



## **Economic Security and Organizational Culture: Theoretical Approaches and Categorical Relationship**

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### **ABSTRACT**

Ensuring sustainable growth of the enterprise, to achieve its objectives, meeting the interests of managers and members of the workforce and society in general, are not possible without the development and implementation of effective business strategy, which in the modern economy is largely determined by the presence of a reliable system of its economic security and an appropriate level of organizational culture. Economic security, based on the ability of staff to counter the development of negative risk situations, becomes an important factor for sustainable and efficient operation of domestic enterprises. Of particular relevance acquire economic security issues in connection with the cases of hostile takeovers (hostile takeover attempts) that have been made against several dozen enterprises of Krasnodar Region for 2008-2014. The phenomenon of organizational culture is defined by a set of the most important positions taken by the members of the enterprise and receiving expression in the now claimed values that define people landmarks their behavior and actions. The development of organizational culture in modern conditions has a growing impact on the performance of the company, its market position and its economic security.

**Keywords:** Economic Security, Organizational Culture, Production Efficiency

**JEL Classifications:** D2, D61, O16

### **1. INTRODUCTION**

In order to expand the theoretical knowledge in the context of the theory of economic security, awareness of the value of the category of "economic security" is necessary to study the characteristics of the term "security," defining its meaning. From a position of activity approach security - an ideal (perfect) form of activity. In the language of everyday speech is presented as a value concept - the prefix "no" indicates the absence of detected threat (danger). The concept of security correlated object - the process and the subject - the subject of security, there is a perfect action. As the ideal form of activity, safety includes cash opposition "dangerous" reality. Safe operation is, therefore, to overcome the cash dangerous reality. About subjectivity safe operation makes sense to speak not as an individual characteristic or property, as

well as a mode of life in which the essential point is to overcome the danger. Security as the ideal form is manifested in the transition to a dangerous security. Security as a transition is situational event-act (action). The problem is not to achieve "security state" (such states does not happen), and the correlation of two spaces - the "dangerous" and "safe."

### **2. MAIN PART**

From the standpoint of objective approach, security - is productive action. "The danger - security" serves as a category of doubles real and the ideal form of existence (being): "Danger" - the real and the ideal, "security" as the real and the ideal. This real form - is cash and impulsive ways to respond to the "properties of objects," and the ideal - that idea, which itself becomes a formalized

response and objects with their properties are starting to act as a support plan for future action - a semantic field (Samsonov, 1994). However, central to this relationship is real and the ideal transition between them: From reality, understood as a natural spontaneity, of course the stereotype, the idea, the concept as a cultural design ("safety culture"). In the analysis of this transition is taken as a specific mode of life of the subject, there are all the numerous and interesting behavioral aspects studied in the behaviorist approach to security. If it gives priority to the problems of development of the ideal form, the safety culture should include as their necessary and significant moment of transition model forms and objects of development.

In the language of the social philosophy of "security" expresses the complex contradictions in the various spheres of social life (in the economy, politics, and international relations), leading to crises and disasters. In terms of socio-humanitarian approach underlying the "sciences of culture," the effects of threats and challenges, crises and disasters usually referred to the problem of values, motivations, attitudes, and their respective institutions, traditions and practices.

Even a brief review of theoretical approaches and the definition of "security" reveals the multidimensional nature of security issues, including a range of social, economic, organizational, managerial and other factors in their relationship and interaction. It determines the complexity of selecting priority measures to ensure security in the broad sense.

The synthetic concept of "security" contains as an essential component of economic security. The term "economic security" by the standards of historical science is relatively young. In its present understanding, he put into circulation in 1934 (Elkonin, 2001; Usiak and Ivancik, 2014). When the period of the great depression, the newly elected US President Franklin D. Roosevelt in his message to the nation used the phrase "national economic security." In Russia, this concept was included in the scientific revolution in the early 90s of the last century, when the transition to a market economy sharply declared themselves contradictions in the interaction of economic entities, different directions of their economic interests in the country, sharply higher economic dependence on the outside world and there threat of losing its independence.

