

The expediency of identifying strategic alternatives to the development of the state's economic security system through SWOT analysis

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Received: October 26, 2019 | **Revised:** December 15, 2019 | **Accepted:** December 31, 2019

JEL Classification: O38, O22, P59.

DOI: 10.5281/zenodo.3595873

The outcomes of the conducted research presented in the article will be valuable for managers of all levels involved in strategic planning and management of the modern economy of the state. The article addresses the urgent issue of identifying certain strategic alternatives in the development of the state's economic security system. The analysis of existing threats to the economic security of the state is conducted; the approaches to the definition of economic security are analyzed. The study emphasizes the complex political, social and economic situation in Ukraine due to the difficult situation in eastern Ukraine and the temporary occupation of the Republic of Crimea. It draws attention to the place of Ukraine in the ranking of international organizations and provides information on the main forecast macroeconomic indicators of economic and social development of Ukraine for 2020-2022. It is determined that the economic security of the state is based on self-sufficiency, stability and development of all constituent elements of the economy, and their list is given. The article emphasizes the priority development of the economic security system in the conditions of continuous improvement of the scientific and technical market, constant modernization of production, development of educational institutions, creation of a favorable climate for investment, significant state support of innovative activity. The possibility of using SWOT analysis as a tool for determining strategic alternatives has been investigated and confirmed. The article analyzes information and gives a detailed description of the elements (components) of SWOT analysis. The algorithm of estimation with use of SWOT analysis is graphically presented. The method of carrying out SWOT analysis with corresponding detail of each stage is presented. The study identified and analyzed the advantages and disadvantages of using SWOT analysis in comparison with other methods.

Keywords: economic security system, SWOT analysis.

Introduction

As of today, the urgency of the problem of ensuring the economic security of Ukraine, which is one of the most important national priorities, the guarantor of Ukraine's independence, the condition of its progressive, peaceful economic development and growth of the well-being of citizens, has never increased. The problem of economic security of the state is of fundamental importance not only within the sphere of national security, but also in the context of the general level of development of the country. In today's

environment, where competition in certain sectors of the economy is exacerbated as a result of reduced demand and decline in production, the need for the state leadership to define a clear plan of action that will effectively use the strengths and opportunities of activities. Seeking to impede the will of the Ukrainian people for a European future, Russia has occupied part of the territory of Ukraine – the Autonomous Republic of Crimea and the city of Sevastopol, unleashed military aggression in the east of Ukraine and tries to

destroy the unity of the democratic world, revise the post-war world order and end the war. The basics of international security and international law, it is allow impunity to use force in the international arena. All of the above directly affects the level of economic security.

In the macroeconomic aspect, Ukraine has structural deficiencies that give rise to three types of macroeconomic threats that impede the rapid and sustainable growth of the economy:

Too big a government (measured by the share of GDP that is redistributed by the state),

High inflation and permanent risks of breach of fiscal and currency stability, which periodically lead to corresponding crises.

Political, economic and institutional factors make Ukraine vulnerable to fiscal crises (and, accordingly, debt accumulation), while the structure of the economy, especially exports, and leads to significant fluctuations in currency and budget revenues, depending on the global environment.

Added to this is a previous distrust of the national currency, the banking system and its regulator, and high risk of lending, which in turn is associated with weak and unequal protection of property rights (2019, April 22).

The main challenges facing globalization today, which pose a threat to the country's economic security, are:

instability of the world financial system, accompanied by an imbalance in world trade and investment flows between the world's largest economic centers;

expansion of world markets for certain types of

products, goods and services;

the spread of crisis;

expansion of the world's leading countries;

scarcity of resources for advanced development (Levchuk O. V., 2017).

As of today, Ukraine has been identified as the poorest country in Europe.

According to the International Monetary Fund, Ukraine has been ranked Moldova as the poorest country in Europe by the gross domestic product per capita in 2018 at the level of 2963 thousand US dollars, which is 8% less than the same indicator of the Republic of Moldova. In addition, Ukraine has a stable net capital outflow of 4% of gross domestic product per capita per year. (Aslund A., 2019).

However, according to the forecast macroeconomic indicators of economic and social development determined by the Government of Ukraine for 2020-2022 (Decree of the Cabinet of Ministers of Ukraine No. 883/2019, 2019), the economic situation should stabilize and develop in a positive vector (Table 1).

At the same time, both the existing conceptual documents of the threat and the possibility of new ones should be considered. Such rational planning will significantly reduce the risk of negative consequences when making certain managerial decisions. One of the main strategic management tools that evaluate in-house the internal and external factors that influence development is SWOT analysis.

