

**PRIORITIES FOR ENSURING FINANCIAL SECURITY OF ENTERPRISES  
IN THE CONDITIONS OF INCREASED RISK OF DOING BUSINESS**

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**Abstract:** The article considers the consequences of the spread of COVID-19 and the introduction of quarantine restrictions for the economic security of the country, substantiates the need for an effective system of state regulation of the economy and timely business support, highlights the basic principles of financial security in uncertainty.

**Keywords:** financial security, enterprise, risk, threat, ease of doing business, economic and social development, insolvency.

The proliferation of COVID-19 posed risks to Ukraine's economic security and contributed to the deterioration of the public finance system. According to the National Bank of Ukraine, in 2020 the rate of decline in real GDP was 4,4%. It has also significantly affected both the financial security of citizens (rising unemployment, declining economic activity, falling incomes and declining purchasing power) and the financial security of enterprises (deteriorating financial condition, reduced business efficiency, logistical problems and increasing the number of bankruptcies). Small and medium-sized businesses, which play a key role in Ukraine's economy, suffered significant losses, providing about 64% of value added, 81.5% of employees in business entities and 37% of tax revenues. As a result, under the restrictions imposed to prevent the rapid spread of the coronavirus pandemic in the world and in Ukraine, according to preliminary calculations of the Ministry of

Economy, the shadow economy in January-March 2020 amounted to 31% of official GDP [1].

The peculiarities of today's conditions, pandemic challenges, deepening of the crisis in the economy lead to uncertainty in the conditions of doing business and require companies to adapt to new conditions, become even more flexible and mobile. Having a certain financial potential, enterprises should focus their efforts not only on adapting to new conditions to save production, but, in parallel, to develop a strategy for recovery and further development. To do this, first of all, it is necessary to identify bottlenecks in the activities of enterprises that will have a negative impact on the level of solvency, dependence on external sources of funding, can cause unplanned costs and, consequently, affect the financial result. In addition, given the variability of the situation, it is important to justify and develop different scenarios and identify tools for rapid response to change. Thus, today there is a significant need to improve the formation of the principles of financial security of enterprise development, taking into account the difficult economic conditions of business.

Undoubtedly, the state should play an important role in stabilizing the economic situation. Despite the difficult 2020 according to the World Bank's Doing Business Rating, which assesses the ease of doing business on ten indicators in 190 countries, in 2020 Ukraine ranked 64th, improving the previous year's result by 7 positions. The global indicator of favorable business conditions in Ukraine increased by 1,1% during this period and amounted to 70,2%, ie Ukraine is 29,8% lower than the best results of all participating countries. The most significant areas in which Ukraine's position decreased: taxation (from 54th to 65th place), ensuring the implementation of contracts (from 57th to 63rd place); registration of enterprises (from 56th to 61st place), obtaining loans (from 32nd to 37th place), settlement of insolvency (from 145th to 146th place) [2]. These areas have a significant impact on the main components of financial security of each business entity.

Resolution of the Cabinet of Ministers of Ukraine dated 29.07.2020 №671 «On approval of the Forecast of economic and social development of Ukraine for 2021-2023» approved the forecast, which provides an opportunity to assess the prospects of

economic development after slowing the spread of acute respiratory disease COVID-19 and probable ways out of the crisis . The forecast is based on the main, most probable scenario, which is based on the analysis of economic development in recent years, the current economic situation due to force majeure and its consequences for Ukraine, and assumptions that take into account the influence of external and internal factors. perspective. From 2021, gradual economic growth and the formation of a quality basis for sustainable development in the medium term are expected. Thus, GDP growth is projected at 4,6% in 2021, 4,3% in 2022 and 4,7% in 2023 (table 1) [3].

