

## BASIC FORMS OF INSTITUTIONAL CHANGES OF ECONOMY IN RUSSIA

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**Abstract:** Ignoring such contradictory and polysystemic phenomena like institutional change causes tactical and strategic gaps in ensuring economic stability of a country and institutional support of economic security systems of the state.

*Institutional changes are a quality distortion of institutional forms of the economic system. Without taking into account different forms of institutional changes of economic security it is impossible to conduct economic analysis on macro-, meso- and microlevels, as well as make effective management and legal decisions. Ignoring such contradictory and polysystemic phenomena, for example, off-the-books economy will result in serious errors when assessing macroeconomic rates, inadequate assessment of the most important processes and tendencies, as well as tactical and strategic gaps in ensuring of competitive performance.*

*The off-the-books economy, corruption, illegal takeover and nonproductive capital outflow are the main forms of institutional change of economy in Russia.*

*The article specifies and discusses the nature of the main forms of institutional distortion of economy in Russia: off-the-books economy, corruption, illegal takeover, and nonproductive capital outflow. The co-relation of institutional changes, their reasons, consequences and impact on the level of economic security of Russia are introduced. Implementing the strategic goal of eliminating the shadow economy would include steps to eliminate the primary causes of shadowing, create the conditions necessary to attract shadow capital into the legal economy, while increasing national wealth through the application of anti-corruption measures.*

**Keywords:** Economic security, institutional changes, the shadow economy, deshadowing, corruption, raiding, polysystemic phenomenon, threats, state management policy, illegal takeover.

### 1. INTRODUCTION

**Relevance of the subject:** Quality distortion of institutional forms of economic system – institutional changes – has a negative impact on the system of economic

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security. Without an overview of different forms of institutional changes of economic security it is impossible to conduct an economic review on macro-, meso- and micro levels and implement effective management and legal decisions for short-term, mid-term and long-term prospects, taking into account the co-relation of reasons and consequences of institutional changes of economic security of the country.

Ignoring such contradictory and polysystemic phenomena like institutional changes causes tactical and strategic gaps in ensuring economic stability of the country and institutional security of the system of economic security of the state.

The conceptual framework of institutional factors of the system economic security was developed by the representatives of classical institutionalism (Veblen, 1984) and neoinstitutionalism (Coase, 1960; North, 1981; North, 1991; Williamson, 2000).

At the end of the 20<sup>th</sup> century in the post-socialist countries the need for the development of new guidelines, ways and methods to develop a new model of national economic security arose. These problems were identified in publications of Russian scientists L. Abalkin (Abalkin, 1994), A. Arkhipov (Arkhipov, Gorodetsky, Mikhailov, 1994), A. Gorodetsky (Gorodetsky, 1995), A. Oleynik (Oleynik, 2002), V. Senchagov (Senchagov, 2002) and others.

The review of scientific research regarding economic security problems provides an opportunity to claim it is too early to speak about establishing in Russia the conceptually reasonable theoretical-methodological foundations to counter the scope and forms of institutional changes of economic security, which actually protects national interests from possible threats and risks.

Insufficient level of problem study, relevance, theoretical and practical significance of identifying the forms of institutional changes of economic security, and its countering in order to ensure economic security of Russia, determined the choice of the subject, goal setting and the formation of the system of goals and research objectives.

**Research goals and objectives:** The goal of this research project is to study practical recommendations for institutional updates which will ensure the economic security of Russia, its mechanisms of countering the institutional changes. The end of the goal has stipulated the necessity to solve the following objectives:

- to reveal the nature, particularities, co-relations of economic security of Russia;
- to perform an institutional analysis of the off-the-books economy, corruption, nonproductive capital outflow and illegal takeover in Russia and to propose methods of countering such activity.

The objective of this research is the complex of economic relationships within the institutions which make up the system that ensures the economic security of Russia. The subject of this research is the theoretical foundations of the mechanisms of institutional changes of the economic security of Russia, and the methods of countering.

