

**Drobyazko Svetlana**

*Candidate of Economic Sciences, Associate Professor,  
Professor of the Department of Accounting and General Economic Disciplines  
Open University of Human Development "Ukraine"*

## **RESULTS OF INTRODUCTION OF THE IMPROVED MECHANISM OF ECONOMIC SECURITY CONTROL OF INSURANCE COMPANIES**

***Summary.** Forecast calculations of the state and development of economic security are a reflection of the development trends as an individual enterprise - the subject, and the market economy system as a whole and its important segment - the competitive environment. Accordingly, the accuracy of forecasting is a reflection of the degree of modeling of development and the system of interconnections on the formation of economic security of services at micro and macro levels, in particular, insurance companies, insurance and the national economy as a whole. In the conditions of the formation of the information society, there is a change in the orientation of companies functioning in the direction of a tight combination of consumer interests and the creation of modern innovative products. That is, traditional marketing goes beyond its borders and manifests itself in new concepts. Among them there is the development of a divergent approach, according to which the concentration of efforts on a certain type of activity becomes important, taking into account the level of competence of the personnel.*

***Key words:** economic security, goodwill, controlling mechanism, effectiveness.*

**Statement of the problem.** The system of ensuring the economic security of the insurance enterprises provides the definition of its subsystems, the justification of the measures and target functions of forming a competitive position, forecasting tactics and the strategy of competitive behavior of the enterprise in the conditions of dynamic influence of the market competitive environment.

It is important to take into account the functional conditions of activity in the pre-planning period and to model their development, which determines the degree of resource provision of economic security in the future and the effectiveness of relevant organizational and managerial decisions. The signs of adaptability of managerial decisions regarding the field's economic security substantiate the qualitative characteristics of forecasting.

**Analysis of recent researches and publications.** The problem of providing the economic security of the insurance company is still the subject of sharp scientific discussions, which indicates the complexity of this concept and the ambiguity of interpretation. The work of well-known foreign experts is devoted to providing the economic security of the insurance company in the sphere of the insurance industry: Rejda, G. E., Ocampo, J. A., Pearson, R., & Elson, D., Flannery, M. J., Wan, M.

**Formulation purposes of article (problem).** The purpose of the article is to improve the methodology of evaluating the effectiveness of the controlling mechanism of economic security of the enterprise.

**The main material.** The economic effect of the introduction the controlling mechanism of economic security of insurance enterprises is to increase its market value. The economic effect of the introduction the controlling mechanism of economic security of insurance enterprises is to increase its market value. The estimation of the economic effect on the example of the IC "Knyazha" is based on the scenary calculation of predicted values of capitalization according to the achieved level of the chosen strategy based on a

matrix of economic security company profile. It uses predictive valuation of goodwill as undisplayed in the balance sheet value of the unidentified intangible assets, primarily the effect of numerous synergies reputation. Goodwill is the profit of the enterprise that is the sum of synergistic effects on the average rate of profit generated by assets, especially its intangible assets, including business reputation, as part of organizational capital.

All indicators for the calculation of goodwill are derived from the company's reporting, namely form No. 1 "Balance. (Statement of financial position)" (average annual value of assets) and form No. 2" Statement of financial results. (Consolidated Income Statement)" (average annual net profit).

Three scenarios for managing the economic security of the insurance enterprises have been developed; basic (starting), medium and optimistic. The economic effect of introducing a mechanism for managing the economic security of the insurance enterprises by the example of IC "Knyazha" is presented in Table 1.

*Table 1*

**Scenario calculation of the economic effect of the development and introduction of the controlling mechanism of economic security of the insurance enterprises**

<b>Indicator</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>Average value</b>	<b>Forecast</b>	<b>Economic effect, E</b>
Assets, mln. UAH	320	346	318	324	356	332.8	-	-
Net profit, mln. UAH	41.6	34.6	29.6	24.3	16.2	29.26	-	-
EV, mln. UAH	-	-	-	-	365.43	-	-	-
The scenario is a satisfactory level of economic security								
Return on assets -2019 (estimate), %	-	-	-	-	-	-	8.79	-
Net profit, mln. UAH	-	-	-	-	-	29.26	-	-
Goodwill, mln. UAH	-	-	-	-	-	-	9.43	-
EV, mln. UAH	-	-	-	-	365.43	-	366.53	1.10
The scenario is the average level of economic security								
Return on assets	-	-	-	-	-	-	11.4	-

