

DOI: <https://doi.org/10.32782/2524-0072/2023-47-37>

UDC 35.072.22

# ПРОГНОЗУВАННЯ ВПЛИВУ КОРУПЦІЇ НА ЕКОНОМІЧНУ БЕЗПЕКУ ДЕРЖАВИ

## THE FORECAST OF CORRUPTION IMPACT ON STATE'S ECONOMIC SECURITY

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The article assesses and forecasts the impact of corruption on the state's economic security. By using theoretical and historical analysis the paper substantiates the relevance of studying the corruption influence on the state's economic security in war conditions and establishes the importance of such activity in the conditions of Ukraine's European integration aspirations. The article reveals the main reasons for the high level of corruption and the corruption of the highest-level officials. Moreover, the article offers a methodology for assessing the impact of corruption on the economic security of the state and forecasting the level of this impact. The methodology consists in calculating the values of several indicators that reflect the impact of corruption on public activity and the effectiveness of anti-corruption measures and forecasting the value of these indicators for the future period to establish the level of influence of corruption on the economic security of the state. Because of using the methodology, the paper calculates the index of perception of corruption in Ukraine in dynamics and contains a forecast of its value for the period of 2023–2027. Therefore, the study determined the level of the shadow economy in Ukraine and the forecast for the period of 2023–2027. Moreover, the article calculated the index of ease of doing business in Ukraine, and its forecast for the next 5-year period. The final stage of the analysis was the establishment of the dynamics of the index of economic freedom for business representatives in Ukraine, in addition to the feasibility of forecasting this index for the period 2023–2027. The results of empirical calculations made it possible to establish the level of influence of corruption manifestations on the state's economic security during the war. Accordingly, forecasting the values of these indicators makes it possible to assess post-war trends and their impact on the state's economic security in order to counter potential threats and eliminate them in a timely manner.

**Keywords:** corruption, economic security of the state, economic development, level of corruption, forecasting.

У статті здійснено оцінку та прогнозування впливу корупції на економічну безпеку держави. Обґрунтовано актуальність вивчення впливу корупції на економічну безпеку держави в умовах війни за допомогою теоретико-історичного аналізу та встановлено важливість такої діяльності в умовах євроінтеграційних прагнень держави. В результаті теоретичного аналізу виокремлено основні причини високого рівня корупції в державі та корумпованості чиновників найвищого рівня, здійснено їх структуризацію. Запропоновано методику оцінки

впливу корупції на економічну безпеку держави та прогнозування рівня цього впливу. Методика полягає у розрахунку значень низки показників, які відображають вплив корупції на суспільну діяльність і ефективність заходів протидії корупції та прогнозування значення цих показників на майбутній період для встановлення рівня впливу корупції на економічну безпеку держави. В результаті використання зазначеної методики розраховано значення індексу сприйняття корупції в Україні, проаналізовано динаміку зазначеного індексу та встановлено прогнозоване його значення на період 2023–2027 рр., зроблено відповідні висновки. Визначено динаміку рівня тіньової економіки в державі та здійснено прогнозування її рівня на період 2023–2027 рр., що дозволило підсумувати наслідки впливу корупції на економічну безпеку держави. Обчислено індекс легкості ведення бізнесу в Україні та, відповідно, проаналізовано динаміку зазначеного індексу, здійснено прогноз цього індексу на майбутній 5-річний період, на основі цього сформовано відповідне теоретичне узагальнення. Завершальним етапом аналізу стало встановлення динаміки індексу економічної свободи для представників бізнесу в Україні. Крім того здійснено прогнозування динаміки цього індексу на період 2023–2027 рр. Результати емпіричних розрахунків дозволили встановити вплив корупційних проявів на економічну безпеку держави в період війни. Відповідно, прогнозування значень цих показників дозволяє оцінити повоєнні тенденції та їх вплив на економічну безпеку держави з метою протидії потенційним загрозам та їх своєчасного усунення.

**Ключові слова:** корупція, економічна безпека держави, економічний розвиток, рівень корупції, прогнозування.

**The problem statement.** The shadow economy and corruption has an impact on the economic and socio-political sphere of the state. During the last century, the influence of corruption on public life gradually increased. Having analyzed the causes of conflicts and wars from a historical perspective, we can state that a significant number of them arose between those states whose rulers usurped power and used all possible advantages of the corruption system. Wanting to protect their regime and resisting the democratization of social and political processes, such powerful people quite often started wars or local conflicts. One of the reasons for the beginning of the Russian Federation's invasion of Ukraine was the desire of the President of the Russian Federation to keep his corrupt regime in power.