**Table 1**

**Forecast of the main indicators of Ukraine's development [3]**

Indicator	2021	2022	2023
Gross Domestic Product:			
nominal, UAH billion	4 505,9	5 089,4	5 689,7
interest to the previous year	104,6	104,3	104,7
Consumer price index:			
on average to the previous year,%	108,1	106,7	106
December to December of the previous year,%	107,3	106,2	105,3
Producer price index of industrial products (December to December of the previous year), percent	108,7	108	106,1
Profit of profitable enterprises, UAH billion	911	1034,6	1171,9
Fund for remuneration of employees and financial support of servicemen, UAH billion	1 417	1 612	1 816,1
Average monthly wages, gross:			
nominal, UAH	13 632	15 414	17 169
nominal, adjusted for the consumer price index, interest to the previous year	112,1	106	105,1
Number of people engaged in economic activities aged 15-70, million people	16,36	16,66	16,84
Unemployment rate of the population aged 15-70 years according to the methodology of the International Labor Organization, interest on the	9,2	8,5	8

labor force of the relevant age			
Labor productivity, interest to the previous year	104,4	102,4	103,6
The balance of trade, determined by the methodology of the balance of payments, million US dollars	-10 416	-13 643	-16 996
Export of goods and services:			
million US dollars	60 175	64 018	69 284
interest to the previous year	102,9	106,4	108,2
Import of goods and services:			
million US dollars	70 591	77 661	86 280
interest to the previous year	110,6	110	111,1

For their part, international financial institutions assess the development opportunities of the Ukrainian economy differently. Thus, the World Bank left unchanged its previous forecast, according to which in 2021 GDP growth is expected by 3%. According to updated IMF estimates (as of June 2020), Ukraine's nominal GDP in 2021 will amount to UAH 4,277 billion. In turn, Ukraine's real GDP in 2021 will grow by 1,1% [4].

Achieving these indicators is provided in accordance with the priorities set out in the strategic documents of the Government, in particular, in the Program of Activities of the Cabinet of Ministers of Ukraine, approved by the Cabinet of Ministers of Ukraine from 12.06.2020 №471, as well as the State program on the prevention and spread of acute respiratory disease COVID-19 caused by coronavirus SARS-CoV-2, for 2020-2022, approved by the Cabinet of Ministers of Ukraine from 27.05.2020 № 534. Thus, the latter provides support to small and medium-sized businesses:

First, the liquidity problems of small and medium-sized businesses will be addressed by implementing measures aimed at preserving jobs, simplifying access to finance and reducing business costs. Also, in order to improve access to finance, it is planned to create and ensure the effective operation of the Fund of Funds.

Secondly, access to markets will be expanded by involving small and medium-sized businesses in the implementation of measures for socio-economic development of certain territories.

Third, the regulation and simplification of administrative procedures for small and medium-sized businesses will be optimized, which will be accompanied by the creation of an effective business support infrastructure.

The program provides for effective administrative measures, including the automatic extension of licenses and permits for the period of quarantine and for three months after its expiration; elimination of administrative barriers and reduction of administrative pressure on the business during the period of its resumption and within six months from the date of quarantine cancellation.

It is planned to abolish the mandatory maintenance by employers (small and medium-sized businesses) of irrelevant administrative documents on the organization of labor relations and the work process, reforming the State Labor Service and improving labor legislation.

The program provides for the optimization of tax administration, the abolition of reporting on the payment of taxes and fees that can be calculated according to state registers, improving tax legislation by correcting deficiencies that negatively affect the business and economy of the state as a whole [5].

The presence of a large number of threats requires the development and implementation of effective measures to ensure financial and economic security of enterprises themselves. The general algorithm for determining the areas of financial security of the enterprise in conditions of uncertainty can be represented as follows:

1. Study of the features of financial and economic activity of the enterprise and its financial potential.
2. Assessment of the level of financial security of the enterprise and comparison of the obtained results with the standard.
3. Study of risks and threats to the financial security of the enterprise. Establishing the level of significance for further development.

4. Forecasting the level of financial security of the enterprise, establishing the variability of achieving the required results.

5. Substantiation of areas of financial security of the enterprise in conditions of uncertainty.

6. Coordination of the chosen directions of maintenance of financial safety of the enterprise with financial strategy of its development.

In general, there are three external sources of threat to the functioning of agricultural enterprises and their financial security: the crisis in the world economy, imperfect economic policy of the state, the actions of other economic entities [6]. Unstable business conditions require the use of modern financial management mechanisms that will reduce the company's need for borrowed capital and form its optimal structure, increase solvency and liquidity, reduce the impact of financial risks, increase the efficiency of the operational process, which will increase profitability, and increase the level of financial security of the enterprise.

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