Material and Method

The purpose of the article is to explore the possibility of using SWOT analysis as a tool for identifying strategic alternatives.

To ensure achievement of the article's purpose, it is recommended to decompose the objective of the scientific research and to describe each stage of the research:

first, consider the hinge concepts and nature

of economic security;

second, analyse national security threats;

third, to explore the possibility of using SWOT analysis as a tool to identify strategic alternatives.

During the study, the following were analysed and used: analysis, synthesis, induction, deduction, generalization.

Table 1. The main forecast macroeconomic indicators of economic and social development of Ukraine for 2020–2022

Indicator	2020 year		2021 year		2022 year	
	scenario 1	scenario 2	scenario 1	scenario 2	scenario 1	scenario 2
Gross Domestic Product:						
<i>nominal, UAH billion</i>	4 510,8	4 598,8	5 041,6	5 206,9	5 593,1	5 886,3
<i>% to the previous year</i>	103,7	104,8	103,8	105,5	104,1	106,5
Consumer Price Index:						
<i>on average to the previous year, %</i>	106,4	106,6	105,6	105,5	105,3	105,2
Producer price index for industrial products	108,2	109	108	108	106,1	105,7
Profitability of profitable enterprises, billion UAH	937,6	942,4	1 050,9	1 080,5	1 161,9	1 222
Unemployment rate of the population aged 15-70	8,1	7,3	7,9	6,7	7,5	6
Balance of Payments, Balance of Payments Methodology, USD million	-14 882	-16 743	-16 561	-21 597	-18 773	-25 499
Export of goods and services:						
<i>million USD</i>	68 642	69 270	73 530	75 692	78 991	82 097
<i>% to the previous year</i>	107,8	108,8	107,1	109,3	107,4	108,5
Import of goods and services:						
<i>million USD</i>	83 524	86 013	90 091	97 289	97 764	107 596
<i>% to the previous year</i>	109,6	112,9	107,9	113,1	108,5	110,6

Results and discussion

3.1. Despite the large number of definitions of the concept of security, there is currently no established and accepted interpretation of the term. On the one hand, "security" is seen as a state and a tendency to develop the protection of the vital interests of the society and its structures from external and internal threats, social activities to ensure the protection of man, society and the state. Security emerges as a social phenomenon in the course of resolving the contradictions between such objective reality as danger and the need for a person or social groups to prevent, locate and eliminate the consequences of danger (Kuzmenko YE. S.: 2010).

But under any circumstances, safety cannot be

considered a state where there is no danger. There is no historical experience of such a situation. With this in mind, V. L. Manilov (Manilov VA, 2010) proposes to consider a certain state of harm prevention as a basis for revealing the meaning of the concept of «safety». On the other hand, as V. Sadovnichy notes, security in the broad sense is a system of conditions and factors in which a country functions and develops according to its domestic laws, delegating to management the right to stimulate positive trends and shifts, and to correct negative deviations while protecting This country is threatened by the external environment (Sadovnychyy VA, 2009).

Economic security – is an integral part of

national security and is the state of the economy that provides fairly high and sustainable economic growth; effective satisfaction of economic needs; state control over the movement and use of national resources; protection of the economic interests of the country at national and international levels. An integral part of national security, its foundation and material base. The object of economic security is both the economic system as a whole and its constituent elements: natural resources, productive and non-productive funds, real estate, financial resources, human resources, economic structures, family, and individual.

Economic security as the ability of individuals, households or communities to cover their essential needs sustainably and with dignity. This can vary according to an individual's physical needs, the environment and prevailing cultural standards. Food, basic shelter, clothing and hygiene qualify as essential needs, as does the related expenditure; the essential assets needed to earn a living, and the costs associated with health care and education also qualify (2015, June 18).

Economic security indicators are the most significant parameters that give an overall picture of the state of the economic system as a whole, its sustainability and mobility: GDP growth, standard of living and quality of life of the population, inflation, unemployment, economic structure, property stratification, criminalization of the economy, state of the technical base of the economy, expenditures on research works, competitiveness, import dependence, openness of economy, internal and external debt of the state.

When investigating economic security issues, one should bear in mind its systemic nature. Economic security of the state, on the one hand, is above the system, which consists of systems of different directions of economic security of the state (which also have a certain internal structure consisting of elements), and on the other hand, is a subsystem of international economic security,

which, in its turn, is an integral part of the system – international security. This is a description of the vertical structure of significance. And by the horizontal structure of significance, economic security is a component of national security of the state (Muntiyan V. I., 2004).

