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CONTEXTUAL BASIS OF GENESIS AND FLOW OF TRANSFORMATION PROCESSES IN THE ECONOMIC SECURITY SYSTEM OF THE ENTERPRISE

Abstract. Theoretical approaches to genesis determination of the concept “transformation” have been considered. The flow of the transformation processes and their impact on the functioning and development of the economic security system of the enterprise have been studied. It has been defined that transformation is not only a process of transition, but also the process of the system formation. The transformation process is a complicated and controversial process, which determines the succession of states of the research object in time, the succession of subjects and phenomena that occur orderly. It has been stated that the economic security system of the enterprise is able to transform into another system with new properties. Thus, this occurs in time and space due to adequate countering the danger generated as a result of emergence and development of contradictions in the system. The main criteria and typology of the transformation process in the economic security system of the enterprise have been identified. The transformation has been presented as a process of transitions and establishment from the economic security system of the enterprise to its functioning and development on a brand new basis by passing certain phases of transformation (generative, design, structural, spatial). The conceptual model of the evolutionary transformation cycle of the functioning and development of the enterprise’s economic security system has been proposed.

Keywords: transition, transformation, transformation process, economic security, economic security system, transformation cycle

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Introduction. The enterprise activity in modern conditions requires the introduction of the latest techniques, tools of analysis and diagnostics of exogenous and endogenous factors.

On the one hand, globalization and integration processes provide new opportunities for enterprises through access to international financial resources and markets, on the other hand, companies need to respond quickly to the emergence of dangers and threats that affect the state of the economic security system of the enterprise. The variability and unpredictability of the environment, threats of internal and external order, require from the enterprises the introduction of new approaches to the protection of the economic interests, possible negative effects and consequences of their actualization. New challenges arise before domestic enterprises that need rapid adaptation to modern realities. This, however, leads to systemic transitions in the system of national economic security and economic security of the enterprises, which are transformational in content. Enterprises, carrying out its activities, are influenced by transformation processes that change the quantitative and qualitative parameters of the system. Transformation processes, depending on the ultimate goal and state, change subsystems and interrelationship of economic security elements of the
enterprise, which require the implementation and monitoring of managed changes. Determination of the place and flow conditions of the transformation process in the system of enterprise’s economic security will allow the enterprise to develop a mechanism for countering internal and external threats, analyze complex social and economic conditions for the solution of strategic objectives of the enterprise, which determine the relevance of the study.

**Literature review and the problem statement.** The theoretical aspects, methodological and methodical basis of the enterprise’s economic security are the object of regard for many domestic and foreign researchers. Thus, theoretical issues of the economic security system of the enterprise are reflected in studies of Y. Schumpeter, H. Foster, V. Zhmerenetskii [Jmereneckii 2010], A. Gumeniuk, T. Vasyltsyv, S. Kavun, O. Vlasiuk, O. Burbelo, S. Pogorelov, G. Kozachenko [Kozachenko 2014], Ye. Ovcharenko [Ovcharenko, Kozachenko 2014] and others.

In the scientific literature, a lot of attention is paid to the study of the transformation processes. Scientific studies on this topic are set out in the writings of many domestic and foreign economists, in particular A. Toffler [Toffler 2000], P. Shtomka [Shtomka 1996], T. Zaslavskaya, L. Yevstihneieva [Evstigneeva 2007], N. Makasheva [Makasheva 2000], M. Osipov [Osipov 1998], S. Yerokhin [Yerokhin 2005], G. Pochenchuk [Pochenchuk 2014]. However, despite the wide range of issues that are the subject of the research, it should be noted that the general theoretical and practical aspects of transformation processes in the system of economic security are not sufficiently studied and are debatable.

According to this, the aim of the article is to study theoretical approaches to definition of the genesis of the "transformation" concept, the flow of transformation processes and their impact on the functioning and development of the enterprise’s economic security system.