The Law of the Russian Federation "On safety" from 05.03.1992, the state defines security as the protection of the vital interests of the individual, society and state from internal and external threats. In accordance with this definition of economic security is the state of the economy and government, providing guaranteed protection of declared interests and goals of the state against possible threats.

In 1995, the Federation Council was held special hearings on issues of economic security. In April 1996, Presidential Decree number 608 was approved by the State strategy of economic security of the Russian Federation (General Provisions) (Kobersy et al., 2015; The Government's Strategy of Economic Security of the Russian Federation, <http://www.scrf.gov.ru/documents/23.html>). The aim of the strategy of the state in this document has been proclaimed "the provision of such economic development, in which would be

created favorable conditions for life and personal development, socio-economic and military-political stability in society and the preservation of the integrity of the state, the successful opposition to the influence of internal and external threats." It was also formulated an official definition of economic security as "state of the economy, ensuring an adequate level of social, political and defense existence and progressive development of the Russian Federation, invulnerability and independence of its economic interests in relation to possible external and internal threats and impacts" (The General Theory of National Security, 2005).

The definition of "economic security" and its contents for two decades is the subject of intense debate for the scientific community. Only the author's definitions of "economic security," there are over thirty. The result of the analysis was the selection of a number of classifications in the author's approach to understanding the essence of economic security (Table 1).

Analysis of studies examining the economic security of the region showed that the main approaches to the definition of negative impacts on the economic system formulated in 1994, then released a thematic issue of the journal "Issues of Economics" (No. 12). All further development of the existing system on the basis of the positions represented in its domestic economists.

In this edition of Samsonov (Samsonov, 1994; On the State Regulation of Foreign Trade: Federal Law, 1995; Arsić and Krstić, 2015) in relation to the economic system allocates internal and external long-term risk factors, the negative impact on economic security, in particular the stability and sustainable economic development of the country. To external factors, he considers the geopolitical and foreign trade, as well as global environmental processes. Internal risk factors they are divided on the related laws of cyclical development of economic and non-economic system (for example, the conversion of national-state structures of Russia and the statement of principles in their real federalism). The scale and sustainability of these factors lead to the conclusion that they are under certain conditions can have a negative impact on the macroeconomic level and create a real threat to the economic security of Russia.

In our opinion, Samsonov (Samsonov, 1994; Finaev et al., 2015) made a significant contribution to the theory of economic security,

**Table 1: Classification of approaches to the definition of "economic security"**

Classification sign	The defining characteristic
The object of economic security	The vital interests of the individual, society and the state in the economic sphere; national interests; economic interests; National economy;
Property features economic security	the national economy; business entities Independence; stability; sustainability; development; production of economic resources; the level of legal income
The mechanism of economic security	Budget, tax, monetary and investment; institutional, legislative, regulatory, organizational and economic

comprising labeled them the relationship between threats of economic security and long-term risk factors through exceeding threshold value indicators characterizing the risk factors. At the time of exceeding the threshold performance long-term risk factors are classified as the threat of economic security. At the same time our understanding of the relationship of risks and threats is based on the definitions of these concepts lies in the occurrence of a certain (threshold) the probability of damage to the economic system. According to Prohozheva (The General Theory of National Security, 1995), the definition of the threat through the danger is quite self-sufficient and universally for all types of security. Security threats are objective in nature and result from the clash of interests of individuals, social classes, classes of their interaction in the process of social development.

Classification of threats to internal and external works presented in Bogomolov (2006; 2009), Dronov (2001), Ismagilov (1999), Oleynikov (Economic and National Security, 2004), Ismagilov et al. (2001), Stepashin (The Economic Security of the Russian Federation, 2001), and others. For example, subdividing a threat to internal and external, Dronov (2001) concludes that economic security threats or any form of damage usually leads to material and financial losses, which adversely affects the balance of payments. He understands the internal threats to the factors causing the crisis of economic security. The author distinguishes among internal threats to active and passive. The first group he includes those that require immediate intervention of the state and to the second - the ones that will certainly need to be addressed, but their economic content are some objective reality, and no government decision is able to cancel them.

