FINANCIAL RESILIENCE OF AN ENTERPRISE IN AN ECONOMIC SECURITY SYSTEM. CASE STUDY OF A UKRAINIAN MUNICIPAL ENTERPRISE

Abstract. Modern enterprises operate in a highly turbulent economy. This is due to the acceleration of economic processes, reduction of economic cycles, globalisation of the economy, customisation of final products and other features of modern development. Under these conditions, management mechanisms and methods must respond to the changing environment, increase the resilience of economic entities and ensure the successful overcoming of crises, if they have already occurred. Enterprises themselves do not conduct such an analysis or conduct it very rarely. Therefore, the development of mechanisms and methods for determining financial and economic security have been and remain relevant. Their formulation and algorithmisation form the basis for the design and implementation of systems for the monitoring and early detection of crises. The object of the study is the Borovychka municipal enterprise in terms of its long-term assessment. The calculations and financial data presented in the paper are based on the financial reports of the Borovychka ME for 2018, 2019 and 2020. The author wrote a Master’s thesis on the basis of this company and using its real data. The author’s calculations are available upon request. Financial data is available separately and upon request from Borovychka ME.

Keywords: financial stability; financial security; economic security; municipal enterprises; economic security system.

Introduction

The effectiveness of anti-crisis mechanisms is directly related to the success and timeliness of detection of negative phenomena that disrupt the rhythmic functioning and purposeful development of enterprises. In modern practice, the analysis of crisis threats is carried out, as a rule, by financial and credit
organisms during the analysis of the creditworthiness of an enterprise as a borrowing entity [1].

Some aspects of this topic have been studied with varying degrees of depth by many foreign and domestic economists, sociologists, philosophers, e.g. a significant number of scientific publications by Western academic economists such as J. Davis, G. Johnson, R. Bazved, Y. Brigham, J. M. Keynes, W. Clifford, E. Kona, M. Lifson, W. Lawrence, R. Charret, M. Friedman, W. Scharff, etc., and Ukrainian academic economists such as O. Tereshchenko, V. Vasylenko, V. Matviychuk, G. Ivanov, V. Koshkin, A. Galchinsky, V. Goets, I. Zyatkovsky, M. Bilyk.

The instability of the world economy at this stage of development prevents businesses from adapting to changing political and socio-economic conditions and finding the most appropriate solutions to solve complex problems and ways to reduce threats to their functioning. High depreciation of fixed assets, both moral and physical, lack of financial resources, the rupture of cooperative ties has put a large number of enterprises in a difficult financial situation. As a result, there emerges a challenge of creating and implementing a system of economic security, which will help to create conditions which reduce the level of threats to the activities of enterprises [1].

**Theoretical framework**

1.1. **Economic security of an enterprise: concept, purpose and structure**

The economic security of an enterprise is a complex concept that includes a set of factors related not so much to the internal state of the enterprise, but to the influence of the external environment and with its subjects, with which the company interacts [2: 18; 3].

Determining the economic security of an enterprise and the conditions of its implementation form the basis of the ideology that is put into practice. In the literature concerning the problem of the economic security of enterprises, there are quite a number of definitions of both the category of security and economic security of enterprises. As an example, we will consider the following definitions of economic security of an enterprise [2; 3].

For an enterprise, economic security can be considered as provided when the
use of corporate resources is most efficient and ensures the stable operation of the enterprise now and in the future [4]. This definition, touching on the problem of effective use of property, defines the purpose of the enterprise as a battle against threats. Of course, the efficiency of corporate resources can characterise the degree of economic security of the enterprise [4].

O. Melnyk characterizes the economic security of an enterprise (firm) as a certain state of the business entity, which is characterised by a high degree of protection against unwanted changes in all the most important components of the structure and the activity of the enterprise [5]. This definition replaces ‘threats’ with ‘undesirable changes’ without defining what they are.

N. Sisolina considers the economic security of an enterprise as a state of the business entity, in which it, with the most efficient use of corporate resources, seeks to prevent, mitigate or protect against existing dangers and threats or other unforeseen circumstances and mainly ensures the achievement of business goals in conditions of competition and economic risk [6: 19]. This definition already notes the goals of the business and the factors of its conduct - competition, economic risk. The criterion used - resource efficiency - is based on the concepts of threat and danger [6].