- average level of competitor-counterparts, %								
Net profit, mln. UAH	-	-	-	-	-	37.94	-	-
Goodwill, mln. UAH	-	-	-	-	-	-	13.4	-
EV, mln. UAH	-	-	-	-	365.43	-	367.1	1.653
Optimistic scenario - high level of competitiveness of services								
The best level during 2014-2018, %	-	-	-	-	-	-	13	-
Net profit, mln. UAH	-	-	-	-	-	43.26	-	-
Goodwill, mln. UAH	-	-	-	-	-	-	16.1	-
EV, mln. UAH	-	-	-	-	365.43	-	-	2.61

Source: author's calculations

There are numerous factors of the conjunctural impact on the market cost of enterprises, the objective differences in the cost of capitalization by different valuation methods. But, based on the results of the scenary analysis of the introduction of a mechanism for controlling economic security and as a result, raising the level of economic security from a satisfactory to the average, gives an opportunity to get an economic effect of 50 thousand UAH. Already at the start of the introduction of the mechanism in the form of capitalization IC "Knyazha".

To reduce the subjectivity in making decisions (due to the human factor) regarding the introduction of the controlling mechanism of economic security, it is possible to apply methods for social diagnosis, in particular, the Schmidt & Hunter methodology. In assessing the economic feasibility of the proposed approaches, in our view, it is necessary to determine the validity index (a characteristic that reflects the ability to get results that meet the goal and justifies the adequacy of the decisions that are made). The basis for calculating the rationality of project implementation is the use of the Cronbach & Gleser methodology [1], while the corrected (taking into account the peculiarities of this mechanism) analytical formula has the form [2-5]:

$$\Delta P = IP_e \cdot T \cdot SD_y \cdot R_{xy} Z_x - C_{np} \cdot IP_B, \quad (1)$$

where:  $\Delta P$  - profit growth due to introduction of the mechanism (UAH);  $IP_e$  - number of measures to increase economic security, which were introduced with the help of this mechanism (units);  $T$  - duration of the operating mechanism (p.);  $SD_y$  - standard deviation of the criterion of success, which determines the existing differences between successful and unsuccessful of the controlling mechanism of economic security in the profits they bring to the enterprise (UAH);  $R_{xy}$  - coefficient of criterial validity of the mechanism;  $Z_x$  - the average standardized value of the main criterion for the success of the mechanism;  $C_{np}$  - costs for the implementation of the mechanism (UAH);  $IP_b$  - number of possible mechanisms for controlling the economic security regarding the implementation that was evaluated (units).

The effectiveness of making managerial decisions regarding the introduction of a mechanism for controlling the economic safety of insurance companies by 4 indicators: a standard deviation of the criterion of success, which determines the existing differences between the successful and unsuccessful of controlling mechanism of economic security in the profit they bring to the enterprise (UAH), the amount of income (UAH) , average cost of the introduction of the mechanism (UAH), profit from introduction of the cost of implementation of the mechanism (UAH). The standard deviation of income from the cost of the introduction of the mechanism is calculated according to Schmidt & Hunter's methodology, according to which studies indicate that the standard deviation of the effectiveness of the mechanisms performed in the first, in monetary terms, is at least 40% of the expected income. Regarding the validity of evaluation techniques, there are many sociological surveys, according to which the validity index is considered to be 0.37. On the average standardized value of the main indicator of the implementation of the mechanism is an average of 0.418. The results of the calculation of the effectiveness of the

introduction of the mechanism for controlling the economic security of the insurance enterprises of energy on the basis of the methodology Cronbach & Gleser provided in Table 2.

*Table 2*

**Evaluating the effectiveness of the introduction of a mechanism for controlling the economic security of insurance enterprises based on the principles of the methodology of Cronbach & Gleser**

<b>List No.</b>	<b>Indicators</b>	<b>Value, UAH</b>
1	Standard deviation of income from the introduction of the mechanism	23276865.38
2	The amount of income for the introduction of the mechanism $0.418 * 0.37 * 23276865.38$	3600000
3	Average costs of introduction the mechanism	2880000
4	Income from the introduction of the mechanism (3600000-2880000)	720000

*Source:* author's calculations

Also, for the alignment of the human factor when deciding on the implementation of a mechanism for managing the economic safety of insurance companies, the postulates of the contract theory can be used [3-4].

**Insights from this study and perspectives for further research in this direction.** The system of organizational and managerial decisions in order to ensure economic security is determined by the predictive functions of maximizing income and minimizing costs, which allows for profit, the level of which exceeds the similar indicator of the subjects of the competitive field.

One of the functions of providing economic security is the target profit, sufficient for the return on investment resources for a specified calendar period. This approach combines the parameters of investment attractiveness and economic security of the enterprise in the forecast period.

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