## 2. METHODOLOGY

**Methods of research:** Empiric and theoretical methods were used to determine institutional changes of economic security of Russia and the ways of their overcoming.

The information database used in this research project is compiled from a review of regulatory and legislative acts, scientific works of national and foreign scientists, including practitioners, statistical materials and the reported data of Federal Services of Statistics of Russia, the Central Bank of the Russian Federation, the Ministry of Economic Development of the Russian Federation, the Official site of the President of Russia, National Anti-Corruption Committee of the Russian Federation, the World Bank, International Monetary Fund, various information and analytical findings, and Transparency International.

## 3. RESULTS

The institutional impediments have an extremely negative impact on economic security. The institutional impediments are quality distortions of the institutional forms of economic system. Without taking into account different forms of the institutional distortions of economic security it is impossible to conduct economic analysis on macro-, meso- and micro levels, and implement effective management and legal solutions. Ignoring such contradictory and polysystemic phenomena like the off-the-books economy, results in serious errors when assessing macroeconomic rates as well as inadequate assessment of the most important processes and tendencies, including tactical and strategic gaps interfering with the competitive performance of the economy.

The off-the-books economy, corruption, illegal takeover and nonproductive capital outflow are the main forms of the institutional impediments of the Russian economy. Specifically, these forms of the institutional impediments of economic security are closely interdependent due to their origin, the most significant in terms of volume, social and economic impact and real threats to economic security in Russia (Figure 1).

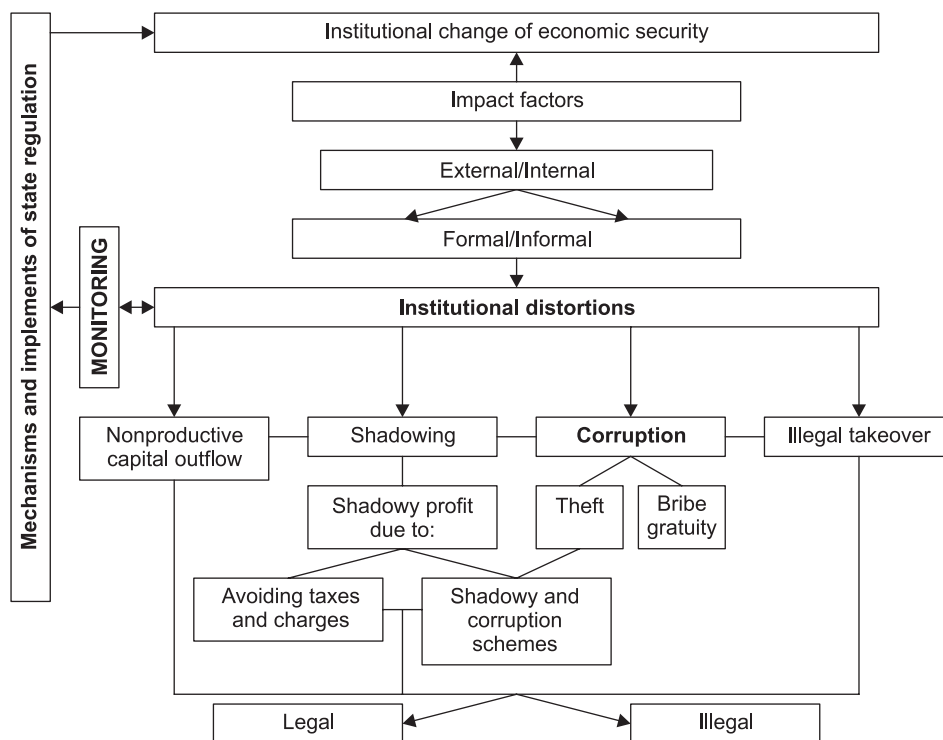


Figure 1: Co-relation of reasons and impacts of institutional changes in Russia

Source publication: conducted by the author on the basis  
(Burkaltseva, Vorobyov, Borsch, Gerasimova, Chepurko, 2016)

For Russia, the relevance of scientific research into the problem of the off-the-books economy is determined by the fact that the shadow economy leads to an increase in criminalization of financial and economic relations. The off-the-books economy has macroeconomic nature and is a real threat to the economic security of the state. The off-the-books economy is an extremely complex phenomenon; it is introduced as a set of uncontrolled, unregulated, illegal and legal economic relationships among the economic entities which have the goal of informal and illegal acquisition of income.

