

CORRUPTION AS A THREAT TO ECONOMIC SECURITY OF UKRAINE*

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Economic security of the state plays a significant role in ensuring further economic development of the country, implementation of effective social policy, increasing the level of national competitiveness in the context of international economic cooperation. Summarizing different approaches, the authors concluded that in the scientific environment the definition of the essence of economic security of the state is studied on the basis of different basic parameters, which creates ambiguity in the understanding of this category. According to the authors, the economic security of the state should be understood as such a state of the national economy that allows to maintain resistance to external and internal threats, to ensure its external independence and internal stability, the ability to support the consistent implementation of national and state interests, stable capacity of economic entities and normal living conditions of the population. The transformation of the conditions of functioning of the modern world creates a significant number of threats to the economic security of the state, among which corruption occupies a key position. The scale of corruption in Ukraine is threatening, which is associated with the destruction of not only individual aspects of society, but also a threat to the existence of the country as a whole. The article defines the main and classification features of corruption on the basis of international law ratified by Ukraine, according to which corruption can be characterized. The authors cited the main threats of corruption, which have a real negative impact on the economic security of the state, namely: the growth of the shadow economy; insufficient use of budget funds at various levels; reducing the level of trust in the state and its ability to regulate economic processes; promoting social inequality and increasing the income gap between different segments of the population, etc. These conclusions were confirmed by the analysis of individual data, in particular the corruption perception index and the indicator of the level of shadow economy. In addition, based on the trend model, the forecast values of the corruption perception index in Ukraine were calculated, which showed positive changes in issues related to corruption processes in the country. In the article, the authors note that at the present stage of economic development, in order to reduce the level of corruption in the state, it is necessary to create an effective system of anti-corruption actions and establish new transparent rules of relations between society, government and business.

Keywords: economic security of the country, corruption perception index, corruption, shadow economy.

JEL Classification: E00, G00, H56, K39, K42

Introduction. In today's conditions, the problems of national security are extremely relevant, as they are related to the further development of Ukraine, the socio-economic well-being of citizens, the development of their national identity. The changing conditions of the modern world creates a significant number of threats to the economic security of the state, which is a component of the national security of the state. Among the existing internal threats to the economic security of the state, corruption is considered a key problem. The prevalence of corruption in Ukraine has reached a significant scale, as it not only destroys certain aspects of society, but also threatens the existence of the country as a whole.

Analysis of recent research and publications. Authors such as Bilorus O., Bilous V., Gubskiy B., Muntiyany V., Shevchenko L., Hrytsenko O., Makuha S. and others paid considerable attention to the study of issues related to corruption and its impact on the economic security of the state in their works.

In their works, scientists pay considerable attention to certain aspects of corruption, namely its essence, causes and economic consequences. However, more attention should be paid to the study of the impact of corruption on

the economic security of the state and its consequences for the state economy.

The **purpose of the article** is to study the impact of corruption on the economic security of the state.

Results of the research. Economic security is one of the subsystems of national security and occupies a central place in it. The problems of ensuring economic security are quite significant due to the growing instability and the emergence of a significant number of threats in the modern world: volatility of prices for basic assets and resources, military conflicts, increasing shadowing of economic activity, instability of financial markets, problems with the flow of funds to investment areas, etc. In these conditions, the state must apply new approaches to ensuring its economic security. Today in the scientific literature there are different approaches to the interpretation of the definition of economic security of the state (Table 1).

