

## ORGANIZATIONAL AND LEGAL SECURITY MODELS FOR SUBJECTS OF AGRARIAN BUSINESS

**Abstract.** The article deals with the problem of typology of security models. An analysis of the genesis of the security models of the national economy is carried out by authors. The main types of security models are summarized and described. The necessity of the organizational and legal security model formation, based on the casual approach is proposed by authors for subjects of agrarian business. The main internal elements of the casual model security are identified for subjects of agrarian business.

*Keywords:* organizational and legal security, casual approach, the business environment, the model of security threats.

**Statement of the problem.** Real-world practice shows that socially oriented and socially responsible model of social development, which provides a sustainable economic development of the country, has become the dominant ideology in the XXI century. Any economic system is exposed to a number of internal and external factors that destabilize the economy and disrupt the balanced development of its basic elements, and ultimately lead to a reduction in the level of social welfare. In the study of issues of organizational and legal security of the country one of the major problems is also the well-being of inequality that generates social tension in society. In the process of studying the issues of the organizational and legal security of the country we recognize that one of the major problems is also the well-being of inequality which generates social tension in society.

In the context of global integration one of the most important vectors of the economic policy in many countries has become a struggle for sales markets, raw materials and energy resources, as well as the desire to place ecologically dirty and labor-intensive production on the territory of other states. This situation has created many problems in the field of sustainable economic development and general improvement of the living standards of the population. That is why it is very important for us to find the solution of the problem of formation of the national security. In fact, the problem of the country's security ensuring has become one of the basic conditions for sustainable development of society, which determines the need to build a model of security in today's dynamic business environment.

**Analysis of the recent investigations and publications and highlighting of the unsolved before parts of the general problem, to which the article is dedicated to.** The problem of the typology of security models that are now being implemented in the framework of the private and public sector organizations in the domestic and foreign literature are not studied deeply enough. In many ways, this situation is due to the difficulty in determining the criteria for classification. Most often, this or that company is forced to respond to the challenges arising "upon", and the range of security threats extremely wide [1, 2, 7, 12].

In today scientific literature there is no a uniform approach to the understanding of the optimal model of

security. However, at the present level of knowledge and research activity in this sphere, the development of a model for the security achievement is not only subjectively necessary, but is also objectively true. This is due to the fact that the favorable state of the enterprise security, organization and region is the financial basis for the country security as a whole.

**Results.** Nowadays many researchers consider the security problem not only as a condition of protection of interests of the individual, society and the state in the production and economic, financial, foreign trade, energy, technology, food and other fields, but also as the creation of conditions to support and improve the quality of life of citizens. Obviously, all this contributes to the sustainable and effective functioning in the enlarged reproduction of the economy mode [1-8].

Formation of the relevance of security problem goes to the period of formation of capitalist relations, when the idea of the need to ensure the welfare and safety of the state began to develop in the countries of European civilization. Jean-Jacques Rousseau, a famous Genevan philosopher and writer of the 18<sup>th</sup> century, in his treatise, called "The Social Contract", pointed out that the concern for self-preservation and security is the most important of all the concerns of the state. The concept of the security in that difficult historical time was considered as "a certain state or situation, which arises as a result of the lack of a real danger, as well as the availability of financial institutional structure that facilitates the creation and maintenance of this situation" [1].

Further understanding of the organizational and legal security issues was based on the idea of society as an integral organism, the functioning of which may be deliberately adjusted in order to improve social welfare. More intensive study of organizational and legal security issues started in the 1930-1940-ies of the last century, when the epoch of free competition capitalism finished and the next "administrative revolution" began. This period was concerned with the realization that for the public benefit the market self-regulation must be accompanied by centralized control.

In the existing economic literature the dependence of the organizational and legal security of the economic theory is usually considered at a very superficial level. Consequently, it is difficult to understand the reasons which influenced and formed the essential

understanding of the changes of organizational and legal security. Between the occurrence of the threat and the formation of a package of measures to combat it, there is always an intermediary, i.e. an economic model that is interpreted and reveals the problem.

Organizational structures that are intended to provide protection of the organizational and legal security began to take shape in the 20<sup>th</sup> century, when the main theoretical approaches to the definition of national organizational and legal security of the main threats were formed (See Table 1):

- the Mercantilism concept of protection against macroeconomic internal threats (16 – 18<sup>th</sup> centuries);
- the Cameralism concept of protection of the external economic safety (the mid 19<sup>th</sup> century period);
- the Keynesian concept of protection against domestic macroeconomic threats (the last third of the 20<sup>th</sup> century);
- the Institutional concept of protection against administrative barriers (the end of the 20<sup>th</sup> century) [2, 9].

