Averichev I. (2014), Chornii V. (2021), Denisenko M. (2017), Illiashenko S. (2013), Ivchenko E. (2018), Kovalchuk A. (2020), Krutov V. (2008), Kuzenko T. (2004), Kychko I. (2021), Lyaskovets O. (2017), Melikhova T. (2018), Mizyuk V. (2008), Popelo O. (2014), Shkarlet S. (2007), Solosich O. (2020, 2021), Tulchynskiy R. (2021), Vovk O. (2021), Yarova Y. (2016) and others. Thus, Arefieva O. (2021) and Kuzenko T. (2004), researching the economic security of industrial enterprises, emphasise the complexity of this concept, due to a combination of foreign economic factors and the internal structure of resources and processes in an enterprise, which are activated when a threatening situation occurs alongside the necessity to protect the enterprise and its competitive position on the market.

Formalising approaches to economic security, Scarlet S. (2007) focused on identifying the nature of the relationship of production and organisational structure provided by resource systems, information flows and innovative opportunities to ensure the stability of industrial enterprises. Ilyashenko S. (2013) emphasises the need to neutralise negative effects of the environment, which is the main determinant of the effectiveness of economic security of industrial enterprises.

Modern economic challenges of economic development are constantly exacerbating competitive conditions, which increases the relevance of research to ensure economic security of industrial enterprises. These and other reasons determine further scientific research in this direction.

## **2. Methodology**

The methodological basis of this study is a systematic approach that provides a holistic and functional vision of economic security of industrial enterprises in a competitive environment. Additionally, both general and specific scientific methods of research have been used, including: a) induction and deduction—for objective research and identification of the principles of economic security of industrial enterprises in competitive conditions, b) analysis and synthesis—to identify trends in economic security in modern conditions of increasing competition, taking into account the specifics of the industrial direction of enterprises, c) monographic studies—for the selected direction of the efforts of an industrial enterprise to ensure its economic development in competitive conditions and d) generalisation—to form proposals based on the grouping of industrial enterprise requests for the functioning of economic security, as well as to present approaches to the separation of components and requirements for the functioning of economic security of industrial enterprises.

## **3. Results and discussion**

Economic security of an industrial enterprise is a multifaceted, multi-vector concept, according to which the main emphasis is placed on the efficiency of all types of resources in the process of ensuring competitiveness of an enterprise. The efficient use of enterprise resources involves rational distribution of costs in relation to production and financial activities, as well as focus on strategic development. This makes it possible to achieve stability and balance of an industrial enterprise and its competitive position on the market. Modern economic changes necessitate separation of the principles of economic security of industrial enterprises in a competitive environment, as it makes it possible to focus efforts on economic security management and further strategic development of industrial enterprises in competitive conditions.

Investigating economic security of an industrial enterprise is impossible without using a systematic approach. Because both the enterprise itself and its economic security are systemic in nature, interconnected with the environment, they act as subsystems of the highest levels. Economic security affects the effective functioning of an enterprise and ensures the achievement of development goals in a competitive environment. Therefore, for economic

security, as well as any other system, the requirements for its functioning are important. Such requirements for the functioning of economic security of an industrial enterprise include:

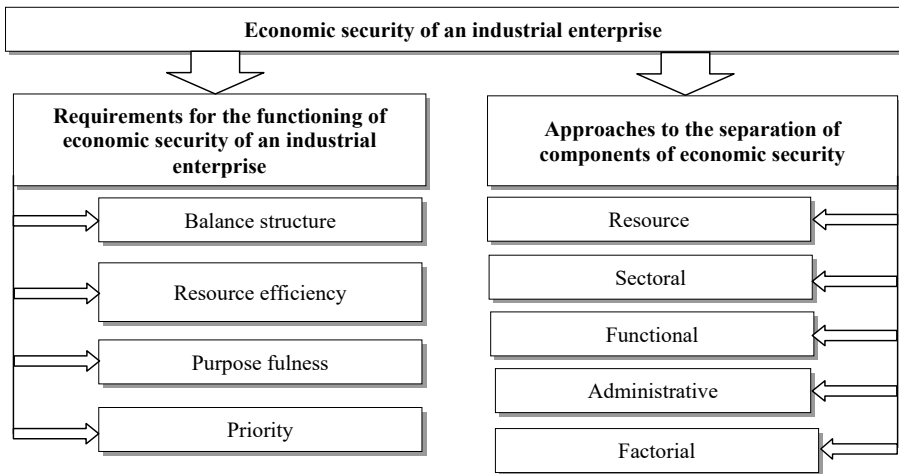
- balance of the structure, which is determined by the balance between the distribution of resources and functions. A resource-intensive economic security system depends on the purposefulness of the impact on minimising threats and risks, as well as strategic planning of industrial enterprise development in competitive conditions
- efficiency of attracting resources, which follows from the main mission of creating economic security at an enterprise
- focus on a certain level of risk tolerance to ensure economic development of industrial enterprises
- priority in determining the direction of the impact of economic security on a particular functional component.