Despite the theoretical and practical significance of the category of “a threat to economic security,” the analysis shows that a unified approach to the definition of this concept is not yet. Most often, the authors do not offer a definition, limited to the negative effects that, in their opinion, are the threats (or other categories) economic security. A detailed analysis of the terminological aspects of the problems of economic security taken Afontsev (2001), which defines the threat to the economic security of both endogenous and exogenous shocks, economic or political origin, can destabilize the national or international economic system.

The interpretation of the category of “economic security” in the scientific literature is different. So, for example, starting from the point of view Bogomolov “... economic security of a system is understood as a set of features of the state of its production subsystem that provides the probability of achieving the objectives of the system as a whole” (Bogomolov, 2009; 2006). Just not allocating levels of economic security, the author stresses that this concept is applicable to a variety of subjects: Individual citizens, private businesses, state-owned enterprises, the national economy, the state as a whole.

Antonov believes that “economic security is a system to protect the vital interests of the country. The objects of protection are: The national economy as a whole, some regions of the state, the individual sectors and spheres of the economy, individuals and legal entities as subjects of economic activity” (Shkurkin

et al., 2015; Antonov, 2008; Mirzabaev et al., 2015). According to Balyasny “economic security is a state of the economic system, allowing it to develop dynamically, effectively solving social problems, in which the country can build and implement an independent economic policy” (Balyasny, 2008; Popkova, 2015).

In modern conditions, the successful operation of the process and economic development of Russian companies is largely dependent on the improvement of their activities in the area of economic security (Bogomolov, 2009; 2006). The main factors negatively affecting the safety of business activities in Russia are the following:

- Active participation of representatives of the government and management in the business;
- The use of criminal organizations to influence competitors;
- Weak effectiveness of laws designed to counteract the unfair competition;
- The absence of favorable conditions for scientific and technical research;
- Deficit detailed and objective information on the subjects of entrepreneurial activity and their financial position;
- Low level of culture of doing business in the business environment;
- Use of illegitimate, operational and technical methods to obtain the necessary information about competitors.

With the development of market relations in Russia, the problem of economic security, that is, to minimize the risks and threats of reflection, comes to the fore, for such judgments is a very good reason: Lack of development of the insurance market, the lack of regulatory support for the evaluation and protection of intellectual property, the lack of entrepreneurial culture among businessmen. An important role is played by contextual factors: Blurred value orientations of citizens, instability and pronounced fiscal nature of tax legislation, the active development of information technologies that require significant resources to protect the information. The massive appearance of virtual enterprises creates another “painful” point in the economic security of entrepreneurship. Virtual enterprise is a low proportion of physical capital and the orientation of the founders mainly on information technology. One cannot be called and a sore point, as the deformed social and labor relations, directly affecting the security of the country as a whole, and each enterprise. Deceived people cheating the state and does not see anything wrong. This is manifested in the evasion of employers and employees from the payment of taxes and charges on wages. Recently, serious declares itself a new problem area for the country - property relations and economic interests of the owners, managers, staff, contractors and partners of joint stock companies. The second waves of property redistribution significantly affect the level of economic security.

Practice shows that more and more security forces are unable to provide reliable protection of the economic interests of the enterprise, such as economic efficiency and financial sustainability. The basis of this judgment based on the following reasons: Economic security - a multi-faceted area of management, which fall within the scope of all kinds of resources of the enterprise,

requiring attention from all the services; come to the fore functional and psychological relations workers clash of economic interests, so the focus is on organizational and psychological aspects of economic security, which is a prerogative of personnel services; a comprehensive study of the influence of factors external and internal environment is replaced by marketing, that is, the study of the company's position in the market, as a result of information asymmetry effect is manifested when economic relations with partners are unpredictable.