Table 1

**Evolutionary models of national security understanding  
[summarized by authors on the basis of 4, 7, 8, 11]**

Specifications of the model	Model name			
	Mercantilism concept	Cameralism concept	Keynesian concept	Institutional concept
The time of occurrence of the model, its main founders	The 16 – 18 <sup>th</sup> centuries	The 1840s, Friedrich List	The 1930s, John Maynard Keynes	The 1980s, Hernando de Soto
Formation of the maintenance of the main threat to national security	Focus on regulation of entrepreneurial activity	Competition or other actions of foreign states	The inability of the market to ensure the stability of economic growth, unemployment, inflation	The basic state failures (administrative barriers)
The purpose of safeguarding the national security	The desired economic activities	Economic independence	Economic and social stability	“Board of Rights”, the protection of property rights
Methods and forms of struggle to ensure national security	Protectionist government policies	Protectionist trade policies	State regulation of production, employment and monetary	The reduction of the registration procedures and payments, the fight against bureaucracy and corruption

Such interpretation of the essence of threats often leads to the fact that researchers avoid the development of special security models, but merely state the need for a comprehensive provision of this security. However, in practice most of the security threats are more specialized.

In addition, the process of comprehensive security is costly and time consuming, and this is particularly noticeable in the context of business restructuring processes. It is known that the total security costs should not exceed the useful effect, resulting from the implementation of appropriate measures. Therefore, in the process of determining the optimal version of “integrated security” it is very important to provide for the possibility of differentiation of security models, depending on various factors. Moreover, it should be noted that the process of security requires a flexible, often prompt response to the challenges of the current market situation.

On the basis of the results obtained on the available data, it seems possible to propose the following classification of organizational and legal security models.

First of all, depending on the degree of urgency all the organizational and legal security models of the organizations can be divided into strategic and tactical ones. Most public and private businesses are interested

in the formation of the strategic scheme, able to protect their interests and their welfare. Many large companies and businesses, whose activities are related to state secrets, generally consider the process of ensuring their own organizational and legal security in the national security context, and are oriented at the same time on all sorts of “doctrines” and “strategies”. Tactical model for enterprises is considered to be an “extraordinary” and even “forced” one. It greatly depends on the specific of business organization. For example, in the non-manufacturing sector of the national economy (finance, retail, insurance), the risks are always inevitable, and they are pre-counted by the top-management and the staff of the company, but in enterprises, economic activity of which is related to the production, the successful development is possible only due to the complete rejection of the excessively risky management decisions [3].

Secondly, the next classification of the models of organizational and legal security formation is concerned with their differentiation into simple and layered ones according to the degree of depth of building protection. Most often enterprises create simple, single-stage organizational and legal security protection systems. This is due to the rational nature (layered model of organizational and legal security of the business is much more expensive than the simple

one), and the underestimation of rival options. The layered models of organizational and legal security are often used in the “technical” level. This assumes several “levels of protection” of the enterprise. Layered protection strategy traditionally includes prevention and computer hacking within information security provision of the company [11].

Thirdly, the classification of security models can be formed on the basis of the level of protection in the case of any threats. Thus, it is necessary to distinguish between dynamic, static and mixed model. Besides, it is possible to allocate dynamic, static and mixed models. Static model involves “defensive” as in case of the normal conduct of business, and in case of the “unexpected scenario”. This approach is based on understanding of the security as a “protection”. However, it almost does not consider the dynamics of the economic situation, the emergence of new threats to the modern requirements of openness and transparency in conducting business activities, not taking into account that such a model of “defense” is inappropriate for the situation of competition, when the defense is actually a defeat, and for the situation business restructuring [2].