**Research results.** The progress of any processes in systems, on the one hand, is generated by the presence of heterogeneities, differences, and contradictions, and, on the other hand, it leads to the emergence of new internal and external contradictions. The presence and nature of change to these contradictions constitute the primary, underlying cause - the essence of danger occurrence for the system [Jmereneckii 2010]. At the heart of the security phenomenon there is a natural need for self-preservation of systems (and danger), but supplemented by an ability of the system to counteract the danger [Jmereneckii 2010]. According to the theory of systems, the economic security of the enterprise is a system. To achieve its mission the enterprise’s economic security system is actually the subject of management because it has an impact on the elements of the internal environment of the enterprise, decision-making process, generates a definite management reaction of the enterprise on certain risks and threats.

It is believed that the system of enterprise economic security is an integral part of the social and economic system. Social and economic system is constantly being under the influence of transformation processes, which lead to changes in the parameters of the economic security system of the enterprise. Changing the parameters to macro, meso, micro- levels of the enterprise gives rise to a specific situation that requires appropriate analytical tools for its identification, evaluation of changes and development of a certain management solution.
It is necessary to agree with Ye. Ovcharenko [Ovcharenko, Kozachenko 2014]: "... the need of the economic security system of the enterprise is striving for balance (by modifying system settings) of the social and economic system, within which the economic security system of the enterprise operates, and its environment, in accordance with the criteria of ensuring economic security, which are set by the social and economic system itself (by the enterprise). This tendency is due to manifestations of instability in the social and economic system, and that manifestations of imbalance are a signal to the "intervention" of the economic security system of the enterprise" [Jmereneckii 2007]. So, in this expression, the scientist indirectly points to the exogenous and endogenous factors that affect the balance of the economic security system of the enterprise, its development and operation.

The system of economic security as a special kind of social and economic system tends to its state permanence, which is inertia. Therefore, the lack of adequate risk counteraction generated as a result of appearance and development of contradictions in the system can ultimately lead to the collapse or destruction of the system. So the economic security system, like any other system, ceases to exist sooner or later. Economic security as an open system cannot go without internal and external contradictions, neutralize contradictions on an endlessly low level of the development. Such properties are inherent only in a "perfect system" [Jmereneckii 2010], which does not have external and internal contradictions. But the time range, in this case, can be quite broad, and the system has potential possibilities to delay the demise by using defensive reactions that are inherent in the economic security system of the enterprise. So according to V. Zhmerenetskyi [Jmereneckii 2010] at a certain stage from the development till the moment of the demise the system has to make a choice and then to implement one of two possible options for solutions:

- collapse of the system into its component parts;
- transformation into another system with new properties [Jmereneckii 2010].

Thus, V. Zhmerenetskyi [Jmereneckii 2010] notes that in the case when the system is not aware of antagonism aggravation and the need for its own transformation or is unable to determine or realize effective ways for this transformation, then ultimately it leads to the collapse of the system into component parts. If the system is able to combine its interests with the interests of others, the choice and implementation of the second option become more probable.

As a result, the economic security system of the enterprise is able to transform into another system with new properties. In turn, this is performed in time and space through adequate risk counteraction generated as a result of appearance and development of the conflicts in the system.

Analysis of contextual foundations of the genesis of the "transformation" term concerning the essence and understanding of the transformation processes should give us the answer, what place the transformation processes take in the enterprise’s economic security system, how to use transformations depending on their nature, content, and characteristics of various transformations.

The interpretation of the term "transformation" is the interest of many scientists. The word "transformation» (transformation), translated from Latin means "transition." It should be noted that the term "transformation" on the epistemological meaning partly corresponds to the concept of "restructuring", "reform", "reengineering" and "modernization": Analysis of the literature allows
for the conclusion that the first interpretations of the transitions have been found in ancient philosophy, for example even in the works of Platon, Aristotle.

Using etymological analysis of "trance", which is "through" and "tion" - a movement, formation, M. Osipov [Osipov 1998] and the group of authors propose to define transformation as a movement from a form to the form through the denial of the old form and formation of the new one through the denial-formation. And scientists believe that different content in the interpretation of the concept of "transformation" is not required.