Economic security, reflecting on the spheres of influence of national security, penetrating into it and interacting with it, in turn, accumulates its effects, while remaining the basis (basis) of national security.

Economic security has both its own object of study – the economic system of the country, as well as objects that intersect with other possible spheres of activity of the state: military, social, political, information, etc.

However, not only the state, its economic system and all its natural resources, but also the society with its institutions, as well as every individual, belongs to the objects of economic security.

The object of economic security is the state of the economy that is desirable on the part of society to maintain or develop on a progressive scale.

The objects of economic security include not only the state, its economic system and all natural resources, but also society with its institutions, branches, as well as every individual.

The subjects of economic security are the functional and branch ministries and other public authorities, tax and customs services, banks, exchanges, funds and insurance companies, as well as manufacturers, sellers of products and domestic consumers.

The subject of the study of economic security is the activity of the individual, society and state to protect their interests from internal and external threats both in the economic sphere as a whole, and in certain sectors of the economy, its components: conceptual foundations, general laws, principles and basic directions of ensuring economic security (Vlasyuk O. S., 2008).

It should be noted that the system of economic security must be stable, self-sufficient and tend to continuous development. (Fig. 1).

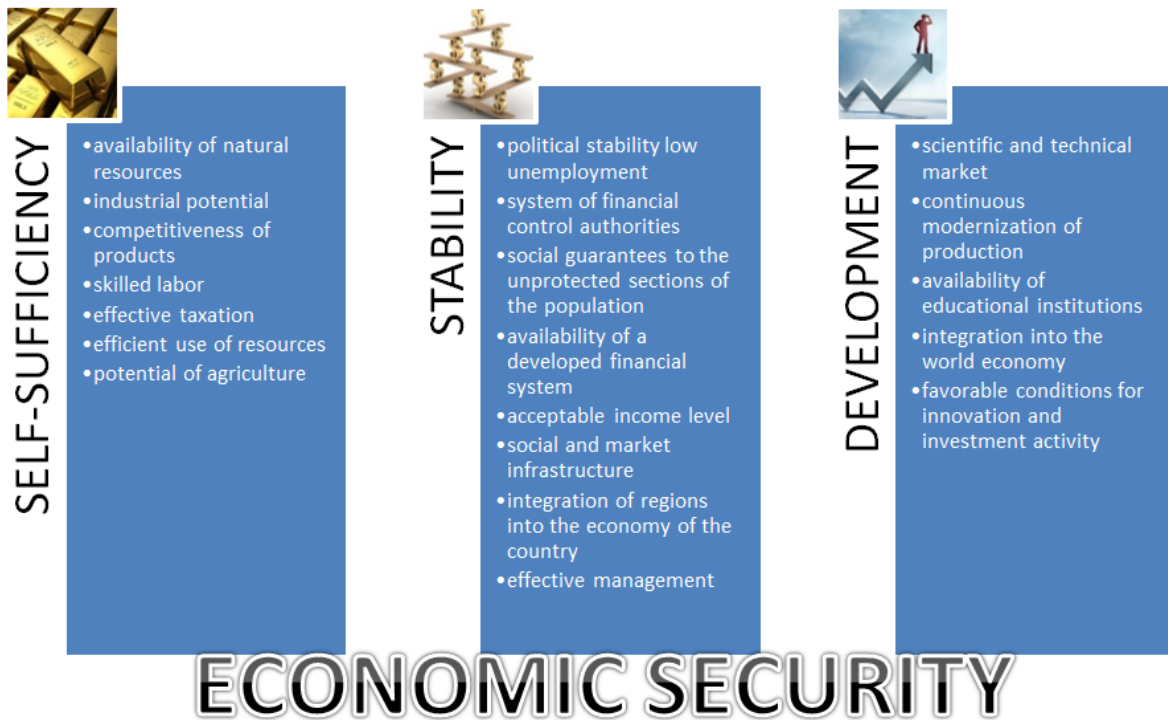


Figure 1. Elements of national economic security.

It is the development of any system that will be the driving force that will effectively respond to modern threats. The development of the economic security system will be possible under the conditions of continuous improvement of the scientific and technical market, constant modernization of production, development of educational institutions, creation of a favorable climate for investment, substantial state support of innovative activity, etc.

3.2 It should be noted that a number of threats to economic security have been identified, which could be an obstacle to its development and effective functioning.