Statistical data of 2014-2015 confirm that informal and off-the-books economies in Russia have not reduced (the Federal State Statistics Service).

The structure of off-the-books economy includes informal, fictitious and underground components. The informal economy includes lawful activities, in which participants do not pay taxes. The informal economy in Russia is closely intertwined with legal economy, and constitutes the largest portion of all the off-the-books economy of the country with regard to the number of participants involved in it. The informal economy in contrast to other types of off-the-books economy is

taken into account in official statistics in terms of the country and regions. Because even statisticians consider it “invisible” and not counted by statistical methods, the recording of informal economy as a rule leads to the overestimation of the main macroeconomic rates (GDP, IPI, etc.).

The fictitious economy is directly connected with corruption and rises from it. Characteristics include the economics of bribes, transaction blackouts, writeups, fraud, illegal preferences, benefits and interests for insiders, including families and friends (Korchagin).

The underground economy includes the types of activities prohibited by the legislation: production and sale of narcotic drugs, weapons, racketeering, murders, keeping inaccurate financial records, prostitution, acts of violence by order, smuggling and others (Korchagin).

Unfortunately, Russia falls behind in the development of manufacturing sector, especially in the manufacturing of products with high added value, high-technology products. In contrast, it succeeded in the “establishment” of an off-the-books economy of immense range – according to different sources, within 40-50% of GDP. The main driver and generator of the informal economy is, again, a high level of corruption on all the levels of authorities and law enforcement bodies, in every state institution and economic activities.

According to Rosstat in 2014 the informal economy employed 14.4 million people, including 7.9 million males and 6.5 million females, and constitutes 20.1% of the total number of people employed in the country. The number of people employed in trade is 4.67 million, in agriculture – 3.325 million, in building industry – 1.667 million, in transport and communication – 1.314 million, in manufacturing – 1.270 million, in social, personal and other services – 751,000 people, in hotels and restaurants – 437,000 people, in real estate activities – 569,000 people (the Federal State Statistics Service).

In other types of economic activities, officially registered portion of informal economy and the number of employed in it is not great: education (105,000 people), medicine (141,000 people), production and distribution of electric power, gas, water (40,000 people) and others (the Federal State Statistics Service). However, in education, health care service, housing and utilities infrastructure the proportion of the fictitious economy is quite large, and increases the off-the-books economy. As for the fictitious economy, the official statistics are out of the picture, even estimated statistics, the same as for the underground economy. The estimation of off-the-books economy of Russia is made only by international institutions and organizations. Therefore, in order to provide for the correct state management in further real estimation of the economic security level it is necessary to add indicators, reflecting the *shadowy* sides of Russia.

The development of off-the-books economy leads to the dramatic falloff of the efficiency of state policy. The off-the-books economy makes impossible the administration of economy with the help of market instruments (with the application of monetary and credit and tax policy). And, as a result, the executive authorities must resort to the administrative instruments of control. It builds the basis for growth of corruption and slows down the process of the development of modern market relations.

According to the research of the World Bank the off-the-books economy in Russia is 43% of GDP, in China – just 13% of GDP, in Switzerland – 8%, in Israel – 6.6% (Korchagin). In Russia only, in the informal economy more than one-fifth of labour resources is employed. Inefficient state policy (informal economic ties) and corruption are one of the primary reasons.

In 2015 crisis year, the number of those involved in informal economy of the Russian Federation increased up to 900,000 people in the second quarter, up to 21,2% of the total number of people involved in economies (15.3 million people) (the Federal State Statistics Service).