Taking into account the announced European integration course of Ukraine, the important tasks of the state strategy are to reduce the volume of the shadow economy, legalize economic processes and combat corruption. Because of such trends, measures to legalize the economy and combat corruption are relevant as a guarantee of ensuring financial, economic and national security of Ukraine, which will become a factor in strengthening integration processes.

**Theoretical framework.** Theoretical and practical aspects of countering corruption have become the subject of research by many scientists. In particular, research aims at determining the essence and meaning of the phenomenon of corruption in the system of modern social relations [3]. Researchers studied the importance of corruption and its impact on the state's economy in the conditions of globalization [8]. Determining the level of offshoring of the

economy and the relationship of this process with the level of the shadow economy and corruption in the country has also become the focus of research by scientists [4; 5]. Scientific intelligences are dedicated to the formation and implementation of national anti-corruption policy at the state and regional levels [6]. Scientists did not ignore the study of the corruption impact on the state of national security and defense [7]. Scientists also studied the current state and problems of corruption prevention in Ukraine [9; 10]. Despite the considerable interest in the researched problem, there remains a significant number of understudied issues. This is especially true for a contemporary country at war. It is about assessing and forecasting the impact of corruption on the state's economic security in the war conditions and the period of post-war economic recovery.

**The study objectives** are to establish and forecast the corruption influence on the state's economic security.

**Results.** Taking into account the research results [3; 7; 8], it is possible to single out the reasons for the high level of corruption in the state and the corruption of officials at the highest level, in particular:

- a fairly long tradition of informal, and very often corrupt relations in society;
- low level of development of inclusive institutions;
- a fusion of business and power;
- low level of development of democratic institutions and, accordingly, the democratization of society;
- low level of legal culture of the population and the so-called legal arbitrariness of representatives of law enforcement agencies and the judicial branch of government;

- the predominance of the clan system in organizing socio-economic relations;
- high degree of bureaucratization of state and public administration.

Thus, combating corruption and legalizing the economy is extremely important for economic and national security, as it is largely reflected in the economic development and well-being of the population (Fig. 1) [6]. Therefore, the next stage of the analysis will be a study of the impact of corruption on the economic security of the state and a general assessment of the state and trends of the shadow economy in Ukraine. To implement this plan, we will first establish the dynamics of the indicators, and later, based on these data, we will forecast their trends for 2023–2027, we'll apply a similar methodology to assess the state and trends of the level of the shadow economy, the index of ease of doing business, and the index of economic freedom.

Firstly, we'll analyze the Corruption Perception Index, which is based on the assessment of corruption in the country according to the opinion of entrepreneurs and analysts. This index is calculated for all countries of the world, including Ukraine. The dynamics of this index

and forecasting trends for Ukraine are presented in Figure 2.

As the results of the analysis show, the tendency of the Corruption Perception Index for Ukraine is generally positive. That is, the value of this index, according to the forecast, will grow over the next 5 years. This was caused by several factors, namely: the political will of the leadership, and the rise in the level of public morality, including as a result of the consolidation of the public against the background of the war with the Russian Federation.

To realize the analysis, the next stage will be an assessment of the state and trends of the level of the shadow economy (Fig. 3). The dynamics of the shadow economy show contradictory trends. There is a gradual decrease in the level of the shadow economy in 2019 and a sharp increase in the following 2020. In recent years, the level of the shadow economy has been growing, but its value in 2022 is lower than in the previous two years. The forecast of the trend of this indicator is quite ambiguous – a gradual decrease in the level of the shadow economy and its smooth growth is predicted, starting from 2025. However, this type of mathematical forecasting does not take into