Economic security of an industrial enterprise has an extensive system of constituent elements, which may differ depending on the specifics of the industrial enterprise, the competitive position of the enterprise and competition on the market. Most often, the components of economic security of an industrial enterprise include financial, technical, personnel, information, legal, innovation and security. In addition, this list of components of economic security can be expanded to include social, cultural, foreign economic, corporate, criminal, investment and other components. This number of the main components of economic security, on the one hand, makes it possible to cover more widely the direction of economic security of an industrial enterprise, and on the other—can be the cause of distraction. In such circumstances, it is important to ensure economic security of an industrial enterprise in a competitive environment and to adhere to a formalised approach to identify the components of economic security.

Such formalised approaches to the separation of components of economic security can include:

- resource, which provides a classification by the type of enterprise resources and determines the established criteria for their availability or the possibility of obtaining resources for the security of an enterprise (the list of resources may include financial, human, intellectual, informational, technical, technological, investment, infrastructure and other resources);
- sectoral, each industrial enterprise has an important area of activity, which in itself may have different indicators of development security of enterprises in a particular industry (separation by areas of activity, such as industry, energy, transport and business);
- functional, depending on the functionalities of economic security implemented at an enterprise to ensure the design level of security (such functionalities may include economic, social, environmental development, information, financial, investment, personnel, organisational, legal protection of an enterprise in competitive conditions);

- managerial, which ensures directing economic security towards minimising threats to economic development (concerns the areas of managerial influence on the market, technological, innovation, physical and other areas);
- factor, according to the classification of factors for ensuring economic security of industrial enterprises and the types of risks and threats to the operation of an enterprise in competitive conditions (economic and functional impact, technological, environmental, political, globalisation and other impacts). (Figure 1):



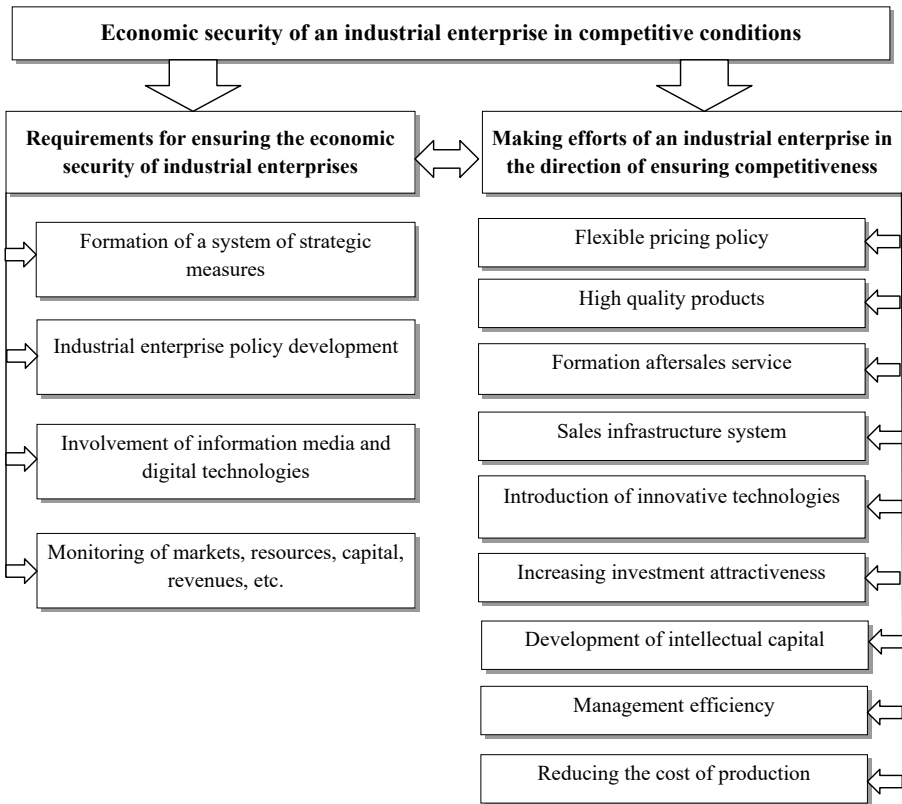
**Figure 1. Approaches to the separation of components and requirements for the functioning of economic security of an industrial enterprise**