Summarizing different approaches, the authors concluded that in the scientific environment the definition of the essence of economic security of the state is studied on the basis of different basic parameters, which creates ambiguity in the understanding of this category. According to the authors, the economic security of the

* This research was funded by the grant from the Ministry of Education and Science of Ukraine (No. s/r 0122U000783).16:22

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Table 1 – Scientific approaches regarding the understanding of the concept of "economic security of the state"

Author (source)	Definition
An approach based on the understanding of the concept of economic security of the state as the ability to counteract internal and external threats.	
Revenko A.	This is the state of the economic system, which is characterized by resistance to the impact of endogenous (internal) and exogenous (external) factors that pose a threat to society.
Specialists of the National Institute of Strategic Studies	This is the state of the national economy, which allows to maintain resistance to internal and external threats and is able to meet the needs of the individual, society and the state.
Honcharova V.	This is the state of the national economy, which maintains stability and ability to withstand adverse conditions of development of internal and external threats.
An approach based on the understanding of the concept of economic security of the state from the point of view of achieving the desired state of the economy, which allows to perform the functions assigned to the state.	
Bilorus O.	This is the state of the national economy, which makes it possible to maintain resilience to external and internal threats, the ability to expand self-reproduction, meeting the needs of the individual, family, society, region, state.
Shevchenko L., Hrytsenko O., Makukha S. and others	This is the most important qualitative characteristic of the economic system, which determines the ability to support the consistent implementation of national and state interests, sustainable activities of economic entities, normal living conditions of the population.
An approach based on the understanding of the concept of economic security of the state in terms of orientation to the protection of national interests.	
Hubskiy B.	This is the ability of the state to ensure the protection of national interests from external and internal threats and to carry out progressive economic development in order to maintain the stability of society and sufficient defense potential under any conditions and scenarios.
Bilous V.	This is a reliable protection of national interests in the sphere of economy from real and potential internal threats and, above all, from direct and indirect economic losses.
Methodological recommendations for calculating the level of economic security of Ukraine	This is the state of the national economy, which allows to maintain resistance to internal and external threats, to ensure high competitiveness in the global economic environment and characterizes the ability of the national economy to sustainable and balanced growth.
An approach based on the understanding of the concept of economic security of the state in terms of orientation towards the expansion of its self-reproduction and self-development.	
Muntiiian V.	This is a nationwide set of measures aimed at the constant and stable development of the state economy, which includes a mechanism for counteracting internal and external threats.
Zabrodskiy V., Kapustin M.	This is a quantitative and qualitative characteristic of the properties of the system, reflecting the ability to self-preservation and development in the face of external or internal economic threats.
Stepanenko A., Herasymov M.	This is the state of the economy that ensures its external independence and internal stability.

Source: created by the authors based on [1–5]

state should be understood as such a state of the national economy that allows to maintain resistance to external and internal threats, to ensure its external independence and internal stability, the ability to support the consistent implementation of national and state interests, stable capacity of economic entities and normal living conditions of the population.

The economic security of the state has a multicomponent structure, which, according to the Methodological Recommendations for calculating the level of economic security of Ukraine, includes the following components: production security, demographic security, energy security, foreign economic security, investment and innovation security, macroeconomic security, food security, social security, financial security. It should be noted that the structural elements of this system are also complex and represent separate functionally independent subsystems, the interaction of which forms the state policy in the economic sphere (Fig. 1).

Building an effective system of economic security of the state makes it possible to promptly identify threats to domestic economic interests and counteract the unprofitability in the socio-economic system as a whole. Threats to economic security are phenomena and processes that negatively affect economic relations in the country and suppress the economic interests of the individual, society and the state. Constant monitoring and identification of the main threats to economic security significantly contribute to its maintenance at the proper level, as well as provide an opportunity to take timely practical measures to reduce the negative impact of threats or completely eliminate their consequences. Studying threats to the economic security of the state, it is advisable to divide them into internal and external, the main of which are shown in Fig. 2.