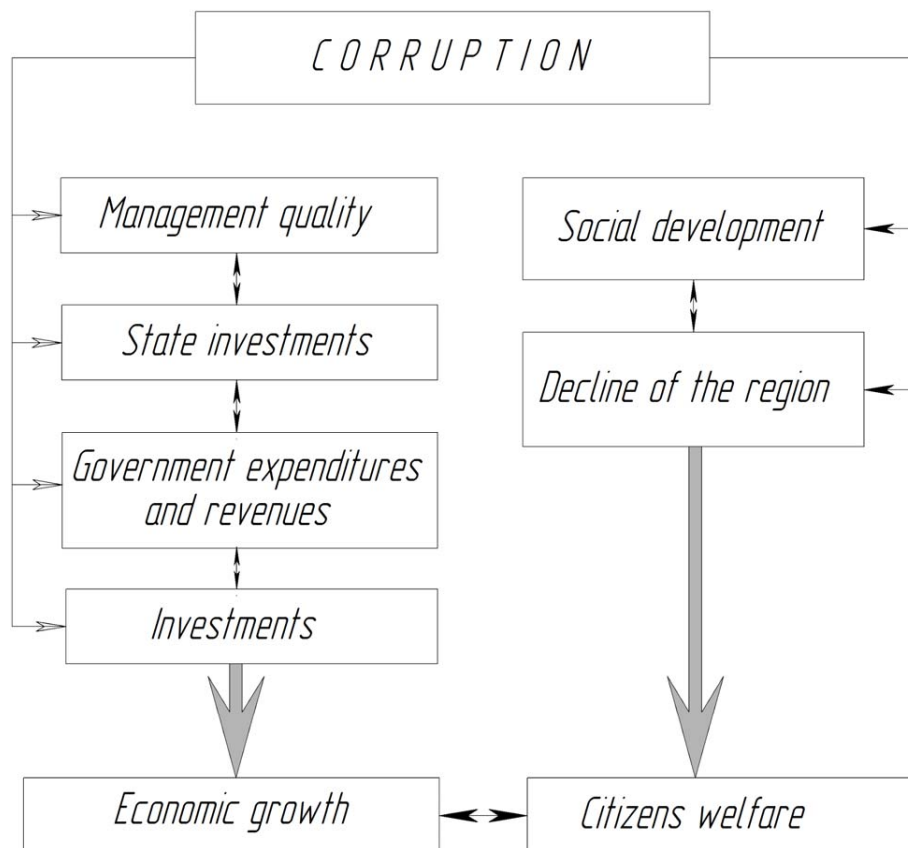


Figure 1. Corruption impact on economic growth and population welfare  
Developed by authors [8]

account many factors. In particular, the impact of the war on the public consciousness and morale of the population, integration prospects and their approach, etc. Therefore, it is worth taking into account only the negative trends of this indicator, but also take into account other factors that will have an impact on it.

The next step will be to assess the state and dynamics of the ease of doing business index. This indicator indicates the level of ease of doing business in different countries of the world.

Accordingly, this indicator has a significant impact on the level of the shadow economy. After all, it can be assumed that the more difficult it is to do business in the country, the higher the shadow economy of this country reaches. The dynamics and projected trends of the ease of doing business index are presented in Figure 4.

As we can notice, quite positive dynamics of the index can be observed during 2017–2022. During this period, the value of the index gradually decreases, which, according to the

