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MECHANISMS FOR STRENGTHENING THE ECONOMIC SECURITY OF ENTERPRISES IN THE REPUBLIC OF MOLDOVA

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Abstract

Economic security is essential for the sustainable development and competitiveness of enterprises, especially in economies facing instability and rapid digital change. In the Republic of Moldova, small and medium-sized enterprises (SMEs) encounter significant challenges such as limited access to finance, legislative uncertainty, digital risks, and weak managerial capacity. This study analyzes the main mechanisms that can strengthen the economic security of Moldovan SMEs. Using a qualitative research approach based on literature review, policy analysis, case studies, and interviews with SME managers, the study identifies key vulnerabilities and evaluates existing security mechanisms. The findings show that economic security can be enhanced through effective risk management, diversification of financial sources, adoption of digital and cybersecurity solutions, improved corporate governance and legal compliance, investment in human capital, and cooperation with public institutions. The study concludes that economic security cannot be achieved through isolated measures, but requires an integrated and systematic approach. Implementing coordinated mechanisms increases enterprise resilience to economic shocks and supports sustainable economic growth in the Republic of Moldova.

Key words: *economic security, enterprises, financing, governance, innovation, Republic of Moldova, regulation, risk management.*

INTRODUCTION

Economic security of enterprise operations largely depends on their capacity to respond in a timely and adequate manner to the economic needs and requirements of various stakeholder groups. Private interests can be considered justified only when they simultaneously contribute to achieving state objectives and maintaining economic stability (North, 1990). An analysis of enterprise economic security reveals its capacity to generate goods and services aligned with market demand through the balanced and efficient utilization of available resources, even amid conditions characterized by economic instability and uncertainty (Aghion & Howitt, 2009). Cumulative performance outcomes of reliable enterprises serve as a pivotal driver of economic development, while simultaneously advancing the material and cultural standards of living within society (Arrow, 1972). Originating from the Greek *mechanic*, denoting an "instrument" or "machine", the concept of a "mechanism" has long been associated with the totality of means through which economic processes are structured and regulated (Hodgson, 2006). In the context of contemporary economic scholarship, the term has acquired a more expansive and nuanced interpretation, encompassing the diverse methods, instruments, and regulatory levers employed by both enterprises and the state to shape and direct economic activity. Within this analytical framework, an economic mechanism represents a coherent system of coordination and governance, reflecting the capacity to organize and harmonize economic processes in a manner that sustains efficiency, resilience, and stability amid conditions of continuous change and uncertainty (Samuelson & Nordhaus, 2010). During the planned economy period, the economic mechanism was understood as a complex system of interrelated elements, including the organizational form of economic activity, management structure, as well as the totality of methods and levers of influence used in the management process. Their role was to ensure the efficient achievement of production objectives and to contribute to satisfying social, collective, and individual interests. Under contemporary economic conditions, this approach remains highly relevant, as the economic mechanism

integrates a comprehensive set of organizational, managerial, and economic instruments, indispensable for the efficient functioning and advancement of production processes and economic activities.In the planned economy system, the economic mechanism was conceived as an interdependent system of elements, including the organizational form of economic activity, management structure, and the totality of methods and instruments of influence used in the management process (Balabanov, 2008). They ensured the efficient realization of production objectives while actively advancing social, collective, and individual interests. In contemporary economies, this interpretation retains its relevance, as the economic mechanism continues to encompass the essential elements required for the efficient organization and advancement of production activities (Abalkin, 2014). Limited approaches describe the economic framework as the collection of methods, policies, and regulatory measures used by society and, in some cases, by the state to influence and guide economic processes. In contrast, broad approaches emphasize that a proper understanding of economic regulation requires consideration of the objective laws that shape economic development, thereby linking it to the core processes and structural dynamics of the economy (Kleiner, 2012). From a functional perspective, any mechanism is goal-oriented, as its operation is determined by the existence of an objective. In the absence of a clearly defined goal, a function loses its rationale. Therefore, a mechanism can be understood as a mode of action through which the necessary means are mobilized and coordinated to achieve a specific result. Consequently, contrivance and goal are interdependent, since achieving objectives requires a system of instruments and procedures through which they can be realized (Bulgakov, 2005). From a pragmatic perspective, the concept of an economic machinery cannot be equated with the economy itself. Financial objectives are set by economic agents, but pecuniary processes also include components that develop objectively, independent of individual will. At the same time, the evolution of these processes can sometimes diverge from the initially intended direction. In this context, the economy represents not only a means for achieving set objectives but also becomes the object upon which the fiscal acts, with the role of organizing and coordinating economic processes in accordance with the objectives formulated by society at a given point in time (Popescu, 2018).