The above factors make legitimate conclusion that the problem of economic security is not just a date, and a priority among the major challenges of the market economy in Russia. Successful defense enterprises from security threats depends on a systematic approach to the problem involves the participation of various services for early warning of danger, control of the situation. Terms of economic security are:

1. The analysis and assessment of threats
2. Planning measures to contain threats
3. The implementation of measures to address threats.

Methods of ensuring the economic security of the enterprise - a set of measures and the system of organization and control of their implementation, which allow to reach the highest values of the level of economic security. General block diagram of the process of ensuring economic security includes the following steps:

1. Strategic planning and forecasting their economic security
2. The strategic planning of financial and economic activity
3. The analysis of the level of economic security
4. The present plan of economic security.

In the context of the question, we note that the financial and economic crisis is usually a negative impact on the potential of industrial enterprises: Reduced investment into the process and product innovation, does not provide adequate dynamics of development, the company is losing market share, and therefore profits, deteriorating financial and economic state enterprises, aging and wear fixed capital depleted technological advance, leaving the most qualified employees. In the stable functioning of the enterprise in solving their economic security emphasizes the focus on maintaining the normal rhythm of production and sales, on the prevention of material and/or financial harm to prevent unauthorized access to proprietary information and destruction of computer databases for countering unfair competition and criminal manifestations.

Production sphere efficiently operating businesses in a timely manner if it is subjected to necessary modernization, not a source of economic disadvantage (economic hazard) for staff of the enterprise and its owner, and for those market agents who are products of the company, i.e., its subcontractors and customers. In crisis periods of greatest risk to the enterprise is the destruction of its potential (industrial, technological, scientific, technical and human), as the main factor of life of the enterprise, its possibilities. At the same time economic conditions are such that do not provide the ability to reproduce building. Resources for this company can only buy from the results of the activity (or rather - depreciation and profit), as well as borrowed funds. Both of these sources of

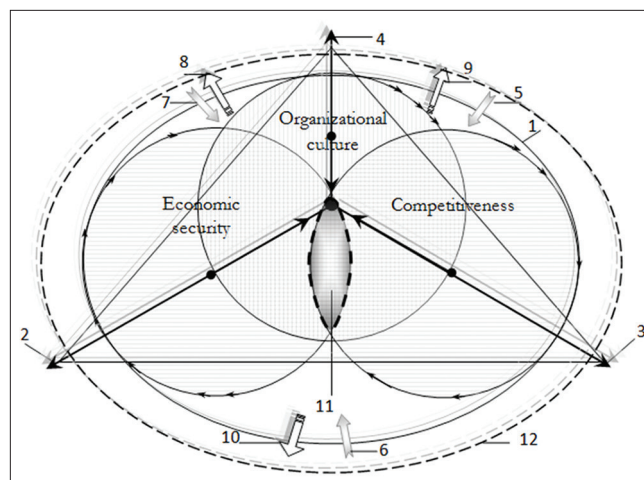
investment in a crisis situation at the enterprise, as a rule, are blocked.

Measures to ensure the safety of information on a single enterprise can be different in size and shape, and depend on the industrial, financial and other capabilities of the enterprise, the quantity and quality guarded secrets. The choice of such measures should be implemented on the basis of the principle of reasonable sufficiency, keeping in financial calculations "golden mean," since excessive closing information as well as the neglect of its preservation, can cause the loss of a certain percentage of profits or lead to serious losses.

Given the range of possible threats to economic security, protects all types of resources involved in order to achieve economic and social goals of the enterprise. It should highlight the following areas: Physical security of business activity: Buildings, vehicles, machinery, inventory, raw materials and financial resources; information security and protection of information networks, resources, software, and intellectual property and other intangible assets, including property interests of participants in entrepreneurial activity; legal security, which is understood as a competent and correct registration of the rights, procedures and performance conditions (statute, registration documents, ownership of property, patents, licenses, rentals and counterparty agreements, contracts, accounting records, and others.); the safety of personnel, safety, personal safety entrepreneur, top management, security, business relations.