The main shadowing factors of the economy in Russia are: bad market environment; inactive institutional basis of economic policy; inefficient administration of state property; inefficient property rights protection; corruption, deficiencies in taxation system; off balance state regulatory policy; imperfection of budget policy; changes in the structure of occupation; deficiencies in the judicial authorities activities; abusive practice of monopoly position of pricing nature.

The shadowing of economic life and its impact, the inefficiency of the governmental efforts in their overcoming, have led to changes in civil society principles, creating a negative image of Russia in the world. The result has been a slow-down of foreign investments in the country, and the discouragement of the creation of trade and economic relations of Russian enterprises with foreign partners. This objectively leads to the implementation of active steps to fight shadow economy.

Unshadowing of economy is an integral system of the reforms, first of all, focused on overcoming and liquidation of the reasons and backgrounds of shadowy occurrences and processes. Bringing to “light” the off-the-books capital will provide for a significant increase in national investment potential and the level of its implementation, will have significant positive impact within state-financed organizations, will provide for the enhancement of long-term stability and orientation of national economy for strategic development and growth, and the promotion of economic security of the state (Varnaly, Burkaltseva, Saenko, 2011).

The shadowing of the election system also occurs. Due to the opacity of the system of relationships between the society and the government, the corrupted “markets” of the government services of public benefits are formed and operate,



namely: administrative decisions, government positions, land, government procurement, state privileges, state protection for the rights and freedom of citizens, education and health.

Current globalization processes provide the conditions for the exposure and transparency of national economies of the countries. These positive processes shed a new light on the problem of corruption, which was only national in the past, and in contemporary globalization conditions becomes national corruption with global economic consequences.

Corruption is: 1) bribery; 2) corruption of public officials, public and political figures (Varnaliya). Contemporary scientific thought does not offer a standardized concept or a unified scientific and methodological approach to the interpretation of "corruption". A great number of approaches to the designation of the nature of corruption testify about the complexity of this occurrence and require deeper and more fundamental analysis of the phenomenon of corruption in the context of institutionalization of international economy.

A meeting of the President's Council under the chairmanship of V. Putin regarding corruption management was held, where he claimed: "It is necessary to improve anti-corruption instrument such as the withholding and forfeiture to the state of the assets which were purchased with unlawful or questionable money. In particular, in accordance with international legal norms, assets, illegally and unlawfully dissipated into different jurisdictions, ought to be returned". The Council for countering corruption was established by presidential Decree in May 2008 in order to create the system of counteraction of corruption in the country and eliminate its reasons. The Head of the Russian Federation is the Chairman of the Board (Meeting of the Council for Countering Corruption 01/26/2016).

In 2015, Russia improved its rating in the annual "Corruption Perception Index" for two points - and this brought Russia up to the 119<sup>th</sup> of 167 positions in this list. Without any doubt, in comparison with 2014 it is an improvement of 17 steps, as in 2014 Russia was in the 136<sup>th</sup> position. Other countries at a level similar to the Russian Federation according to "corruption perception index" are Azerbaijan, Guyana and Sierra Leone. The authors of the research point out that it does not testify to the intensification of real control over corruption related crime in Russia.

Vice President of Transparency International E. Panfilova claimed several reasons for changing of the position of Russia in the rating: "Firstly, there is less money, secondly, the mechanism of declaration, in principle, works and thirdly, financial restrictions on the ownership of real estate abroad are imposed (Transparency International). Delivering the results of the "corruption perception index", the executives of Transparency International confirm that statistical breakout is really significant, however as a practical matter, Russia is still far away from the

civilized countries of Europe and Western World. The highest in the ranking are Denmark, Finland, Sweden, New Zealand and Netherlands – they have from 87 to 91 points of 100 possible. Traditionally the last in the rating are DPRK and Somali, which both have eight points (these results have not changed for the last four years).