MATERIALS AND METHODS

Market-based systems are often associated with a system of material incentives and management methods designed to ensure high labour productivity among employees, specialists, and other staff. However, this interpretation cannot be considered exhaustive. At the same time, an economic mechanism is defined as an “integrated, multi-layered system of forms and methods for economic governance” (Smith, 2007). From this perspective, the structure of an enterprise’s strategic approaches includes “the system of internal socioeconomic interactions, which establishes production and operational linkages between structural subdivisions, methods for assessing the impact of these linkages on overall performance, as well as subsystems of stimulation, planning, control, standardization, accounting, and analysis of economic activity” (Popescu, 2016).

Considering these perspectives, the mechanism for ensuring the economic security of enterprise operations can be understood as an integrated system composed of relatively autonomous, yet interdependent and interacting elements. The main components of this arrangement include the organizational form of production, business-related and operational relationships, the incentive system, management, planning, financing, taxation, and pricing policies. The fundamental elements of the management systems are the economic agents and the relationships they establish in the process of organizing production and economic linkages.

Material interrelations take various forms: direct and indirect, immediate or mediated, productive and unproductive, legally formalized or informal, spontaneously emerging or institutionally established. Such relationships exist both within the organizational form of production and outside

it, and they can also be classified according to where they occur: in production, exchange, distribution, or consumption. Within a specific organizational form of production, economic relations among participants are generally realized through the exchange of activities, while relations among economic agents occur through the exchange of goods and services (Ionescu, 2012).

The methodology for ensuring the developmental security of the enterprise aims to create conditions that motivate the efficient functioning of all enterprise components, while ensuring a high degree of alignment between societal, corporate, and individual interests. It is intended to guarantee economic safety both at the input and output levels of the system, creating reliable conditions for the simultaneous functioning of managerial and managed subsystems (Rusu, 2018).

The enterprise economic protection mechanism can be structured around four principal components:

- The philosophy of the concept within the enterprise;
- The functions that ensure the process of economic encryption management;
- The resources required by the machinery;
- The goal-oriented component, including the main organizational forms and policy tools necessary to ensure the enterprise's operational economic security (Popescu, 2018).

A theoretical-philosophical component constitutes the foundational pillar of the structure. The philosophy of organizational safeguarding embodies a coherent and structured system of organizational beliefs, reflecting both the collective mindset and the individual commitment of employees to carry out their responsibilities in full compliance with established security requirements. It is imperative that this philosophy be rigorously articulated, formally validated, and comprehensively communicated across all hierarchical levels of the enterprise to ensure uniform understanding and consistent implementation (Smith, 2007).

The Goal-oriented component of the financial structure reflects its structure in relation to the specific elements of the enterprise and represents an integrated set of interconnected organizational forms and economic instruments.

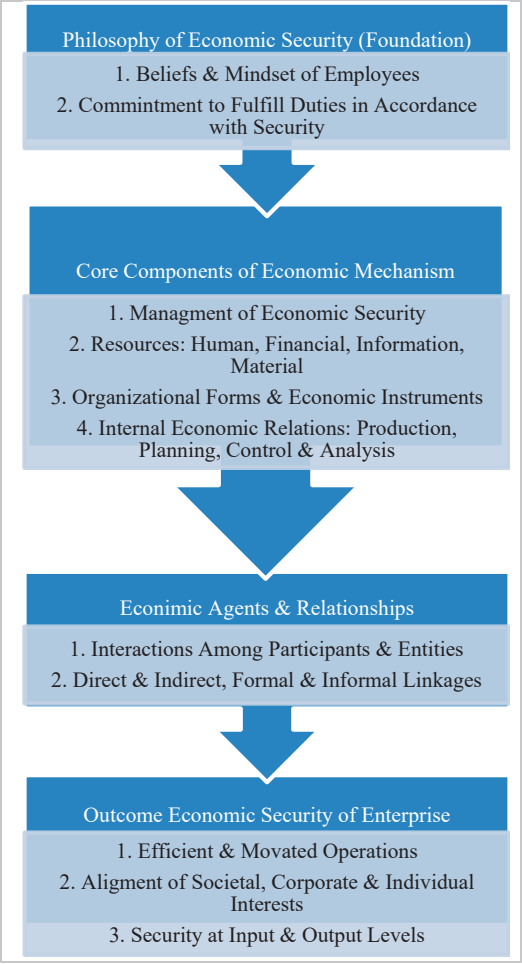

Figure1. Mechanism of enterprise economic security

These elements enable the continuous operation of the enterprise in a dynamic budgetary environment, ensuring the achievement and maintenance of planned parameters through the implementation of economic firewall procedures regulated by internal and external norms (Popescu, 2018).