According to L. Evstigneeva [Evshtigneeva, Evstigneev 2007], economists continue to be in the age of I. Newton / A. Smith, during the domination of the ideas of causality, linearity, immutability of traditions, social hierarchy, absolute priority of objective over the subjective. In turn, the researcher believes that the modern economy gradually abandons the neoclassical theory in favour of economic synergy, a new paradigm that will lead to fundamental changes in the ideas of the economy and society in conditions of uncertainty, nonlinearity, evolution, political and economic liberalism. Exploring new realities L. Evstigneeva [Evshtigneeva, Evstigneev 2007] notes that the transformation does not end with the transition from one social and economic system to another, but permanently continues within the new system. In other words, transformation is not only the process of the transition of the system, but also the process of formation considering the new paradigm.

Yerokhin S. has a similar opinion [Yerokhin 2005], he defines the transformation process as a self-organizing system, represented by the modern scientific paradigm - synergy.

The work on the study of transformations by N. Makasheva [Makasheva 2000] is of great interest. The scientist, considering existing approaches to transformation in terms of theoretical and methodological bases, believes that there are not so many differences between them. She proposes to consider the multistage process of changes under the transformation in a broad sense. So I. Kondrashova [Kondrashova 2008] with reference to N. Makasheva [Makasheva 2000] proposes a set of theoretical approaches to the transformation: teleological approach (rapid transition from one state to another, corresponding to some ideal); absolute evolutionism (gradual evolution of the economic thought); genetic approach (the idea of a gradual, phased social engineering of K. Popper, the need to take account of objective trends according to N. Kondratiev's approach to the formation of goals and development of targets; the concept of "promising paths of development" by V. Polterovych) [Makasheva 2000]. In a broader sense according to J. Kondrashova [Kondrashova 2008] transformations are more evolutionary as they work on a plan not to destroy, but to strengthen the traditional social and economic system.

Thus, in the economic encyclopedia edited by S. Mochernyi [Gavrylyshyn, Mochernyi 2002] transformation is interpreted as a process of transition one economic system to another, accompanied by the demise of some elements, features, properties and appearance of others. A similar view is shared by H. Pochenchuk [Pochenchuk 2014], N. Petryshyna [Petryshina 2014], who consider transformation as a complex process of transitions. And these scientists emphasize that the quantitative and qualitative settings of the system components change in the systems under the influence of transformation. Well-known researcher of global transformations A. Toffler [Toffler 2000] proposes to consider transformation as significant qualitative changes in the development of the society, and, moreover, as radical changes.
Deep research on the definition of transformation was carried out by I. Markovyč [Markovyč 2014]. Having examined for about fifteen interpretations, the scientist suggests system, situational, process approaches as basic, depending on the understanding of the term. Under the process approach, he understands the transformation as a series of interrelated processes that are realized in a certain sequence and are long-term. Moreover, by suggesting this approach to the definition, I. Markovyč [Markovyč 2014] identifies process-radical and process-evolutionary approaches that allow more fully to reveal cardinality and swiftness features of the flow of transformation processes. According to the system, approach transformation is an immanent feature of national economies, which is a constant phenomenon of continuous shape change. The situational approach explains the transformation as a moment of cardinal transitions, as a result of which the structure, the features and the system of interconnections change completely [Markovyč 2014]. Ye. Kryliuk [Kryliuk 2011] considers transformation as a subjective and objective process of the development (evolution) of economic systems.

As it can be seen, the transformation is not only a process of transition, but also a process of the system formation. Transformation process is a complex and controversial process, on which a succession of states of the research object in time, a succession of subjects and phenomena depends, which occurs orderly. Thus, transformation process gives us understanding of real mechanisms of transformations and economic security system's ability to take these processes.