The above list of the main threats to the economic security of the state is not exhaustive and can be supplemented. However, it should be noted that in modern

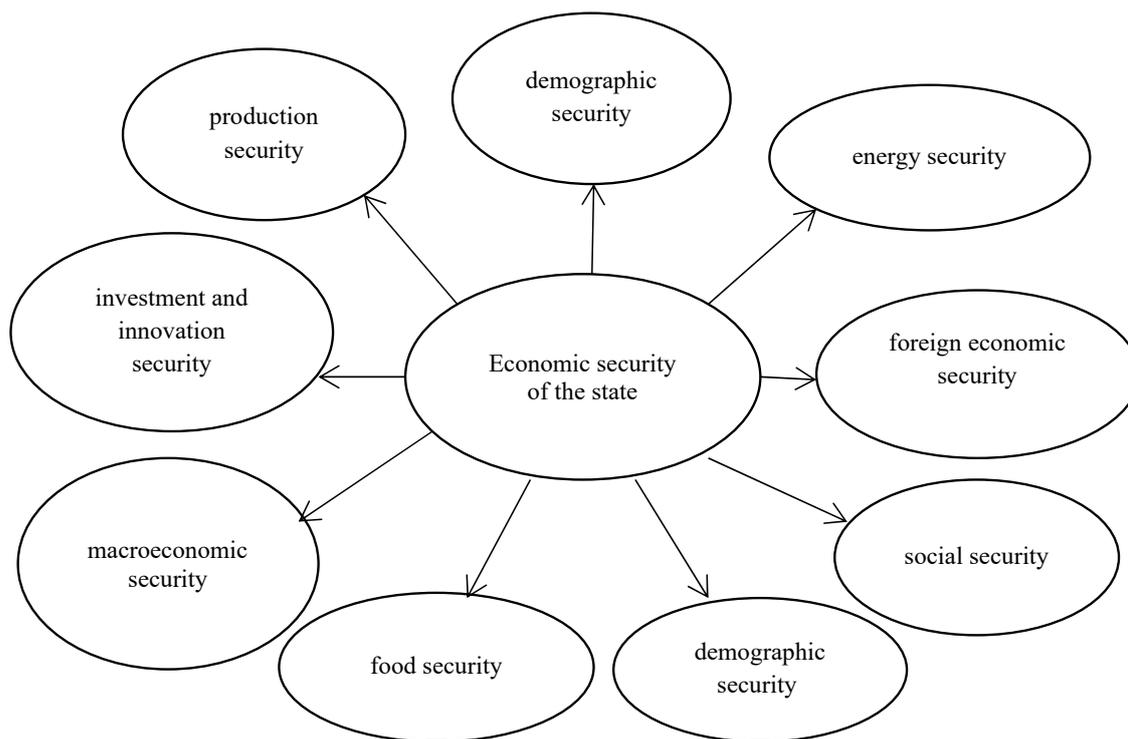


Figure 1 – Functional components of the economic security of the state

Source: according to the data [6]

conditions these threats have the most negative impact on the economic development of Ukraine.

Most scholars consider corruption to be one of the key internal threats to national security in general and economic security in particular. The scale and prevalence of corruption in Ukraine are threatening, as it not only destroys certain aspects of society, but also threatens the existence of the state.

Corruption is a multifaceted phenomenon that is an integral part of the social life of any country, regardless of its geographical location, economic and political level of development. Regardless of the type and degree of manifestation of this phenomenon, it certainly has a negative character and to varying degrees harms both individual subjects of legal relations and society, as well as the state as a whole [8]. According to the current legislation, namely Art. 1 of the Law of Ukraine "On Prevention of Corruption", corruption is defined as the use by a person subject to this Law of the official powers or opportunities associated with them in order to obtain an undue advantage or accept such an advantage or accept a promise / offer of such an advantage for himself or others, or, accordingly, a promise/offer or provision of an undue benefit to a person subject to this Law, or at his/her request to other individuals or legal entities in order to induce this person to unlawfully use his/her official powers or related opportunities [9]. Analysis of the norms of the defining legal acts of international and national levels makes it possible to identify the main elements of corruption. Such legal acts are the Law of Ukraine "On Prevention of

Corruption", the Code of Conduct for Law Enforcement Officials, the UN Convention against Corruption, the Civil Convention on Corruption, etc.

Based on the norms of international legislation ratified by Ukraine, it can be noted that the main elements of corruption are as follows:

- committed by an official body;
- committed during the performance of official duties;
- committed as a result or for the purpose of receiving a bribe or any other improper advantage;
- committed in the form of direct or indirect extortion, offering, giving, or receiving a bribe or other improper advantage;
- the result of corruption is improper execution of duties [8].