Fourthly, some authors identify three basic models of security (social, economic and environmental) according to the basis of their focus. Thus, it is necessary to distinguish security between these models on the regional level. For example, the social model is based on demographics, the level and quality of life (birth and death rates, life expectancy, morbidity, average and minimum wages and pensions in comparison with the cost of living, the difference in income between the individual layers of the population, consumption of most important kinds of food and provision of durable goods, crime and so on) and the dynamics of employment; the proportion in the population of citizens with incomes below the subsistence minimum; average life expectancy; the income gap between groups; crime rate, etc. Economic and financial models are based on the measure of the infrastructure (the reproduction dynamics, performance and degree of wear and tear, technical accidents, the number of infrastructure), the state of fiscal and credit systems, the provision of financial and material resources, the most important regional requirements, availability of resources, the performance of individual delegated state powers; the effectiveness of the system of state authority, legal and administrative control mechanisms; the political climate in the region. Environmental models are based on the state of the environment and ecology; the use of mineral resources, land and water resources, mineral resources; introduction of modern, environmentally friendly, resource- and energy-saving technologies [8].

And finally, depending on the ability to adapt to economic threats, the control mechanism of organizational and legal security may be regarded as a management technology based on one of the following models for the implementation of this mechanism:

- an active behavior model, which means that a certain business entity is willing to adapt to economic treats, and the pace of the adaptation is quite high. The core principles of adaptation, which are related to the nature and scale of the changes, are developed. The nature of the adaptation system is based on system approach, which covers all the possible areas;

- a conservative behavior model, which is used for the passive business entities only. There are no active steps to market and all the problems are solved on the traditional way and even at the level of the state. The pace of adaptation is low. Models and principles, necessary for efficient adaptation, are not developed. Adaptation is usually local in nature;

- a mixed behavior model is widely used in the case of adaptation, which is dependent on the intensity and the outstanding impact of environmental factors. Pace of adaptation is much lower than in the active model. There are general principles of adaptation and ways of behavior, but the model is not developed [10, p.134-135].

Based on the diversity of the above-considered models, we believe that organizational and legal security is a process of predicting and preventing extensive losses from the negative effects on their security in various aspects of financial and economic activity. Consequently, the effective result of the entity to ensure the profitability and sustainability of the business can be reached directly by forecasting and timely prevention of losses, which represent a threat to organizational and legal security.

On the basis of previously obtained results we propose a causal model to allocate the organizational and legal security of the business entity. The basis of its formation is to understand the security as a set of external conditions and factors endangering the functioning of the business entity and the implementation of organizational interests. The fundamental difference of this model from the previously discussed is that the organizational and legal security of the assessment there is a transition from the study of the internal environment to the observation of the environment. Assessment of organizational and legal security is to determine the impact of existing and potential hazards of the enterprise behavior, which is particularly important in the context of economic integration and globalization processes. The concept of the organizational and legal security of the model is shown below (See Figure 1).