In the scientific literature [Yerohin 2005; Kryliuk 2011, Sosnycka 2015] there are many classification criteria of transformation processes. So restructuring, reorganization, reengineering and others can be referred to transformation processes of controlled impact on the enterprise. But beyond the enterprise’s economic security system there are processes on which the enterprise has an indirect impact that does not allow the functions of analysis and control to be exercised quickly, providing a prompt response of the economic security system of the enterprise to the emergence of risks to objects of the enterprise’s economic security. Analysis of the literature allows us to conclude that the vast majority of researchers of transformation processes of the enterprise consider them as processes of the controlled impact which are caused primarily not by external factors but internal needs of the system. For example, in the work [Korolevska 2010] the following definition is proposed: "... the transformation processes at the enterprise as a series of interrelated specific actions for the implementation of complex targeted transformations at the enterprise designed to ensure its sustainable evolutionary development" [Korolevska 2010]. Thus, the economic security system achieves the goal of its functioning by using transformations. The economic security system in the process of functioning and development under the influence of transformation processes moves from a form to a form.

In our view, the correct understanding of the nature, course, and dynamics of transformation processes, which are the subject of controlled influence and processes caused by exogenous factors, will enable us to identify the main features of the transformation processes.

It is reasonable to use the typology proposed in the work [Shtomka 1996] to describe the transformation process in the economic security system, which is based on six main criteria (Fig. 1):
- form or contour, which accepts the transformation process;
- resume, the result of the impact of the transformation process;
- awareness about the transformation process;
- driving forces;
- activity level of the transformation process;
- temporal aspect of the transformation process.

![Diagram of the transformation process](image)

**Figure 1** - Typology of the transformation process in the economic security system

Source: own development

The works of P. Shtomka [Shtomka 1996] are noteworthy, who proposes some forms of social process in his theory of social transitions. According to his opinion, all forms of processes, including social and transformation ones, have either progressive or regressive meaning depending on the ultimate goal and state. Due to the fact that the term "process" implies a succession of the object in time, then all processes essentially have directional form and can be gradual, upward or linear.

If the transformation process has one path or goes through several successive stages, this process is called single-line (unidirectional). Single-line (unidirectional) transformation process is shown in Figure 2.

![Diagram of single-line transformation process](image)

**Figure 2** - Unidirectional transformation process or constant course

Where system - system of economic security of the enterprise;
  a) - upward (progressive); b) - downward (regressive).

Source: developed based on [Shtomka 1996]
The enterprise and its economic security system in its historical development passes certain stages, alternative paths. For example, when the enterprises chose one and the same development model, the processes of origin and development of enterprises were different. This transformation process should be called multilinear or multidirectional (Fig. 3).

Figure 3 – Multidirectional or an alternative transformation process
Source: developed based on [Shtomka 1996]

But the development of the economic security system is not always linear. So K. Marks [Marks, Engels 1960] believed that social and economic formations sequentially pass through the revolutionary periods and, thus, face radical, fundamental transformations. Moreover, in this case, the transformations can be both progressive and regressive. He considered that only by revolutionary actions radical transformation of social life and state functions is possible and as we know it means a qualitative change. This transformation process can be described by a step function or jumps (Fig. 4)

Figure 4 – Step function of transformation process or jumps
Source: developed based on [Shtomka 1996]

Some transformations are characterized by chance, randomness. They can be caused by social fluctuations, revolutions, mobilizations and structural changes in the economy, such as technological breakthrough, technological revolution. Mentioned transformations lead to a change in the economic security system of the enterprise. In such cases, a graphic presentation of transformation processes must be in the form of a sinusoid (Fig. 5). Such processes are typical for different economic cycles, such as:
- expansion;
- recession;
- boom;
- stagnation.

Figure 5 - Cytclical transformation process of: a) regular; b) accelerative; c) decelerated
Source: developed based on [Shtomka 1996]

If there is a similarity of transformation processes in the system of economic security, but they differ in the complexity level, these processes are called spiral or open cycle. Examples of such processes can be a life cycle, an economic cycle. The security system of the enterprise, as well as any open system, passes certain stages in its development. In this case, the development of a system of economic security under the influence of external and internal environment can be progressive or regressive. The achievement of the development level after each cycle of the state change shows the nature of these processes (Fig. 6).