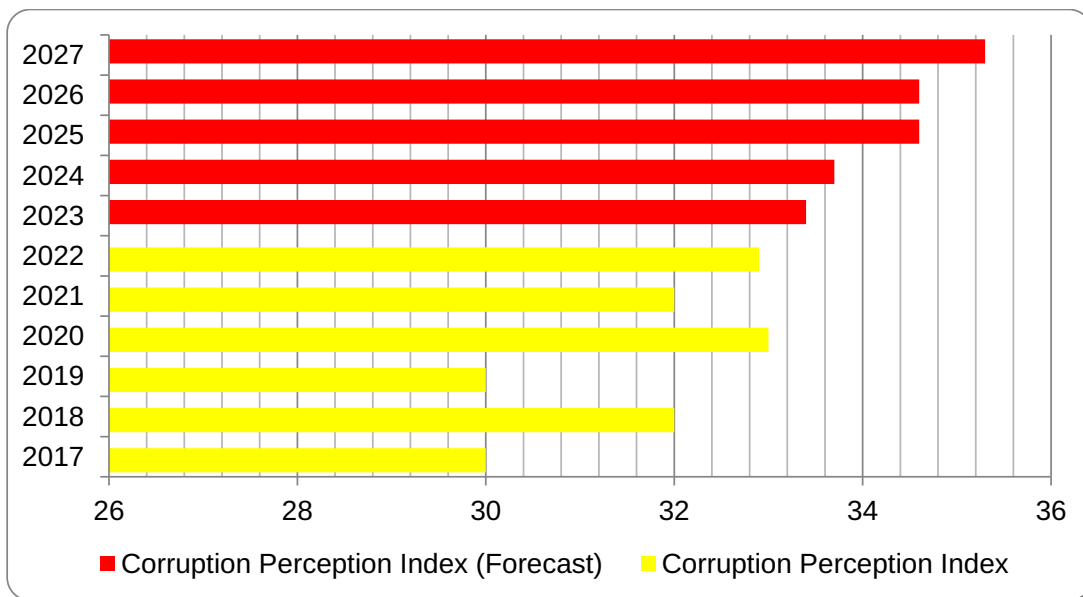


Figure 2. Corruption perception index – the trend forecast

*Developed by authors*

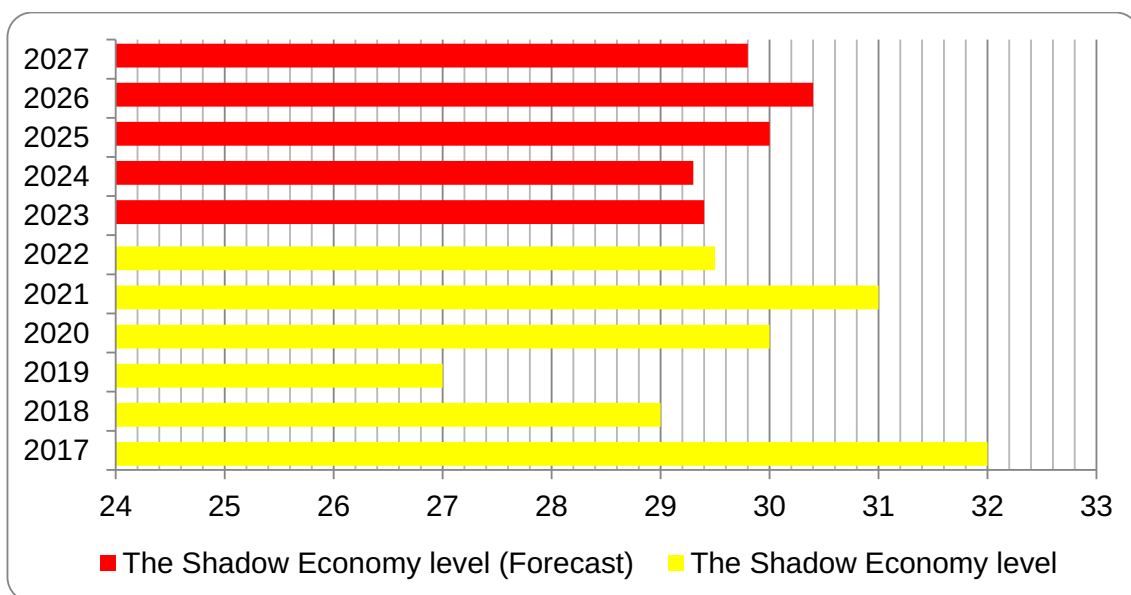


Figure 3. The Shadow Economy level – the trend forecast

*Developed by authors*

method of calculating this index, indicates the simplification of business conditions in the country. No less positive is the prediction of the trend of the ease of doing business index for 2023–2027. During this period, the value of the index will permanently decrease and, according to the forecast, will reach the mark of "30" in 2027. Such results are extremely optimistic and will have a positive impact on the state's economic security.

The final stage of the investigation will be the analysis of the state and trends of the index of economic freedom in Ukraine. The results of the state assessment and forecasting of index trends for 2023–2027 are presented in Figure 5.

As we can mention, during 2017–2022, a positive trend in the index of economic freedom was observed. Every year, during the analyzed period, the value of the index increased, except for 2022. The declining dynamics of the index