Corruption as a social and legal phenomenon can be classified according to various classification criteria, as shown in Table 2.

When studying corruption, first of all, it is advisable to identify those aspects of this phenomenon that have a real negative impact on the economic security of the state, namely, such threats include the growth of the shadow economy; the combination of criminal phenomena with the legal economy through access to political power and the emergence of the possibility of "laundering dirty money"; violation of the conditions of fair competition; inefficient use of budget funds of different levels; reduction of the level of trust in the state and its ability to regulate economic processes; promotion of social inequality and widening the income gap between different segments of the population [10].

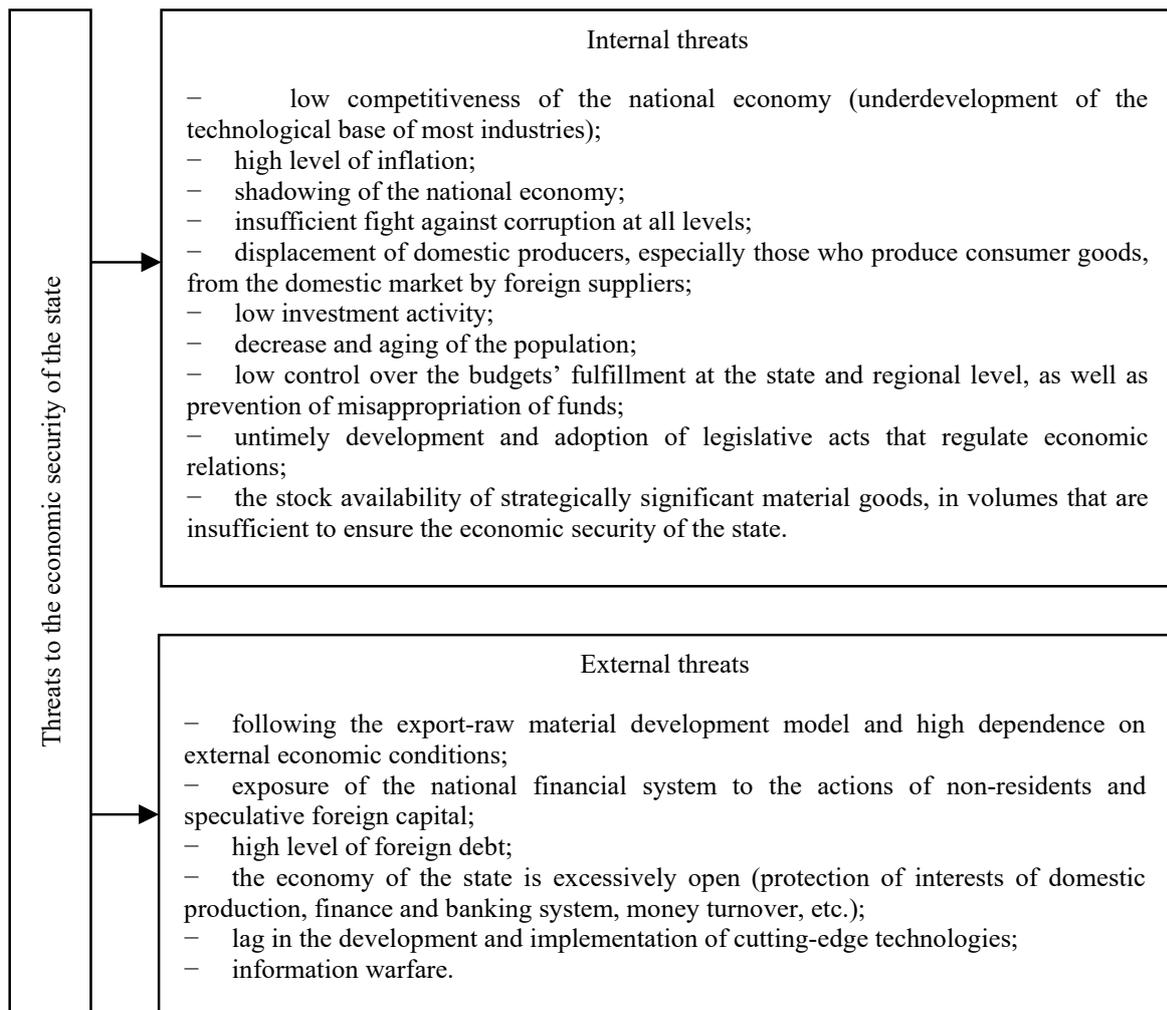


Figure 2 – The main threats to the economic security of the state

Source: according to the data [7]

Table 2 – The main classification attributes of corruption

Classification attribute	Types
According to a territorial principle	– domestic (national); – transnational corruption
Forms of committing a corrupt activity	– bribery; – fraud; – extortion; – misappropriation (embezzlement) of public funds; – clientilism, lobbyism; – favoritism; – nepotism; – state capture
Forms of committing a corrupt act	– acceptance of the improper advantage; – acceptance of the promise/offer – of improper advantage
According to duration	– single (one-time action); – extended
According to the area of life	– political; – economic; – regulatory; – social; – legal
Types of legal responsibility	– criminal liability; – administrative liability; – public liability; – disciplinary liability

Source: created by the authors based on [8]

Analyzing the effect of certain factors that pose a threat to the economic security of the state, it can be noted that, according to the Ministry of Economy, the level of the shadow economy in recent years (2012–2021) did not have a clear trend and fluctuated over the years within 28-36% of GDP, while in the last year of the analysis, namely in 2021, it increased by 2 percentage points compared to the same period in 2020 and amounted to 32% of GDP (Fig. 3).