Copyright vision components of economic security comes from the fact that it is provided by the interaction of three areas: Economic security, organizational culture and competitiveness of the enterprise (Figure 1), including the relationship of external and internal environment. From the external environment, the

**Figure 1:** The structure of the conceptual triad of ensuring the effectiveness of the company



**Note:** 1 - boundaries and scope of operation of the business; 2, 3, 4, - vectors of the quality criteria of the enterprise; 5, 6, 7 - incoming information; 8, 9, 10 - emerging results of the internal functioning of the enterprise in the market of goods and services; 11 - the intersection of the triads, the field performance of the enterprise; 12 - market goods and services

company enters into the flow of information about the position of the company, the possible risks and threats. Given this information, construct production and business activities of the enterprise through the use of internal resources, including the possibility of organizational culture to encourage joint efforts to stabilize the team and improve the economic situation of the company, its transition to a higher level.

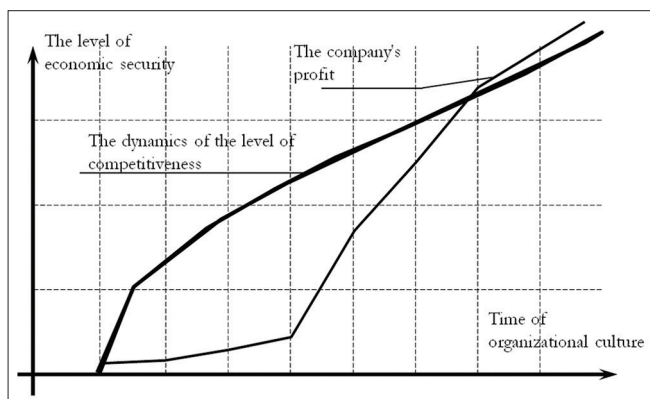
The proposed conceptual triad of ensuring the effectiveness of the company is shown in the boundaries of the market for goods and services. Vectors performance measures of the company are carriers of data requirements and the needs of both the external environment and from each category represented by us. For example, the vector of the category of “organizational culture” in the external environment contains information concerning the qualitative and quantitative characteristics of the staff of the enterprise.

It should be noted that effective enterprise - the enterprise is able to resolve conflicts internal integration and external adaptation process of economic security. Effective enterprises are further characterized by adaptability, a condition in which the company responds flexibly to customer requirements, takes risks, learns from its mistakes and is able to change. For such enterprises the important factor is the implementation of the mission (strategic development of the company based on the prevailing view of the future).

The objectives of the interaction vectors of development of organizational culture and improve the safety of the company focused on providing and maintaining its level of competitiveness. It seems appropriate to highlight the cycle of phenomena - characteristics of the enterprise: “Organizational culture - economic security – competitiveness.” Interconnection elements cycle is shown in Figure 2 take what is economic security as a problem field of economic knowledge in the thesaurus? Here is the author’s interpretation of the term of the test.

In our view, “economic security” is always contextual, and refers to the definition of education is usually used with the addition of (security of the person, society, the state, enterprises, business) and characterizes the ability of education to self-realization in the

**Figure 2:** The dynamics of capacity building enterprise competitiveness in the coordinates of its level of economic security and development of the organizational culture of the time



conditions of the presence and action of destructive factors. In the analysis of the security in the economic sphere every education must be seen in three dimensions: As a security object, as the subject security (and other private entities), as a source of danger. Therefore, deliberate narrowing of the problem is the reduction of security only to protect, but the problem of economic security is often regarded as self-sufficient and do not have a clear link with the real issues of economic policy. Thus, economic security includes not only the preservation of certain existing provisions (or improving to some extent), but also create opportunities for reaching a new qualitatively higher level of development. In other words, security - not so much a constant state of productive forces and relations of production, as the ability to grow and prosper in conflict, uncertainty and risk.

### 3. CONCLUSIONS

In summary, we note that in general, the economic security - a priority qualitative characteristics of the economic system (in our case - the company), which determines its ability to maintain normal living conditions of the population, sustainable resourcing of the national economy. Based on the understanding of the nature and structure of economic security in the next section we consider the performance of the research and the basic characteristics that are the problem field of the category of “economic security” company.

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