M. Onishchenko, O. Dutchenko, S. Spitzgluz interpret the economic security of the enterprise as ‘... a continuous process of ensuring the enterprise, which is in a certain external environment, the stability of its operation, financial equilibrium and regular profits, as well as the ability to meet goals and objectives, the ability to further develop and improve at different stages of the life cycle of the enterprise and in the process of changing competitive market strategies’ [7: 38]. This definition sets out the tasks of management, which include ensuring all possible aspects of the enterprise. The authors consider the economic security of the enterprise as a process, not a state. This is a very important conclusion, as the economic security of an enterprise must exist continuously, at every point in the trajectory of its operation. But it should be noted that the economic security of the enterprise itself is a certain characteristic of the state of the enterprise, which should preferably be measured quantitatively or as a scalar or vector quantity. It is important that, in this definition, the author operates exclusively in economic categories [7].
Analysing these definitions, we can conclude that the authors, in their results, consider the activities of the enterprise in isolation from the economic interests of stakeholders. From these positions, the views of the authors can be reduced to two points of view. The first point of view is that the economic security of the enterprise is based on the use of the concept of threat, leaving aside the reasons for their appearance. The second approach, avoiding the use of the concept of threat in the definition of security, is based on the economic efficiency of the enterprise, giving priority to achieving that goal, but not mentioning the interests of the parties. There are also views that combine or confuse the two [1].

The enterprise is, first of all, the object of economic relations as the owner, who creates the enterprise, pursues economic interests. The owner does not care whether there will be any threats in the process of achieving his goal, whether the threats will be mitigated at all and how this will be conducted. Mitigating threats is always concomitant to economic activity, as threats can be created by the owner himself. In addition, the fact of creating an enterprise is always a redistribution of profits [1; 6; 7]. Therefore, a forming company will always have opponents. Dealing with threats is the task of management, which is responsible for the effective use of property. And the owner's interest in threats stems from the fact that combating them requires costs, reducing the desired profits in the event of an obvious gain. Thus, it seems natural that the definition of security should be based not only on the benefit to the owner, but also take into account the interests of other stakeholders. Due to these circumstances, a more reasonable approach is to determine the economic security of the enterprise from the standpoint of achieving the goals pursued by the enterprise, which indirectly take into account the interests of stakeholders in its activities [1; 6; 7].

It is also worth noting that the term ‘enterprise security’ can be considered equivalent to the term ‘economic security of the enterprise’, as the enterprise is an object primarily of economic relations.

Thus, it can be stated that there are two assessments that justify the nature of the economic security of an enterprise [7: 201]:

– the economic security of an enterprise as an economic object is determined by some characteristic (state of enterprise architecture, dynamics of functioning,
observance of vital interests, provision of needs, development trend, etc.). If this characteristic is affected, this negatively affects the functioning of the enterprise. This impact is seen as a threat that leads to deteriorating performance. Thus, it is assumed that the company has some basic characteristics that may be subject to undesirable effects. If this characteristic is protected from undesirable influence (threats), then the economic security of the enterprise is provided. The criterion of security assessment is either absent or is assessed by profit [7];

– the enterprise as an economic object always has a defined mission, which determines the goals and results of its activities. Operating in the external environment, the company has an architecture that allows it to operate on the one hand, and, on the other, allows it to be in a balanced, stable state, which can be called safe. This means that the management of the enterprise ensures its successful operation and achievement of goals, despite the negative impact of the external environment. And if the change in external conditions goes beyond certain limits, the management cannot ensure the effective functioning of the enterprise and the achievement of its goals through its resources and in light of the constraints imposed by architecture [7].

Summarising all the above, I propose understanding the economic security of the enterprise as the characteristics of the state of an enterprise in which it is able to achieve its goals and results with limited changes in its external and internal environment. The limited changes in the two environments only suggest that there is no absolute economic security. It can be provided only under certain conditions. For example, with abrupt changes in prices for products, raw materials, energy, a sudden increase in wages, the sudden introduction of new legislation, ensuring the economic security of an enterprise is not possible if these actions lead to a sharp decrease in profits, profitability or bankruptcy [1; 6; 7].

1.2. Financial stability of an enterprise in an economic security system

The term ‘financial stability’ is significant because it contains an assessment of all aspects of the organisation and serves as a comprehensive indicator of its successful operation. Financial stability is a guarantee of stability of the organization and one of the factors defending it from unforeseen bankruptcy [1; 8].
The financial stability of an organisation does not only imply maintaining the achieved size of business returns and business efficiency, but also its increase, while maintaining its solvency by attracting additional investment within acceptable limits of risk [1; 8].