The reason for this situation is that during 2020–2021 there was an increase in world prices for raw materials (energy and agricultural products), which prompted business entities to reduce the risks of losing limited resources in the face of rising production costs [11].

In addition, an important issue in the study of the negative impact of corruption on the economic security of the state is the analysis of the Corruption Perceptions Index (CPI), which has been calculated by the non-governmental international organization Transparency International since 1995. The calculation of this index is based on 13 different studies conducted by reputable international institutions and research centers.

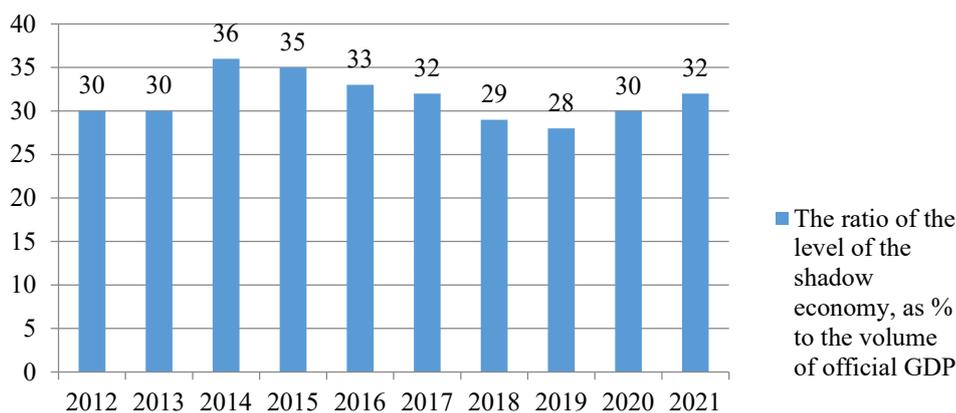


Figure 3 – The ratio of the level of the shadow economy, as % to the volume of official GDP

Source: according to the data [11]

The main indicator of the Corruption Perceptions Index is the score, not the ranking. The score shows how a country is fighting corruption, while the ranking, in turn, makes it possible to compare the progress of different countries. The research used to calculate the Corruption Perceptions Index includes information from business representatives, investors, market researchers, etc. That is, the Corruption Perceptions Index reflects the private sector's point of view and its perception of corruption in the public sector, namely: bribery; embezzlement of public funds; nepotism in the civil service; state capture; and the government's ability to implement integrity mechanisms; effective prosecution of corrupt officials; excessive bureaucracy; existence of appropriate laws on financial disclosure, prevention of conflicts of interest and access to information; ensuring protection of whistleblowers, journalists and investigators.