In the meantime, the state has enough alternatives to reshape the methods of policy implementation in the formation of anti-corruption ideology, in accordance with acting legislation and existing regulatory and legal framework, therefore changing to the highest standard the trend of public opinion related to the efforts of the Government in this sphere. With this view, it is necessary, in the first instance:

1. Arrange for the cooperation of the Presidential Council for countering corruption with regional and municipal anti-corruption bodies, acting in concert with the corresponding authorities. Therefore expanding the list of the centres, responsible for the implementation and monitoring of anti-corruption programmes.
2. Insofar, as it refers to the consolidation of initiatives of public organizations to arrange their direct cooperation in the frame of the National Front. At that, the “depoliticizing” of the project will allow to involve broader strata of the population in the implementation of anti-corruption initiatives of the Government, than in the frames of contemporary party work.
3. Associatively administer the participation of regional youth organizations in the programmes of civil assistance to authorities in the execution of assignments of the President of the Russian Federation, for corruption control. This will encourage not only the development of a new ideological impulse on which socially active youth may act, but to influence effectively the formation of inter-ethnic relations in the society (The National Anti-Corruption Council of the Russian Federation).

The implementation methodology of the aforementioned items does not require approval procedures in the federal executive bodies, as it is based on acting legislation, does not entail the changes in interdepartmental standards, and does not interfere in the activities of the government services (The National Anti-Corruption Council of the Russian Federation).

The system of anti-corruption activities itself must approve regulatory legal acts to improve the acting legislation in Russia. The corruption affecting the domestic economic, social and political processes, as well as foreign economic relations, creates the preconditions for a social explosion. This poses a real problem both for economic and national security of the country.

The prevention of corruption includes targeted involvement of persons, authorized to perform state functions, and other parties into a system of socio-positive relationships, as well as the prevention of their entry into corruption activities or interference with the implementation of anti-corruption measures.



Public service is a key element of the state management of national security, on the effective functioning of which the constitutional rights and freedoms of citizens, stability of the society and economic security depend.

The Financial Action Task Force (FATF) (The Eurasian Group on Combating Money Laundering and Financing of Terrorism) in the report aimed at anticorruption efforts, offer the specific instruments which can be used by the governments of the countries in order to create effective system to prevent corruption and laundering of income, acquired as a result of corruption crimes.

These instruments include (Pavlova, 2014): disclosure of information on revenues and expenditures of public officials; disclosure of transactions in the framework of public procurement; compliance with international standards of counteraction to laundering of criminal incomes; monitoring of indices of corruption and the corruption perception index for the purpose of adopting measures for rapid response to identified deficiencies in the system of counteracting corruption; monitoring other indices, characterizing the level of corruption.

The implementation of a system of measures that aims not only to punish corruption, but create the conditions for its ineffective existence, will require a comprehensive solution.

The illegal takeover (raiding) is one of the types of institutional impediments of economic security of Russia. The economies of the majority of the developed countries of the world passed through the illegal takeover as a process of illegal appropriation of some other business, and the developing countries suffer from it as well (North, 1981). Raiding is a hostile takeover, interception of operational control or the assets of the enterprise by means of specially initiated business conflict. The purpose of raiding, as a rule, is redistribution of someone else's property, and that is why it provides a significant profit to capturers (Smetankina, 2007).

Raiding is hostile interception of companies and redistribution of property and profit participation rights. In other words, raiding is unfriendly, out of the civil legislation framework, against the will of the owner, seizure of someone's property in favour of the other person, the establishment of total control of a new owner over the property in the legal and physical sense, using the corruption of the officials and (or) violation.

It is worth mentioning that hostile takeover is often confined to forcible takeover of enterprises under the guise of legal and pseudo legal grounds. And the most dangerous for the economic security is violent takeover as it raises questions regarding democratic nature of the establishment and the existence of the constitutional state, its basic elements.

The basic factors of illegal takeover in Russia are: weakness of the legal system; imperfection of judicial authority; corruption of the authorities; absence of the state

institutions that effectively protect the rights of the owner; low level of legal culture; legal nihilism both from business entities and government authorities.