Academic literature in this field contains a wide array of corresponding analyses. Thus, A. Lisovy and I. Chunytska understand the stable conduct of the organisation in a long-term perspective, which is characterized by the ratio of own and borrowed funds [8: 96], as a financially stable state. Y. Zagorulko, N. Dekhtyar adhere to the same point of view as A. Lisovy and I. Chunitskaya and define financial stability as maintaining the solvency of the organisation in the future, characterised by the ratio of equity and debt capital [9: 238].

V. Kutsyk proposes to understand the economic stability of the organisation as a state of monetary resources which guarantees the development of the enterprise mainly at its own expense while maintaining solvency and creditworthiness with minimal risk [10: 274].

I. Muse reveals the concept of financial stability from the standpoint of sufficient sources of funding to maintain the continuity of the enterprise’s work. This is associated with the creation and sale of products in a given amount, as well as renewal and increase in non-current assets [11]. In other words, the author focuses on the timely repayment of staff salaries, payment of budget taxes and payment by suppliers for supplies and services received from them.

O. Rybak and P. Komissarova consider the economic stability of an organisation as based on the state of financial resources, their distribution and use, which ensures the development of the organization based on profit and capital growth while maintaining solvency and creditworthiness in terms of acceptable risk [12].

A similar point of view is held by V. Kravchenko, who considers financial stability from the standpoint of a system of absolute and relative indicators [13: 146].

A more modern and accurate definition of financial stability is given by V. Chepka and O. Matyash [14: 651]. They define the concept of ‘financial resilience’ as a financial condition of capital in which the ratio of own and borrowed
funds ensures reliable operation at a certain point in time and sustainable development of all its subsystems in times of crisis while maintaining solvency [14]. This concept is based on the practicality of separating the concepts of ‘resilience’ and ‘stability’ in contrast to lack of differentiation between them in theory and practice. Namely, resilience should be used to characterise the state of an object whereas stability used to describe its development [14].

Summarising all the definitions above, financial stability is a complex characteristic of the activity of an enterprise at a given period which depends on many parameters and reflects the level of its financial competitiveness, the degree of security of its own and borrowed financial resources, the degree of the relationship of the latter parameters to one another and the rationality of their placement as well as the provision of working capital for the timely settlement of liabilities and the implementation of effective economic activities in the future [1].

Description of the case study

The Borovychka municipal enterprise (hereafter Borovychka ME) works in the field of public utilities in the Cherkasy region, Ukraine. The main activity of the enterprise is water intake, purification and supply [15].

Today, the company is a legal entity and has an independent balance sheet, current account and other accounts in a commercial bank, a round seal, stamps, forms with the full name. In its activities, Borovychka ME is guided by the Charter of the enterprise, the Housing Code of Ukraine and other legal acts. The main priorities of Borovychka ME are: increasing the reliability of centralised water supply and sewerage systems through efficient use of enterprise resources, improving the quality of operation of networks and facilities and compliance with drinking water disinfection technology [15].

The following aspects are among the main areas of development of Borovychka ME:

- improving the capacity and operation reliability of facilities;
- improving the technical equipment of the unit;
- improving the level of technical training of personnel;
- improving the efficiency of work with consumers.
The successful management and implementation of financial and economic activities of the enterprise is inextricably linked with its stable financial position, in particular with its financial resilience. This indicator is expressed in the efficient use and distribution of pecuniary resources, optimisation of financial and operational cycles, stable profit generation for the company and in an increase of its value [15].

The calculations and financial data presented in the paper are based on the financial reports of Borovychka ME for 2018, 2019 and 2020. An important step in the analysis of financial and economic activities of an enterprise is to determine its liquidity, which characterises the availability of working capital in the amount theoretically sufficient to repay short-term liabilities, even in breach of contract. The calculation of liquidity ratios is given in Table 1:

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Period of time</th>
<th>Deviation 2018 to 2020, +/-</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
<td>2019</td>
</tr>
<tr>
<td>Current ratio (coverage ratio)</td>
<td>1.01</td>
<td>0.96</td>
</tr>
<tr>
<td>Quick ratio</td>
<td>0.99</td>
<td>0.94</td>
</tr>
<tr>
<td>Absolute liquidity ratio</td>
<td>0.03</td>
<td>0.05</td>
</tr>
<tr>
<td>Equity working capital</td>
<td>-19167</td>
<td>-93752</td>
</tr>
</tbody>
</table>

Source: compiled from the company's materials

After analysing the data in table 1, the following conclusions can be drawn. Current assets sufficiently provide for short-term liabilities. This is evidenced by the coverage ratio, which is 1.01 in 2020. This indicator at Borovychka ME is within the norm, i.e. there is a gap between current assets and current liabilities, and the company can use them for current activities [1].