The minimum score (0 points) means that the country is very corrupt, and the maximum score (100 points) indicates that corruption is almost absent in the society [12].

The Corruption Perceptions Index in Ukraine for the period 2012–2021 increased by 6 points and in 2021 amounted to 32 points, which is a positive trend, as it indicates a decrease in corruption in society (Figure 4).

It should be noted that comparing 2021 with 2020, this indicator decreased by 1 point and Ukraine ranked 122nd among 180 countries that were evaluated. After determining the trend line, the R-squared value (0.87) was calculated, which turned out to be close to 1, indicating the degree of correspondence of the trend model to the original data.

Based on this, it can be concluded that this trend will continue. Thus, the calculated forecast values should be 34 and 35 points in 2022 and 2023, respectively. Such data indicate positive changes in the issues related to corruption processes in the country.

It is noteworthy that no country has received the highest possible score on the Corruption Perceptions Index in recent years. The countries with the highest scores in the Corruption Perceptions Index for 2012–2021 are shown in Table 3.

Corruption also has a negative impact on the public sector. Thus, the consequences of the existence of the shadow economy are the reduction of tax revenues to the budgets of different levels (entrepreneurs give bribes to evade taxes and state regulation), while there is a misallocation of public funds (the level of social protection of citizens decreases due to the loss of targeting of social expenditures in favor of other stakeholders).

Table 3 – Countries with the highest scores of the corruption perception index for 2012-2021, points

Country	Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Denmark	90	91	92	91	90	88	88	87	88	88
New Zealand	90	91	91	91	90	89	87	87	88	88
Finland	90	89	89	90	89	85	85	86	85	88
Singapore	87	86	84	85	84	84	85	85	85	85
Sweden	88	89	87	89	88	84	85	85	85	85
Switzerland	86	85	86	86	86	85	85	85	85	84
Norway	85	86	86	88	85	85	84	84	84	85
The Netherlands	84	83	83	84	83	82	82	82	82	82
Germany	79	78	79	81	81	81	80	80	80	80
Luxembourg	80	80	82	85	81	82	81	80	80	81

Source: according to the data [13]

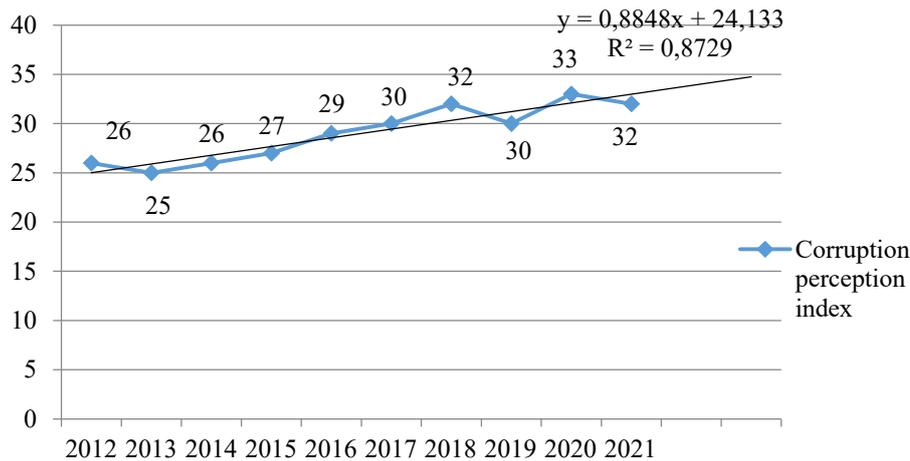


Figure 4 – Dynamics of changes in the corruption perception index in Ukraine for the period of 2012–2021

Source: created by the authors based on [13]

The current state of the investment climate plays an important role in ensuring the economic security of the state, and this is due to the fact that investments, including foreign ones, are not only a mechanism of development, but also methods of regulating economic relations through the movement of capital [14]. Foreign investments are highly sensitive to corruption. The growing level of corruption significantly reduces the volume of foreign direct investment, which is the main source of obtaining the necessary financial resources and the latest competitive technologies.