Threats to economic security are phenomena and processes that adversely affect the economy of the country, depressing the economic interests of the individual, society and the state.

According to the Decree of the President of Ukraine On the decision of the National Security and Defense Council of May 6, 2015 «On the National Security Strategy of Ukraine» (2015), one of the urgent threats to the national security of Ukraine is the economic crisis, the depletion of financial resources of the state, the decline in the standard of living of the population, including:

monopoly-oligarchic, low-tech, resource-

consuming economic model;

lack of clearly defined strategic goals, priority directions and tasks of socio-economic, military-economic and scientific and technical development of Ukraine, as well as effective mechanisms of concentration of resources to achieve such goals;

high level of «shadowing» and criminalization of the national economy, criminal-clan system of distribution of public resources;

deformed state regulation and corruption pressure on business;

excessive dependence of the national economy on external markets;

ineffective management of public debt;

decrease in household well-being and rising unemployment;

activation of migration processes as a result of hostilities;

the destruction of the economy and life support systems in the temporarily occupied territories, the loss of their human potential, the illegal export of production assets to the territory of Russia.

The main content of economic reforms is to create conditions for overcoming poverty and excessive property stratification in the society,

bringing social standards closer to the level of the EU member states of Central and Eastern Europe, achieving the economic criteria necessary for Ukraine to become a member of the EU.

The key to a new quality of economic growth is to ensure economic security by:

deprivation of monopolization and regulation of the economy, protection of economic competition, simplification and optimization of the tax system, formation of favorable business climate and conditions for accelerated innovation development;

effective application of the mechanism of special economic and other restrictive measures (sanctions), making it impossible to control strategic industries with the capital of the aggressor state;

creating the best possible conditions for investors in Central and Eastern Europe, attracting foreign investment in key sectors of the economy, in particular in the energy and transport sectors, as a tool for national security;

ensuring the economy's readiness for repulsion by Ukraine of armed aggression;

development of the defense-industrial complex as a powerful high-tech sector of the economy, capable of playing a key role in its accelerated innovation modernization;

legal protection in the international institutions of the property interests of individuals and legal entities of Ukraine and the Ukrainian state violated by Russia;

improving the resilience of the national economy to negative external influences, diversification of foreign markets, trade and financial flows;

ensuring the integrity and protection of infrastructure in times of crisis threatening national security and a special period;

the effective employment of the activities presented, the international economic assistance and resources of the international organizations

that have been achieved for the sustainable struggle;

stable financial system, open transparent monetary system and restoration of confidence in domestic various institutions;

systematic counteraction to organized economic crime and "shadowing" of the economy based on the formation of the benefits of legal economic activity and at the same time consolidation of the institutional capacity of financial, tax, customs and law enforcement agencies, identification of assets of organized criminal groups and their confiscation.

3.3. In view of the above, it is possible to identify strategic alternatives to the development of the state's economic security system. This can be achieved by analyzing the state's economic security system for the strengths and weaknesses of the economic security environment. Accordingly, the identified weaknesses must be taken into account in order to further develop appropriate management decisions to implement the development of the system.

So, SWOT analysis can be used to put this into practice.

In 1963, at the Harvard Business Policy Conference, Professor Andrews publicly voiced the acronym SWOT. This acronym was presented visually as a SWOT matrix. Initially, SWOT analysis was based on the sounding and structuring of knowledge about the current situation and trends, and later – it was used more broadly – to construct strategies. That is, with the advent of the SWOT model, analysts were given the tool for their intellectual work.

SWOT analysis is an analysis of the external and internal environment of an organization. Strength, Weakness of the internal environment, and Opportunities and Threats of the external environment of the organization are subject to analysis. The components of SWOT analysis are shown in the figure (Fig. 2).



Figure 2. Elements of SWOT analysis. (Shewan, 2019)

The SWOT methodology involves first identifying strengths, weaknesses, opportunities, and threats, and then establishing links between them that can be used to formulate an organization's strategy (Nyemtsov VD & Dovhan L. YE., 2002) (Table 2).