The quick ratio shows how much of the short-term liabilities of the organization can be repaid from various accounts, short-term securities, as well as proceeds from settlements. This indicator for the period 2018-2020 remained within 0.99.

The inability of the company to immediately meet its short-term liabilities is evidenced by the absolute liquidity ratio, which in recent years has not met its regulatory value, the recommended lower limit of which is 0.2. That is, the company
should take measures to improve absolute liquidity and improve its solvency.

The amount of available working capital is negative, so it can be argued that Borovychka ME is not a fully financially stable company.

In the system of analytical indicators, the assessment of financial stability of an enterprise becomes especially important in the study of its financial performance, which is influenced by various indicators of liquidity, solvency, capital structure and other aspects of financial and economic activities. In this regard, financial stability should be characterised by indicators that best reflect the essential side of the studied category. Allocating indicators of financial resilience into a separate group is required to determine the level of resilience of the financial condition of Borovychka ME and to develop timely management decisions aimed at maintaining and strengthening its financial balance [1].

It should be noted that among the whole set of indicators of financial resilience, only the general ones are to be distinguished, i.e. those that most fully express the essence of the studied category. The calculation and dynamics of the coefficients which largely express the level of financial stability of the Borovychka ME are presented in table 2.

**Table 2**

<table>
<thead>
<tr>
<th>Financial indicator (coefficient)</th>
<th>Estimated value of the financial indicator</th>
<th></th>
<th></th>
<th>Deviation 2018 until 2020 (+, -)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maneuverability coefficient</td>
<td>-0.06</td>
<td>-0.02</td>
<td>-0.03</td>
<td>+0.03</td>
</tr>
<tr>
<td>Financial autonomy ratio</td>
<td>0.14</td>
<td>0.72</td>
<td>0.49</td>
<td>+0.65</td>
</tr>
<tr>
<td>Financial dependence ratio</td>
<td>7.63</td>
<td>1.38</td>
<td>1.44</td>
<td>-6.14</td>
</tr>
<tr>
<td>Own funds ratio</td>
<td>-0.01</td>
<td>-0.05</td>
<td>-0.06</td>
<td>+0.05</td>
</tr>
</tbody>
</table>

Source: compiled from the company’s materials

When analysing the indicators of Table 2, it can be noted that during 2018-2020 the maneuverability coefficient of the Borovychka ME was low, and the value was below the normative value during the period. Own funds are completely diverted to finance non-current assets [1].
Borovychka ME still depends on borrowed funds and is able to finance only 114% of assets from its own funds in 2020, which is 619% less than in 2018 [15].

The financial dependence of Borovychka is declining, and in 2020 there will be 1.44 hryvnias of financial resources for each hryvnia of own funds, which is 6.14 less than a year earlier. However, the value of the indicator is within regulatory limits, so the company's financial risks are at an acceptable level [15].

Throughout the period, the ratio of own funds is lower than the norm and Borovychka ME is unable to finance its current assets from equity. Dependence on borrowed capital is high [1].

Calculations performed in Table 2 indicate the unstable financial condition of Borovychka ME in 2018.

In order to objectively assess the efficiency of the enterprise, it is not enough to know only the absolute value of its profits. It is necessary to have information about its profit-earning capacity (profitability, return), i.e. to assess the profit margin of its work at the enterprise itself. Profits of enterprises are formed as a result of sales of products, processed products, as well as the provision of various services and other activities, if not prohibited by law [1; 15].

Profit margin indicators allow us to evaluate the results of invested resources. In modern practice, we distinguish the following main groups of return indicators: return of the enterprise, return of products, return on assets (capital) of the enterprise.

Based on the financial reports of Borovychka ME, we calculate the return of its activities. According to the methodological recommendations, the following types of return are distinguished (Table 3).

