

## **MANAGING ENTERPRISE ECONOMIC SECURITY LEVEL**

Economic security has become one of the most urgent issues for many organizations. It is an essential requirement for doing business in a globally networked economy and for achieving organizational goals and mission.

Enterprise economic activity is conditioned by the environment factors that influence on enterprise efficiency. For today an environment of any enterprise is described as the one with the high level of uncertainty. The degree of enterprise's coordination with their environment influences on their economic security to a great extent. In today's economic, political, and social environment, addressing security is becoming a core necessity for most, if not all, organizations. Governing for enterprise security means viewing adequate security as a non-negotiable requirement of being in business.

Approaches of evaluating enterprise economic security level are varied. Three of their major groups are follows:

- comparing actual enterprise activity indicators with the boundary ones;
- analyzing the functional components on the basis of business corporate resources usage;
- using aggregate criteria, which are different by their nature.

Comparing actual enterprise activity indicators with the boundary ones for determination of economic security level does not represent economic security state exactly as indicators' threshold level is conditional. They do not often reflect the features of enterprise economic sector, which can significantly change the specified parameters.

Analyzing of each of the functional components of business corporate resources usage and their cumulative impact on economic security does not consider the time factor, i.e. an impact level of this factor at the moment and the life cycle stage of an enterprise, where negative impact of threats can be expected. Also, whereas defining of functional component criterion is an examination of the negative impact of environmental factors on the economic activities of enterprises. Also it is the complexity to evaluate an impact measure of one factor to the several components.

An enterprise economic security level assessment with the use of aggregate criteria aims at evaluation of company economic activity results in general. An assessment complexity deals with alternative indicators for the analysis that on the one hand should cover all business activities and on the other hand should represent the way of corporate recourse usage to prevent threats' impact and ensure enterprise economic security.

On the assumption of the diversity of interpretations of the “economic security” concept and its level assessment clarifying economic security content of this concept and determining of enterprise economic security level is the topical task.

Determining of enterprise economic security level as a criterion for estimating business activity results includes organizational and economic business aspects to identify opportunities for detection business weaknesses promptly and take action to avoid a crisis that threatens enterprise profitability.

The indicator of business activity that summarizes the most and directly reflects management company efficiency is its net profit. The factors of businesses macro- and microenvironment can create a lot of dangers for a company and prevent ensuring of certain economic security level.

Managing components of net profit own enterprise’s operating conditions can be changed and it is also the important advantage of this indicator. At the same time the important role presents losses. They highlight the errors and failures of enterprise in financing, production, marketing etc.

For defining the category of enterprise economic security, necessary and sufficient conditions of net profit formation should be considered at first.

Overall, a necessary condition is any condition that has to be performed. If no, analyzing affirmation is incorrect. For net profit category the necessary condition is a requirement of expenses’ recovering. In accordance with this condition unit price that influence on the outcome of enterprise economic activity (net profit) should provide covering (compensation) of variables and fixed unit costs and ensure the rational level of net profit both aggregate one and per unit. However, this condition is not sufficient so far as this requirement meet various forms of income such as gross profit and balance sheet profit.

The necessary condition is also a requirement of recovering debts from given profit. This condition is also not sufficient, because positive of total balance profit of enterprise and its net profit could be directed to cover these payments.

A few necessary conditions can be formulated to perform a statement. The fulfillment of the above conditions is necessary but insufficient for determining rational level of net profit in the correct way. A sufficient condition is any condition from which follows that a statement is right.

For the net profit the sufficient condition can be the next one: the rational level of net profit has to ensure dividend payments if the company is a joint-stock one. This condition is not necessary because, firstly, the enterprise can have other form of capital, and, secondly, it can have a zero net profit level after all dividend payments.

The need of creating accumulation and consumption funds of enterprise can be indicated as a sufficient condition. Named condition deemed to be necessary and sufficient conditions because the level of rational profit should provide

accumulation and consumption funds. These funds are formed after enterprise's covering all of the expenses, taxes and debt payments.

To consider the level of net profit as rational it is necessary and sufficient to implement one of these conditions:

- the force of covering expenses should act;
- the level of rational profit is sufficient for effective running business in all its areas.

Evaluating of economic security level creates opportunity to diagnose timely the current operating state of an enterprise that can be characterized by inefficient use of its corporate resources in the existing environmental conditions.