In order to reduce the level of corruption in the state at the present stage of economic development, it is necessary to create an effective system of anti-corruption actions and establish new transparent rules of relations between society, government and business.

Conclusions. Thus, the negative impact of corruption is manifested in the slowdown of the country's economic growth, reduction of economic activity, increase of the shadow economy, reduction of the welfare of citizens, which in turn affects the reduction of the economic security of the state. In order to avoid the negative consequences of corrupt practices, it is necessary to adhere to such principles as optimization of the functions of the state and local self-government; reduction of the "human factor" and increase of transparency and efficiency in relations between the state and citizens and organizations; creation of convenient and legal alternatives to corrupt practices; ensuring effective state control over the observance by public servants of the rules of ethical conduct and the requirements of anti-corruption legislation; ensuring the inevitability of responsibility for corruption and corruption-related offenses [15].

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КОРУПЦІЯ ЯК ЗАГРОЗА ЕКОНОМІЧНІЙ БЕЗПЕЦІ УКРАЇНИ

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Економічна безпека держави відіграє значну роль в процесі забезпечення подальшого економічного розвитку країни, впровадження ефективної соціальної політики, збільшенні рівня національної конкурентоспроможності в умовах міжнародної економічної співпраці. Здійснивши узагальнення різних підходів, автори прийшли до висновку, що в наукових колах визначення сутності економічної безпеки держави досліджують виходячи з різних базових параметрів, що і формує неоднозначність у розумінні даної категорії. На думку авторів, під економічною безпекою держави слід розуміти стан національної економіки, який дає змогу зберігати стійкість до зовнішніх та внутрішніх загроз, забезпечити її зовнішню незалежність і внутрішню стабільність, здатність підтримувати послідовну реалізацію національно-державних інтересів, стійку дієздатність суб'єктів господарювання та нормальні умови життєдіяльності населення. Трансформація умов функціонування сучасного світу формує значну кількість загроз економічній безпеці держави, серед яких ключову позицію займає корупція, процес масштабування якої в Україні має загрозливий характер, що пов'язано із руйнуванням не лише окремих сторін життя суспільства, але й загрозою існування країни в цілому. Ґрунтуючись на нормах міжнародного законодавства, що ратифіковані Україною, в статті були наведені основні ознаки корупції; а також визначені основні класифікаційні ознаки, за якими можна надати характеристику корупції. Автори навели основні загрози корупції, що мають реальний негативний вплив на економічну безпеку держави, а саме: зростання розмірів тіньової економіки; недостатньо ефективне використання бюджетних коштів різних рівнів; зниження рівня довіри до держави та її можливості регулювати економічні процеси; сприяння соціальній нерівності та збільшення розриву доходів між різними верствами населення та інші. Дані висновки були підтверджені за допомогою аналізу окремих даних, зокрема індексу сприйняття корупції, індикатора рівня тіньової економіки. На основі трендової моделі був зроблений розрахунок прогнозних значень індексу сприйняття корупції в Україні, які засвідчили позитивні зміни щодо питань, пов'язаних із процесами декорумпізації в країні. В статті автори зазначили, що на сучасному етапі економічного розвитку, з метою зниження рівня корупції в державі, необхідно створити ефективну систему антикорупційних дій, встановити нові прозорі правила відносин суспільства, влади і бізнесу.

Ключові слова: економічна безпека країни, індекс сприйняття корупції, корупція, тіньова економіка.

Стаття надійшла до редакції 6.10.2022

The article was received October 6, 2022

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