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Years</th>
<th>Deviation 2018 to 2020, +/-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on sales, %</td>
<td>0.21</td>
<td>0.86 0.74</td>
</tr>
<tr>
<td>Return on assets, %</td>
<td>0.35</td>
<td>0.001 0.002</td>
</tr>
<tr>
<td>Return on equity, %</td>
<td>0.03</td>
<td>0.20 0.25</td>
</tr>
</tbody>
</table>

Source: compiled from the company’s materials.
Return on assets amounted to 0.002% in 2020, which is 0.348% higher than in 2018, when the magnitude of this indicator was 0.15%. This increase in the level of return on assets indicates a growing demand for the company's products and the release of assets.

The results of the study show that the return on equity of Borovychka ME in 2018 was 0.03%, in 2019 the figure was 0.20%, in 2020 - 0.25%. During the period studied there was a decrease of 0.22%. This means that the company’s attractiveness to investors has worsened [1].

Thus, the analysis shows that the activities of Borovychka ME in 2018-2020 were efficient and profitable, as evidenced by the calculated indicators. However, management should pay attention to the efficiency of economic activity, as well as the level of management in the enterprise.

**Methods**

For the successful implementation of a financial and economic management strategy of enterprise security it is proposed to form an approach aimed at achieving and maintaining the financial stability of the enterprise based on ‘Balance of sales, assets and the structure of funding sources’ [16: 97]. This method, based on the model of sustainable growth of R. Higgens, consists of choosing areas that are focused on either achievement or on maintaining a given level of financial stability of the enterprise by determining the balanced ratio of sales growth, structure assets and capital:

\[
g^* = \frac{\Delta E}{E_{by}} = rr \times \frac{NP}{E_{by}}
\]

where \( g^* \) is the sales growth rate, limited by the growth of equity, %;

\( E_{by} \) - equity at the beginning of the year, currency;

\( \Delta E \) - change in equity for the year, currency;

\( rr \) - reinvestment (capitalisation) ratio of profits;

\( NP \) - net profit for the year, currency [16: 170].

R. Higgens’ model makes it possible to determine the maximum increase in sales without the threat of violating the financial stability of the enterprise:
1) growth, g*;
2) establishing the actual growth rate of sales, g_{fact};
3) comparing the values of g* and g_{fact};
4) making a financial decision on the balance of the actual growth rate of sales and growth, calculated on the basis of the model of sustainable growth, taking into account the following conditions:

   at g* < g_{fact} there is a lack of funds at the enterprise. Therefore, it is necessary to make a financial decision aimed at achieving a level of balanced growth, for example, by reducing costs, which will concentrate additional sources of funding for the enterprise;

   at g* > g_{fact}, the corporation has a pecuniary surplus, and it is necessary to make a decision related to finding ways to effectively use the free pecuniary sources of the enterprise [16].

Let's define the directions of the realisation of the Borovychka enterprise’s system of financial and economic security.

Based on the financial statements, we identify the growth rate of sales at the end of 2020:

   g_{fact} = 1687725/1265976 \times 100\% - 100\% = 33.31\%

Let's calculate the growth rate of sales based on the model of sustainable growth at the end of 2020:

   g^* = (4966251 - 5417298) / 5417298 \times 100\% = -8.32\%

Thus, since g^* < g_{fact} for the Borovychka ME, there is a lack of pecuniary sources and equity, which was also found in Table 3 in the diagnosis of the financial resilience of the enterprise, so the company is recommended to develop ways to achieve a level of balanced growth related to finding new sources of financing [1; 16].

To achieve positive results in the implementation of the asset management strategy, it is necessary to improve the asset management policy of the enterprise [16].

The company's asset management policy includes the policy of:

   - management of non-current assets;
   - management of current assets [15].
Management of non-current assets of the enterprise is a policy of constant renewal, which can be carried out by:

– depreciation policy;
– reinvestment of profits.

Under the influence of the external environment, enterprises are recommended to apply a differentiated (integrated) approach, i.e., to use all sources of renewal (depreciation policy, reinvestment of profits) of non-current assets. This will allow the Borovychka ME to meet the conditions of innovative development, which is manifested in the use of new equipment and production technologies, which will increase its financial stability and competitiveness in the market [1; 15].

The current assets management policy of the Borovychka ME is to optimise the size and structure of current assets, as well as sources of funding in order to maintain the required level of financial resilience of the enterprise. Currently, there are three main types of current assets management policies (three approaches to the formation of current assets): aggressive, conservative and moderate. These types differ in the degree of risk-return ratio. There are options for combining different types of policies for managing current assets and sources of funding in terms of their impact on the most important criteria for assessing the company's performance: return on assets, rate of turnover and financial resilience [15].