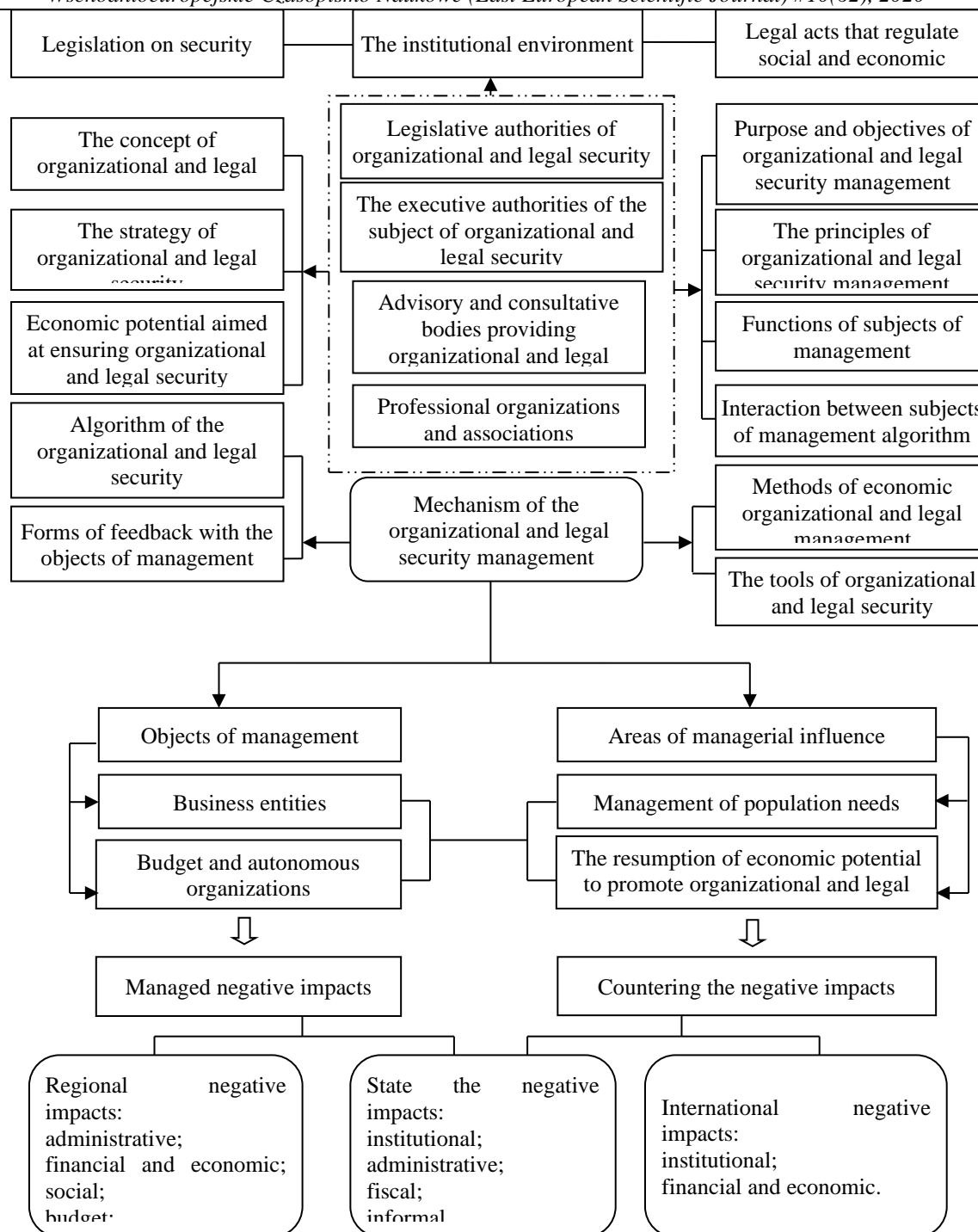


Figure 1. Causal model of information security of the business entity [proposed by author on the basis of 2, 3, 12]

As we can observe from Figure 1, organizational and legal security model has its own internal structure, which includes the following elements:

economic independence, which is not absolute, because the international division of labor, intersectoral and inter-regional physical and financial flows, the relationship between the individual companies form different economic systems (from the country as a whole to individual enterprises), which are interdependent on each other;

stability, balance and sustainability of the economic system, involving at national, regional and sectoral levels, protection of property in all its forms, to

create reliable conditions and guarantees for entrepreneurial activity, deterrence factors that could destabilize the situation, providing the existing intersectoral and inter-regional proportions of the necessary resources; at the enterprise level it is the ability to produce competitive products, providing all kinds of resources, strengthening financial stability;

the ability to self-development and progress, which implies the presence of industrial, scientific and technological potential, creation of a favorable climate for investment and innovation, continuous improvement, organization of production, improvement of professional, educational and cultural

level of workers [3, 5].

The main objectives of the proposed organizational and legal security model should be the following ones:

- improvement of the investment climate on the basis of ensuring the effective property rights protection, improvement of the regulatory and corporate law and restrictions manifestations of monopoly;
- development of financial and capital markets;
- reforming the tax system, as well as appropriate security orientation of fiscal policy to reduce the proportion of all components material costs;
- more efficient use of resources, ensuring effective control of natural monopolies, the transparency of the use of financial resources, the efficiency of the tariff and regulatory policy;
- the direction of economic policy measures to strengthen the financial condition of the business entities to ensure their focus on increasing profitability and capitalization;
- along with implementation of the state policy of export promotion, especially high-tech, it is necessary to provide outpacing the expansion of the internal market, to avoid critical dependence of the national economy on world markets;
- improving the competitiveness of the national economy is not possible with the current level of innovation activity of enterprises, which are necessary for the formation of the national innovation system, the expansion of investment opportunities for innovative projects [6].

**Conclusion.** This led us to the conclusion that consideration of the model from the perspective of the casual approach allows to get a broad overview about the object of organizational and legal security, to identify the main problem areas that are most susceptible to the occurrence and effects of threats, to determine the subjects, whose actions may lead to their implementation, to focus on risk assessment methods, as well as to develop practical measures to ensure organizational and legal security. In general, the development of casual model of organizational and legal security requires a comprehensive solution of issues of organizational, legal, scientific, methodological, analytical, informational and expert support activities in this area, which is the purpose of further research and development.

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