The actions of the framework are aimed at:

- ensuring economic defence at the system's entry point;
- protecting the managerial subsystem;
- protecting the managed subsystem;
- guaranteeing economic security at the system's exit point.

A comprehensive support component encompasses scientific and methodological

foundations, informational resources, legal and organizational frameworks, material and technical infrastructure, human capital, and financial provisions. At its core lies a system of administrative-economic instruments through which the underlying principles of the model are translated into practical action. From an operational perspective, these administrative-economic instruments may be structured across three interconnected levels: national, regional, and enterprise-specific. At the macro and meso levels, their manifestation includes legislative frameworks, licensing regimes, quota systems, standardization requirements, regulatory limits, and supervisory controls. Direct economic instruments are represented by public procurement mechanisms, subsidy schemes, and targeted financing programs, whereas indirect instruments encompass taxation policies, fiscal incentives, deferred payment arrangements, and monetary-credit tools-such as central bank policy rates, mandatory reserve requirements, leasing arrangements, and preferential lending. Complementary to these are currency-based instruments, including exchange rate policies; customs-related measures, such as duties, tariffs, and exemptions; as well as investment-oriented instruments, including depreciation policies, reinvestment of profits, and the provision of government guarantees (Rusu, 2018). At the enterprise level, instruments include diagnostics, controlling, planning, standardization, training, sanctions, and material incentives. Controlling serves as a self-regulation tool, collecting data for decision-making, assessing deviations from planned indicators, and developing managerial recommendations. It integrates planning, managerial accounting, control, diagnostics, and information flow management, providing feedback for corrective action (Ionescu, 2012). Administrative instruments, such as regulations, norms, and authorizations, must be applied with caution in a market economy. The necessity for state intervention should be assessed based on operational efficiency, the impact on capital-related processes, and the effectiveness of fiscal policy. Interventions must be market-compatible and support efficient interaction among economic actors (Smith, 2007).

Priority in the configuration of financial instruments should be accorded to subsidies, fiscal incentives, and public investment in infrastructure, given that large-scale financial support exerts a decisive influence on the performance and resilience of the production system. Functional disruptions within the enterprise are addressed through an integrated system comprising four principal structure: reservation, protection, regulation, and compensation. The reservation process is activated in situations where deviations from the normative level of business-related preservation exceed permissible thresholds, enabling the utilization of previously unengaged resources to recalibrate operational standards and support the implementation of investment initiatives. The protection arrangement is designed to respond to minor disturbances, ensuring the conservation of resources while maintaining the enterprise within stable and acceptable operational parameters. The regulation approach entails the mobilization of supplementary resources to mitigate critical disturbances and remains operative until disrupted functional interdependencies are restored. Under such conditions, the level of trade-related cover is deemed diminished, necessitating decisive intervention by the managerial subsystem through structural adjustments and the attraction of additional resources to re-establish equilibrium (Popescu, 2018). The compensatory methodology is employed in circumstances where the existing organizational structure and its inherent homeostasis prove insufficient to withstand internal or external shocks. In such cases, substantive modifications to both structure and systemic equilibrium become imperative, achieved through the deployment of internal and external resources, including unconventional solutions. These interventions are indicative of managerial initiative, which itself constitutes a strategic resource capable of transforming vulnerable activities into more stable and secure ones (Popescu, 2018). Under such circumstances, enterprises typically require comprehensive structural reorganization to restore stability and ensure sustainable functioning.

Situational management is implemented within the regulatory operational scheme, whereby each known state corresponds to an action that restores the enterprise's financial and capitalist activities to a normal level. Within the compensatory governance structure, initiative and creativity are utilized as resources to generate efficient combinations of inputs aimed at satisfying previously unmet needs that caused the initial problem (Rusu, 2018).

Information and advisory support measures should be applied more broadly. For instance, in certain cases, public opinion needs to be mobilized via mass media, and objectives must be aligned with the means of achieving them through economic-political set of measures. A qualitatively new form of financial intermediation, which reduces risk and uncertainty, is the provision of information to investors. This is based on consulting and marketing services, investor participation in asset management, or the creation of collective investment systems (Smith, 2007).

Enterprise economic stability cannot be ensured without the extensive reproduction of all components of fixed capital. This process should be reflected in the continuous enhancement of technical, energy, and informational capabilities of production, the modernization of equipment across the entire industrial sector, and the establishment of a stable basis for intensive extended reproduction (Popescu, 2018).