**Results**

Thus, the algorithm for implementing the strategy of financial and economic security management, based on indicators of financial stability (level of equity, debt capital and assets of the enterprise) and the logical search for ways to increase equity will increase the financial resilience of Borovychka ME. The main strategic alternatives to the implementation of the strategy of financial resilience, which are focused on improving it, are the policy of asset management and equity and debt capital. The combination of such sources of renewal of non-current assets as depreciation and income, as well as the choice of the optimal policy of current assets management allows companies to increase the efficiency of financial and economic activities and form a stable level of financial resilience. Based on the calculation of the effect of financial leverage, it was found that Borovychka ME should be
recommended to use a moderate strategy of borrowed capital, timely repayment and limiting the attraction of borrowed funds in large quantities [1; 15].

**Discussion**

The implementation of the company's financial security strategy is possible only by means of a comprehensive interaction with all areas of the company's financial strategy: for example, the amount of own, borrowed and borrowed funds of the corporation depends on the strategy of financial resources; investment strategy allows you to effectively use the free funds of the enterprise, helping to increase the level of its financial resilience. The strategy of improving the quality of financial management is related to regulating the quality of management, and the strategy of financial security is aimed at maintaining indicators of the financial resilience of the enterprise in the process of implementing the financial strategy as a whole [14; 17].

To achieve results under the influence of environmental factors, companies need to respond more quickly to changing market conditions than competing organisations, improving their position based on the quality, range and price of their products or services [17].

As practice shows, it is difficult for companies to compete without prompt information about competitors, market conditions, new consumer preferences, etc. At the same time, all actions must be coordinated and focused on achieving certain long-term goals.

To do this, each company needs to form its own strategy of financial resilience, which determines the current state of financial resources and directions of their distribution and use in the future. Therefore, the company must determine the direction of the strategy of financial resilience depending on the level of financial resilience formed at the time of strategy formation. This direction can be associated with either increasing or maintaining the former level of financial stability of the enterprise [16; 17].

Here, the personnel strategy plays an important role, which allows the company to increase the efficiency of human resources and, accordingly, to realise its own competitive advantages, which ultimately ensures its financial and economic security [18: 320]. The emergence of modern models of business organisation and
their implementation in domestic organisations require a rethinking of scientific views on both corporate strategy and personnel management strategy, necessitate the formation of new approaches to strategy development and the creation of new concepts of strategic personnel management in the development of progressive forms of organisation and processing in the management of enterprises [18; 19; 20].

Summarising researchers’ theoretical approaches and based on praxis in organisations, the following definition of the strategy of financial resilience for enterprises is found: it is a program of phased actions and measures guided by the financial strategy of the enterprise and aimed at improving and maintaining its financial stability. The content of the enterprise’s financial resilience strategy consists in building a potentially flexible position for the enterprise, which allows the economic entity to achieve its goals, despite the negative impact of internal and external factors [1; 20].

**Conclusion**

The study of the theoretical foundations of financial and economic security of the enterprise allowed us to draw the following conclusions:

1. Economic security of the enterprise - a characteristic of the state of the enterprise, in which it is able to achieve its goals and results with limited changes in its external and internal environment. The limited changes in the two environments only suggest that there is no absolute economic security. Ensuring the economic security of the enterprise is a process of implementing the functional components of economic security in order to prevent possible losses and achieve the maximum level of economic security now and in the future.

2. Based on bringing together different theoretical approaches, it is proposed to understand financial resilience as a complex characteristic of the activity of an enterprise at a given period which depends on many parameters and reflects the level of its financial competitiveness, the degree of security of its own and borrowed financial resources, the degree of the relationship of the latter parameters to one another and the rationality of their placement as well as the provision of working capital for the timely settlement of liabilities and the implementation of effective economic activities in the future.
3. The diagnosis of financial and economic security should be understood as a financial analysis which aims to identify such changes in the activities of the firm which are potentially dangerous in terms of insolvency. As a result of the study, it was found that preventive measures for crisis management in domestic enterprises are not carried out, and if they are carried out, then only some of their elements are used.

In this regard, in order to prevent negative processes in the functioning of Borovychka ME, it is advisable to detect early signs of crisis. Detection of negative phenomena leading to the destruction of the business in the early stages will help increase the likelihood of maintaining the integrity and sustainability of the business. Preventive measures can significantly reduce the cost of resources to ensure the implementation of tasks, as the cost of identifying and eliminating adverse factors is much lower than the elimination of the consequences of the crisis that they may cause.

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