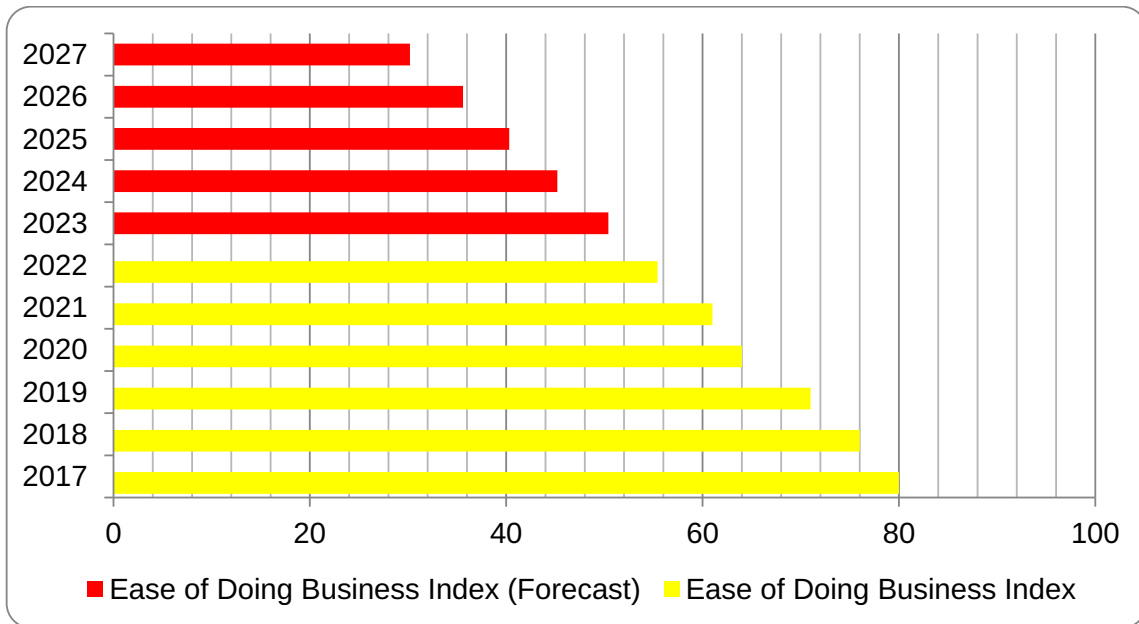


Figure 4. Ease of Doing Business Index – the trend forecast

Developed by authors

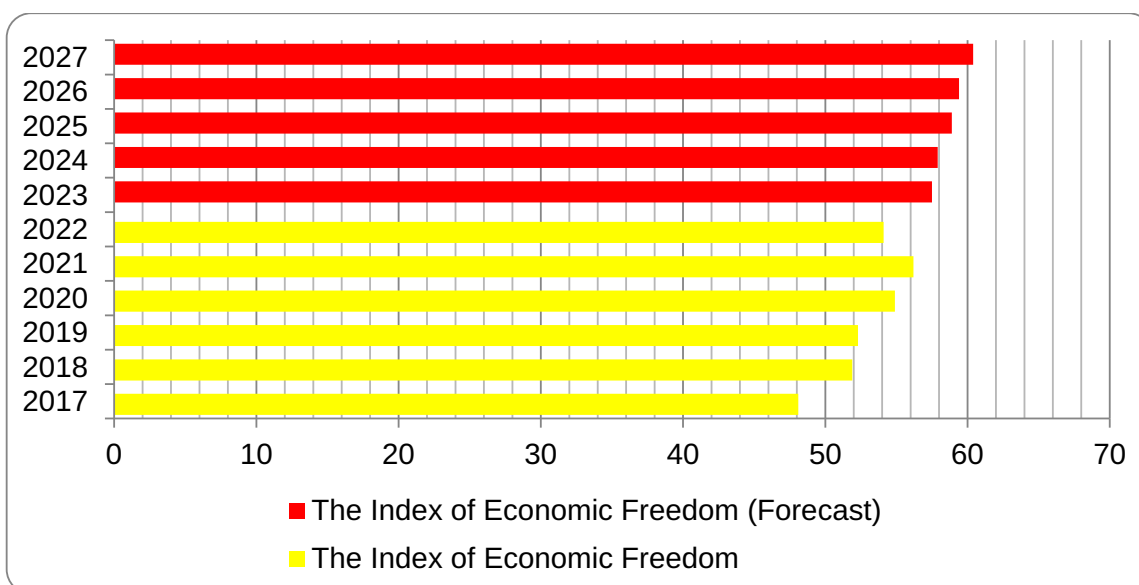


Figure 5. The Index of Economic Freedom – the trend forecast

Developed by authors

over the past year may be evidence of the impact of the war on economic freedom. As for forecasting the trends of the index, it is worth noting that they are positive since the value of this index will increase. Moreover, according to forecasts, in 2027, the value of this index will exceed the "60" mark, which is quite positive.

In general, the forecasting results indicate fairly optimistic trends in the changes in the calculated indicators until 2027. The established trends will allow establishing an effective system of combating corruption during the war and post-war recovery, which will contribute to ensuring the state's economic security during this period.

**Conclusions.** The article synthesizes the main reasons for the high level of corruption in the state, including a rather long tradition of informal and very often corrupt relations in society; a low level of development of inclusive institutions; a fusion of business and power; low level of development of democratic institutions and, accordingly, the democratization of society;

low level of legal culture of the population, the so-called legal arbitrariness of representatives of law enforcement agencies and the judicial branch of government; the predominance of the clan system of organizing socio-economic relations; high degree of bureaucratization of state and public administration.

The study contains an analysis of macroeconomic indicators and the predictive value of the index of perception of corruption, the index of economic freedom and the index of doing business, as a result of calculation the paper determined their negative impact on the state's economic security.

Taking into account the active pro-European efforts of Ukraine, it is necessary to actively reform those spheres of social activity where our state has a number of identified threats. Accordingly, changing the methods and ways of realizing state interests in the sphere of economy, law, and the social sphere will allow active integration into European society.

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