The extended reproduction of fixed capital and its proportions exerts a long-term effect on all aspects of market enterprise operations, forming the foundation for future development. A critical condition for extended reproduction of fixed capital is the implementation of substantial capital investments, alongside the optimization of existing equipment utilization. A key quantitative indicator of extended reproduction is the value of capital investments relative to accumulated depreciation, since depreciation alone permits only simple reproduction (Rusu, 2018).

The main characteristics of the coordination system defining directions for enterprise improvement, aimed at satisfying the interests of all social strata, include: creating a favourable environment for enterprise and entrepreneurial development through stable legislation, monitoring key economic indicators, ensuring equality among forms of ownership, prioritizing those that enhance production efficiency and living standards, and developing production oriented toward processing agricultural products and local raw materials (Popescu, 2018). Accordingly, the procedure for strengthening enterprise financial stability is oriented toward attaining optimal operational parameters, safeguarding production capacities and human resource potential, and fostering a market-oriented enterprise that effectively integrates entrepreneurial initiative with state regulatory frameworks, while ensuring the conditions required for secure and stable functioning. A systematic analysis of this pattern, grounded in rigorous scientific principles and applied theoretical approaches, underscores its inherent complexity and the imperative of selecting and calibrating specific instruments in accordance with prevailing operational conditions, the stage of financial and cost-efficient development, and the existing level of economic assurance within the enterprise (Ionescu, 2012 & Smith, 2007).

RESULTS AND DISCUSSIONS

The research findings demonstrate that enterprise economic protection in the Republic of Moldova is influenced by a complex interaction of internal and external factors, including financial stability, managerial capacity, institutional support, technological adaptation, and the overall practical environment. The study confirms that economic resilience represents not only a defensive configuration against risks, but also an essential strategic component for ensuring sustainable enterprise development and competitiveness.

One of the main results of the research is the identification of the multidimensional structure of the economic safeguarding network. The analysis revealed that enterprises with integrated management systems combining financial planning, operational control, strategic risk management, and digital reliability instruments exhibit a higher capacity to adapt to economic uncertainty and market instability. This finding is consistent with

previous studies emphasizing the role of systemic governance and organizational flexibility in strengthening enterprise resilience (North, 1990).

The study highlights that the effectiveness of financial defence platform depends significantly on the quality of managerial decision-making. Enterprises characterized by proactive leadership, strategic planning, and continuous monitoring of economic indicators demonstrated greater operational stability and a reduced vulnerability to external shocks. These results support the theoretical approaches proposed by Stiglitz and Samuelson & Nordhaus, according to which institutional efficiency and adaptive management are fundamental determinants of economic sustainability.

An important trend identified through the research concerns the increasing role of digital transformation in strengthening enterprise economic security. The implementation of digital technologies, cybersecurity systems, enterprise resource planning platforms, and information management tools contributes substantially to operational efficiency, financial transparency, and risk mitigation. At the same time, the findings indicate that digitalization also generates new categories of risks, including cyber threats, informational vulnerabilities, and technological dependency. Consequently, enterprises are required to integrate cybersecurity strategies into their overall economic permanence frameworks.

The analysis further revealed that enterprises with diversified financing sources demonstrate a significantly higher degree of economic resilience. Organizations relying exclusively on limited financial resources or unstable credit toolkit are considerably more vulnerable to market fluctuations and wealth crises. In contrast, enterprises benefiting from investment diversification, public support programs, and strategic partnerships showed improved capacity to maintain operational continuity and financial stability.

The research also confirms the strategic importance of human capital in ensuring economic security. Enterprises investing in continuous employee training, managerial development, and organizational culture exhibited higher adaptability and improved crisis-management capacity. These findings correspond to modern theories of organizational resilience, which emphasize the role of knowledge, innovation, and human competencies in maintaining sustainable economic performance.

Another relevant result concerns the role of state regulation and institutional support configuration. The study demonstrates that stable legislation, transparent fiscal policies, investment incentives, and effective public-private cooperation contribute significantly to strengthening enterprise income stability. However, the research also identified several structural challenges specific to the Republic of Moldova, including bureaucratic inefficiency, legislative instability, limited access to financing, and insufficient technological infrastructure. These constraints negatively affect the capacity of enterprises-particularly SMEs-to implement advanced stable security process.