The transition to a new level of functioning and development of the enterprise’s economic security, changing the quality of the space, occurs under the influence of the external environment and requires changes in the functions of the system. This process is associated with changes in the subsystems and changes the nature of the interaction of elements, which creates conditions for the formation of a new system of enterprise’s economic security. Such a phenomenon is called transformation cycle in the scientific literature.

Figure 6 – Spiral transformation process: a) progressive; b) regressive
Source: developed based on [Shtomka 1996]
Scientists distinguish four basic stages of transformation cycle [Bieliaiev, Bebelo, Komyakov 2003].

1. Stage of direct transformation, which is characterized by a functional crisis, worsening of social tensions and significant violations of system balance.

2. Inter-formation stage - "stage of an unstable and uncertain state". Just at this time, the core of a new society emerges and its structural elements and connections are formed.

3. Intoformation stage – "during the acquisition of a new form". This stage is characterized by the system acquisition of integrity and dominance elements of a qualitatively new economic system.

4. Stage of post-transformation state – period when "the ability of the new system to cover all aspects of the reproductive process, to give it integrity" is determined. At this stage, reorientation of qualitative resources from the core to the periphery must be held.

It is advisable to use the study in the article [Stepanova 2015], which proposes a conceptual approach to transformation changes in the social and economic system of the regional level in the context of the evolutionary paradigm. The use of this approach will reflect the transition process from the functioning of the enterprise's economic security system to the functioning and development of a qualitatively new one by passing certain phases of transformation: generative transformation, project transformation, structural transformation, spatial transformation (Fig. 7).

In the proposed conceptual model of the evolutionary transformation cycle of the functioning of the economic security system the first phase which is "generative transformation" includes two stages:

1) inspirational stage - functional crisis, violations of the system balance that leads to excitation of the system and incentive to act;
2) system stage - search for solutions of the system problems, reassessment of the existing system state and the content and extent of the crisis;

The next phase is "project transformation":

3) interformation stage – the stage of unstable and uncertain status;
4) invasive stage – the impact of the environment on the origin (penetration) of the core of the new system, the formation of new structural elements and connections of subsystems.

The third phase which is "structural transformation" includes:

5) Diagnostic stage – unbiased, objective diagnostics of the real state of affairs, identification of the situation, its sources and causes, opportunities and ways out of the crisis situation;
6) Intoformation stage – "during the acquisition of a new form." This stage is characterized by the system acquisition of integrity and dominance elements of a qualitatively new economic system.

The fourth stage of "spatial transformation" contains the following stages:

7) Post-transformation phase – determining the ability of the new system to cover all aspects of the reproductive process, give it integrity. At this stage, reorientation of qualitative resources from the core to the periphery must be held;
8) Evaluation phase - search for qualitatively new strategies of the system development, analysis, and evaluation of results in connection with the creation of a new economic security system of the enterprise.
**Figure 7** - Conceptual model of the evolutionary transformation cycle of the functioning of the enterprise’s economic security system

Source: developed based on [Stepanova 2015]

**Conclusions.** Thus, the economic security system of the enterprise is under the constant influence of external and internal environment, which is marked on its state and conditions of the system management. It has been determined that the system of economic security reaches the goal of its functioning with the help of transformations, which are not only a process of transformation, but also the process of a system formation. It has been proposed to consider the transformation process in the economic security system as evolutionary (revolutionary) staged transitions of qualitative characteristics of the functioning and development of the system, its structure under the influence of uncontrollable changes, implementation and monitoring of controllable changes made to ensure timely response of the system to dangers and threats against the objects of the enterprise’s economic security.

A conceptual model of evolutionary transformation cycle of functioning and development of the enterprise’s economic security has been proposed. Transformation is presented as a process of transitions and establishment from...
the enterprise’s system of economic security to its functioning and development on a qualitatively new basis by passing certain transformation phases (generative, design, structural, spatial). The above mentioned makes it possible to implement the organizational and economic mechanism of controllable transformation processes in the system of economic security and further develop modeling tools of controllable transformation processes.

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