Source: Created by the authors.

The efficiency of economic security of an enterprise involves achieving a level of functioning of the enterprise in a competitive environment, in which all resources are used so productively that it provides greater profitability of the enterprise than competitors. Such efficiency involves providing not only advantages in the cost of products made by the enterprise, but also the use of innovative, informational and other technologies that enable the company to ensure price stability or cover other threats to the operation of the enterprise.

Ensuring the economic security of an industrial enterprise increases its competitiveness on the market, as well as profitability. This situation implies the occupation of the enterprise in a competitive environment with relatively stable positions. This and other conditions determine the following requirements for ensuring economic security in an industrial enterprise in conditions of competition:

- formation of systemic, strategic measures for the components of economic security of an enterprise;



**Figure 2. Economic security of an industrial enterprise in competitive conditions**

Source: Created by the authors.

- development of policies of an industrial enterprise on creation of competitive advantages at the expense of innovative development and attraction of investment resources;
- use of information tools and digital technologies to monitor the risks and threats of an enterprise in the direction of ensuring the competitive position of the enterprise on the market;
- monitoring, which includes a general analysis of markets for resources, products, capital, financial and pricing policies, market conditions, income stability (Figure 2).

Thus, the separation of requirements for the functioning of economic security of industrial enterprises, clarification of the approaches to the separation of components of economic security and requirements to it allow the direction of efforts of industrial enterprises to ensure their economic development in competitive conditions, including:

- flexible pricing and tariff policy
- high quality of manufactured industrial products



- formation of the system after the sales service, which will improve the image of the enterprise
- setting up a sales infrastructure system
- active introduction of innovative technologies and adjustment of production of innovative products
- increasing investment attractiveness
- development and capitalisation of intellectual capital of the enterprise;
- ensuring environmental safety in accordance with the principles of sustainable development and functioning of the circular economy;
- the effectiveness of the organisational management system of an industrial enterprise;
- finding sources to reduce the cost of industrial products at specified standards and standards of safety and product quality;
- expansion of production capacity in the presence of demand for products;
- entering the international market;
- modernisation and renewal of fixed assets at the enterprise;
- formation of corporate social responsibility;
- joint actions with other market participants to improve energy saving technologies, environmental and social protection.

The organisation of an industrial enterprise, taking into account the outlined directions, will ensure the complexity of the implementation of the economic security system at the enterprise and its high efficiency. In turn, the efficiency of the economic security system of an industrial enterprise will increase its competitiveness on the market.

## **Conclusions**

The study of the principles of economic security of industrial enterprises in competitive conditions made it possible to determine the patterns of application of the system of economic security of industrial enterprises and competitive characteristics of behaviour in the market space. The scientific novelty of this study is to identify the principles of economic security of industrial enterprises in a competitive environment, based on a systematic approach and grouping of requests for economic security of industrial enterprises, formalisation of approaches to substantiate the components of economic security and economic security requirements. Further scientific research requires the search for methodological tools to justify the optimisation of the economic security of industrial enterprises to ensure the stability of operation, protection of economic interests and an increase in competition performance.

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