The comparative analysis with international studies indicates that Moldovan enterprises face vulnerabilities similar to those observed in other transition economies, especially regarding access to capital, digital adaptation, and institutional support. Nevertheless, the research suggests that enterprises capable of integrating innovation, strategic planning, and flexible organizational structures are more likely to achieve long-term stability and competitiveness.

The study additionally revealed that the method of protection, regulation, reserve management, and compensation function as interconnected components within enterprise precaution systems. The protection apparatus ensures the preservation of operational stability under moderate disturbances, while the regulation model facilitates adaptive intervention during periods of increased instability. The reserve mechanism allows the mobilization of additional resources under crisis conditions, whereas the compensatory strategy supports organizational restructuring and strategic transformation when traditional structures become ineffective.

The results further emphasize that economic solidity should not be interpreted exclusively through financial indicators. Instead, it represents a broader organizational capacity

involving institutional stability, technological modernization, strategic governance, informational security, innovation potential, and social adaptability. This multidimensional perspective reflects contemporary approaches to enterprise management under conditions of globalization and digital transformation.

Overall, the findings demonstrate that strengthening enterprise economic security in the Republic of Moldova requires the implementation of integrated managerial, financial, technological, and institutional mechanisms capable of ensuring organizational resilience and sustainable profit-oriented development in a continuously changing environment.

CONCLUSIONS

The in-depth analysis of the engine for ensuring and strengthening the prosperity of enterprises in the Republic of Moldova highlights that it represents a complex, multidimensional, and continuous process, which cannot be reduced to the application of isolated instruments or to ad hoc responses to risks. Under current conditions, characterized by macroeconomic instability, accelerated globalization, and digital transformation, material surveillance becomes not merely a component of organizational management, but a fundamental strategic pillar of sustainable enterprise development, particularly for small and medium-sized enterprises (SMEs).

The research findings confirm that the mechanism of social certainty should be conceptualized as an integrated system composed of interdependent components-organizational, financial, informational, legal, and managerial-which operate in a complementary relationship. This systemic approach enables enterprises to anticipate, prevent, and effectively manage risks, thereby ensuring operational stability and long-term competitiveness. In this context, the role of management becomes essential, as decision-making capacity, organizational flexibility, and institutional culture directly influence the level of sustainable prosperity.

An important aspect highlighted by the research is the significance of functional mechanisms-protection, regulation, compensation, and reserve-which contribute to maintaining the internal balance of the enterprise. These tools allow for rapid adaptation to internal and external disturbances, reduction of vulnerabilities, and capitalization on emerging opportunities. In particular, the compensatory system underscores the role of innovation and managerial initiative as strategic resources for transforming critical situations into competitive advantages.

Furthermore, the study emphasizes the decisive role of economic-financial and administrative instruments applied at the macro-, meso-, and microeconomic levels. Fiscal policies, investment incentives, access to finance, government support programs, and a stable legislative framework represent essential external factors influencing enterprise resource steadiness. In the Republic of Moldova, these instruments require improved coordination and better alignment with the real needs of the business environment, especially for SMEs, which are more vulnerable to revenue-generating shocks and have limited resources.

Another relevant outcome of the study is the identification of the role of digital transformation in strengthening economic self-sufficiency. The digitalization of processes, the use of advanced information systems, the implementation of cybersecurity solutions, and the development of digital competencies significantly contribute to reducing operational risks and increasing efficiency. At the same time, digitalization generates new challenges, such as cyber risks, technological dependency, and the need for data protection, which necessitate the integration of information policing into the overall strong financial foundation.

An essential element highlighted is the need for an integrated approach between the private and public sectors. Cooperation between enterprises and state institutions, access to information, decision-making transparency, and public-private partnerships contribute to the creation of a stable and predictable economic environment. In the Republic of Moldova, strengthening these relationships represents a strategic direction for enhancing financial balance at the national level.

Based on the obtained results, several major directions for future research can be outlined:

First, there is a need to deepen the analysis of the impact of digitalization on the economic screening of SMEs. Future research could focus

on developing econometric models to quantify the relationship between the level of digitalization and economic resilience, as well as identifying the most effective technologies for risk mitigation.

Second, it is necessary to study setups for managing emerging risks, particularly those associated with climate change, geopolitical instability, and global economic crises. Integrating these factors into economic trust methods would contribute to the development of more robust and adaptive strategies.

Another important direction involves the international comparative analysis of economic security operations. Examining best practices from other countries could provide applicable solutions for the Republic of Moldova, contributing to the improvement of public policies and organizational strategies.

Additionally, future research should focus on developing synthetic indicators for assessing economic security at the enterprise level. The creation of standardized measurement tools would facilitate performance monitoring and strategic decision-making.

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