According to Alexander Brod, the member of the Presidential Council on Development of Civil Society and Human Rights, the number of complaints from entrepreneurs about raider attacks, illegal actions of enforcement bodies, and informal fees has not decreased. For a long time, the authorities have tended to defend large companies, to the detriment of small and medium businesses. This has made the segment of small and medium businesses the most disadvantaged. In 2014, the number of private sector jobs saw a reduction of 300,000 positions, while the number of civil servants has increased by 1 million. At that, the widespread corruption costs the Russian economy 350 billion dollars a year, a level comparable to the amount of financial assistance received by Greece. This fact raises the concern of domestic and foreign experts who are interested in the development of small and medium business in Russia (Business seeks protection).

The proposals to improve legislation and law enforcement practice related to business activity in the following upheaval are highlighted. The main problem is the lack of the uniformity in application of the criminal law in terms of the interpretation of the concept of business activity. Investigative and judicial authorities willfully interpret the law when instituting criminal proceedings on economic crimes (Business seeks protection).

Today business has to overcome the pressure of the international community, on the one hand and the domestic problems of the economy of the Russian Federation, on the other hand.

Institutions of the Government must provide entrepreneurs with full support, including information. Business is not always informed about the support available. For example, to acquire investment fund participation, it is necessary to navigate through complex procedures, however, if you understand the application process, you can be successful.

Illegal takeovers have become almost a specialty of some companies. Lawyers are often unable to prevent such takeovers because of corruption schemes. The activities of collection agencies are illegal. In addition to collectors, the business is disturbed with a huge amount of checkouts, as a rule, ordered by business rivals. Honest entrepreneurs are willing to pay taxes and fulfill their obligations to the state, but due to high bureaucracy they are incapable of doing that.

One of the greatest problems in Russia is still the illegal takeover. According to the estimates of the National anti-corruption Committee, annually in Russia there are up to 700,000 illegal takeovers, of that number, only 10% of criminal proceedings are open, and only very few of them are adjudicated in court (The National Anti-Corruption Council of the Russian Federation).

In 2015, it has been five years since the adoption of the first “National Anti-corruption Plan”. Since then all anti-corruption plans and strategies of the state have been “national” only on paper. It happens, first of all, due to the fact that within past years the Government, as the institution of social control, has not provided the citizens with their equality before the Law and the courts, which is declared in the Constitution. Moreover, the situation is aggravated by the Criminal Code of the Russian Federation, according to which for the same crimes, government officials are granted privileged conditions for bringing them to justice, as well as additional barriers for their criminal proceedings (The National Anti-Corruption Council of the Russian Federation).

At the nationwide level, to prevent illegal takeovers it is necessary to improve the organizational and economic instruments of counteraction to raiding as follows: introduction of criminal responsibility of state and private registrars for illegal entry into the register of the members of a legal entity and the registration of obviously false title-establishing documents; introduction of criminal responsibility for the abuse of the rights of the ownership of shares or stakes in the nominal capital of an enterprise, in particular, with the aim of illegal takeover; the classification of all crimes, related to illegal takeover to the investigative jurisdiction of the specialized investigative bodies; the addition to the procedural legislation of the regulations, which give the right to the prosecutor to appeal to a cassation instance or supervisory authority of an arbitrary court or to the court of general jurisdiction with the issue regarding cancelation of unjust decision, which prevents lodging of charge, conviction or other legitimate solution of the criminal case on the merits; advance knowledge of the procedure of the seizure of real property, which is the subject of a crime, even if the person who committed a crime is not identified (Vasilchenko, 2011); providing that the information, contained in the register of shareholders is secret and protected by law, make possible seizure of an information carrier only via a court resolution; using of the results of mass media monitoring, regarding committed or planned hostile takeovers as a separate method of prevention; creation of a multifunctional information database, containing information about persons and organizations specializing in hostile takeovers with a criminal touch, the assets the which are most attractive for takeover, and for said purpose it is necessary to determine the system of the estimated asset values, which signal about the possibility of hostile takeovers; prepare and dispatch to regional offices of various authorities the guidelines in connection with investigating and prosecuting practice on criminal cases of this category.

