

**Pribylnova I.B.,**

*senior lecturer of Department of Economic  
Cybernetics and Management of Economic Security,  
Kharkiv National University of Radio Electronics*

**Pribylnov A.O.,**

*Student,  
Kharkiv National University of Radio Electronics*

## **IMPACT OF DIGITALIZATION ON THE ECONOMIC SECURITY OF SMALL AND MEDIUM-SIZED ENTERPRISES**

Solving the problems of ensuring economic security in the modern realities of digitalization of socio-economic processes is an important and urgent task for the national economy. Unsteady external and internal conditions, digital transformation of almost all spheres of life inevitably give rise to new threats and challenges, which requires a prompt response and improvement of ways to minimize risks.

The accumulated experience allows us to state that economic security is a key characteristic for the stable functioning and achievement of the required development indicators of both individual economic entities and society as a whole. The security of economic processes is characterized by a variety of political, legal and economic mechanisms and instruments that contribute to the protection of economic interests. In a broad sense, economic security can be considered as the ability of an institutional and organizational system to protect the interests of economic entities on the basis of international and national legal norms while respecting and observing national traditions and values of economic management [1].

When considering the problem through the prism of macro-level indicators, the country's economic security is formed, among other things, from the stable development of the business environment. In other words, the economic security of society is inextricably linked with the current conditions of management and business

activities. In addition, the economic security of society is formed under the influence of public financial control<sup>98</sup> and shadow processes in the economy.

The organizational structure of public institutions, in turn, creates conditions for economic growth and reducing threats to business entities.

One of the key tasks of ensuring economic security, which has been actualized in the conditions of non-stationary processes in the modern world, is the task of predicting threats and challenges. The key global challenge to society is digital transformation in almost all spheres of life. The digitalization of the technosphere plays a significant role in the scientific, social and economic world order, which is clearly seen in the example of the United States, China, Japan – the world's leading digital powers of our time, since a significant share of the income of their national economies is largely provided by digital technologies.

Competent information management, as a basic resource for digital transformation of economic processes, is an integral attribute of almost all types of economic activity, and a monopoly on certain data, as a rule, is a significant competitive advantage. Doing business in the global digital space, on the one hand, provides additional opportunities and levers in management, diversifies the activities of an organization, and on the other hand, inevitably leads to new challenges and threats to further development. Deep transformations caused by universal digitalization have revealed new potential problems in ensuring the economic security of subjects of different hierarchies [2].

Effective risk management in the realities of digital transformation plays an important role in shaping the socio-economic benefits of the digital economy. The interaction of authorities, business structures and public organizations in addressing digital security issues acts as the basis for strengthening the foundations of joint activities.

Despite the close attention to the problems of digitalization on the part of many stakeholders, the issues of the impact of digital technologies on economic security have been studied and studied insufficiently. Small and medium-sized businesses

have a good response to changes in the external environment, therefore, in conditions of strong uncertainty due to the digital transformation of society, it can act as a basic tool in matters of its sustainable development [3].

In this regard, it is important to study the experience of reaction to the current situation of more technologically advanced states, to consider both the best practices and the mistakes of the programs and initiatives they have launched related to digitalization. This will help to avoid similar mistakes when drafting transformation programs for domestic enterprises.

During the period of rapid growth of digitalization of socio-economic systems, significant changes are taking place in the organization of ensuring the economic security of enterprises. In our opinion, today such changes are not fully studied and require serious theoretical and methodological comprehension.

Digitalization, as a qualitatively new paradigm of economic development, dictates the need to create appropriate criteria for assessing security business environment at all levels. It brings with it new challenges and threats to small and medium-sized businesses associated with digital transformation.

Therefore, the development of organizational and economic aspects and mechanisms ensuring the economic security of small and medium-sized businesses in modern conditions is a very urgent task for the theory and practice.

### **References**

1. Zingales L. Towards a Political Theory of the Firm. *Journal of Economic Perspectives*. 2017. № 3. pp. 113-130.

2. Iatsuh O., Demchenko I. The Problem of Unprofitable Activity of Enterprises in Ukraine. *Baltic Journal of Economic Studies*. 2018. № 2. pp. 64-69.

3. Meiss K.-M Improvement of Public Financial Control in the Context of Ensuring Financial Security of the State. *Economic Annals XXI*. 2017. Vol. 168. № 11-12. pp. 63-68.