Table 2. Building assessment using SWOT analysis

	Positive	Negative
Internal Environment	<p>Strengths</p> <p>Positive attributes internal to the organisation/team/project that are within its control.</p>	<p>Weaknesses</p> <p>Internal factors within an organisation/team/project's control that may reduce its ability to meet objectives</p>
External Environment	<p>Opportunities</p> <p>External factors that the organisation/team or project should (or could) develop.</p>	<p>Threats</p> <p>External factors beyond the organisation/team's control that could place the project or organisation at risk.</p>

The main purpose of the SWOT analysis is to obtain reliable data on the capabilities of the company and the threat of its promotion in the market of goods and services. Therefore, in order to achieve this goal, the following tasks are assigned to SWOT analysis: identifying marketing opportunities that match the firm's resources; identifying marketing threats and developing measures to mitigate their impact; identifying the strengths of the firm and comparing them with market opportunities; identifying weaknesses of the firm and developing strategic directions for overcoming them; identifying the competitive advantages of the firm and forming its strategic priorities (Shershn'ova Z. YE., 2004).

The SWOT analysis process is conducted on the basis of an analysis of the organization's activities with the help of the following blocks of questions. General characteristics of the object of study cover a number of issues: history of organization development; organizational and legal form of organization; the organization's infrastructure; activity of the organization. Grouping factors of the internal environment according to the functions of the enterprise: production activity; marketing; enterprise management; finances; personnel; supply; nature of customer interaction; organization capabilities, own resources, infrastructure; innovative activity; Grouping of environmental factors according to the functions of the enterprise: political and administrative factors; legislative and regulatory factors; economic factors; the social environment; competition; scientific and technical factors; natural factors.

When conducting a SWOT analysis, you must carefully define the scope of each SWOT analysis, understand the differences between its elements, be objective and use various input information, avoid spatial and ambiguous statements. SWOT analysis should be conducted with the participation of all major members of the organization. SWOT analysis can be performed using the brainstorming method. The quality of the analysis can be improved by engaging non-organizational entities in its conduct. Such individuals may act as impartial arbitrators who are able to evaluate the

proposals and, by asking specific questions, to provoke the organization to rethink its provisions and actions. When conducting a SWOT analysis, and especially the chance and threat analysis, previously conducted public opinion surveys should be used.

The SWOT analysis methodology involves the following steps:

1. Identify your own strengths and weaknesses of the enterprise. The first step is to identify the strengths and weaknesses of the enterprise. For this purpose it is necessary to: make a list of parameters on which economic security will be evaluated; to determine by each parameter what strength is and what is a weakness.

Strength can be: competitive advantages (uniqueness), an offensive strategy or other important strategy protection against competitors strong position in specific market segments, well-known leader; higher than average awareness of the market; product differentiation, reasonable diversification; sufficient financial resources;

2. Identification of market opportunities and threats. This is a kind of "exploration" - an assessment of the market. This step allows you to evaluate the situation outside your business and understand what opportunities you have, as well as what threats you should fear.

SWOT analysis has advantages and disadvantages compared to other methods.

Advantages of the method:

- the method is applied in various fields of economics and management;
- adaptable to the object of study at any level;
- free choice of the analyzed elements depending on the set goals;
- used for the operational control of the organization and strategic planning for a long period.

Disadvantages of SWOT analysis:

- shows only common goals, and specific actions to achieve them must be developed separately;
- the results are presented as a qualitative description, which complicates its use in the monitoring process;
- subjective and research significance of the

results of the analysis is extremely dependent on the level of competence and professionalism of the analyst;

conducting a high-quality SWOT analysis requires the involvement of a large number of specialists in the respective fields, which increases its value.

SWOT analysis requires the involvement of large amounts of information, which requires considerable effort and expense.

These shortcomings lead to the fact that the use of SWOT analysis requires the simultaneous use of other modern research methods

(scenario planning). Certainly, in any case, to obtain a complete picture of the enterprise and ultimately its competitiveness, you must use the traditional methods of financial analysis, which provide information on the dynamics of generalizations. Nevertheless, SWOT-analysis allows identifying existing or probable problems of the enterprise, to develop a tree of goals for crisis management and to formulate a scenario of enterprise development for the planned period in order to prevent or withdraw the organization from crisis.

Conclusions

SWOT analysis is a kind of tool; it does not contain the definitive information for managerial decision-making, but it allows streamlining the process of considering all available information using one's own opinions and evaluations. The widespread use and development of SWOT analysis is explained by the fact that strategic management involves a large amount of information that must be collected, processed, analyzed, used, and thus there is a need to find, develop and apply

methods of organizing such work. Given that the analysis of the economic security system can identify strengths, weaknesses, opportunities and threats, SWOT analysis can be applied to the specified system. Thus, the conducted research makes it possible to make a reasonable conclusion about the expediency of using SWOT analysis in the process of strategic management not only at the level of the institution, organization, but also at the state level as a whole.

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