Preventing raiding in the context of strengthening economic security will have significantly better results, when acting upon the prevention principle, rather than elimination of consequences.

The capital outflow from Russia is one of the primary factors that negatively affect the economic development of the country. In the scientific world, as for today, there is no unified approach to the interpretation of the essence of the term “capital outflow”. Generalizing scientific approaches, we note that it is mainly understood as any form of transfer of resources to other, more favourable countries, from the point of view of investment climate (Yarovaya, 2002), or all types of outflow of funds in accordance with the strategy of diversification of international portfolio, exceeding the normal movement of capital. These definitions illustrate the essence of the concept from different views, but from our point of view, do not give a single integrated definition of it. Therefore, the concept of “capital outflow” should be understood as all forms of movement of resources from one country to another, for their efficient application or for the necessity of the process of management, from the point of view of the owner. Note that, as for today the concept of capital outflow is not enshrined in regulatory and legal acts. This significantly decreases the efficiency of countering to this negative occurrence. Due to the fact that its inner nature is not defined it makes it difficult for the state authorities, who must insure control over the capital outflows, to understand this occurrence, because they do not have a clear idea what they are dealing with and they are not able to clearly outline their reasoning.

The capital outflow leads to the significant loss of productive capacity of the state, considerable decrease of taxation and control over monetary aggregates and so forth, creating a serious threat to the economic security of the state and negatively affecting its further development.

Capital is the international term and it “flows” to countries where the business climate is more favourable. The capital outflow from the country is an objective phenomenon. According to Professor Z. S. Varnaliy (Varnaliy, 2006), it is necessary to divide this process into two components: (1) productive capital outflow and (2) nonproductive capital outflow. Productive capital outflow occurs on transactions which are legal and are appropriate from the point of view of strengthening international ties and the objectives of the country in the world market. On the other hand, nonproductive capital outflow operations are illegal and inefficient for the country. This includes the operations aimed to optimize the investment conditions, tax avoidance, money laundering and so forth. The main channels and schemes of nonproductive disinvestment are: operations in foreign economic activity; investment operations, operations with securities; operations with fake insurance and reinsurance, and so forth (Varnaly, 2012).

According to the Bank of Russia (tbl.1), in 2014 the net capital outflow from Russia was \$151.5 billion. The amount of cash assets withdrawn from the country has increased in 2,5 times in comparison with 2013. In 2013, it was \$61 billion and even in 2008 it was considerably lower - \$133,6 billion. The recent level of capital

outflow is record-breaking in the modern history of the Russian Federation. As for the year-end of 2015 the outflow totaled \$56.9 billion. The movement of big business capital is being monitored carefully, because it is the foundation of economy through taxes. The bigger capital outflow is, the less revenue the State will have for its development requirements. The capital outflow in Russia in 2016 is estimated at \$75 billion dollars. The amount is extremely impressive. One can imagine how it could help to restore and maintain the economy of the country in a difficult period, it is easy to understand that the situation is almost catastrophic. The Central Bank of Russia gives the optimistic forecast by 2017, where the situation will stabilize a little bit and the cash outflow will decrease down to \$55 billion (The Central Bank of the Russian Federation).

**Table 1**  
Capital outflow as per the results of 2008, 2013-2016, milliard dollars.

<i>Item</i>	2008	2013	2014	2015	2016 Forecast
Capital outflow	133,6	61	151,5	56,9	75

*Source publication:* conducted by the authors based on (the Central Bank of the Russian Federation).

We shall outline the following steps in the management of the institutional impediments, namely nonproductive capital outflow: fix the concept of “capital outflow” on the legislative level, developing and approving in the established order the state programme of management of this negative occurrence; improve the taxation system in Russia, simplifying business operations and changing it from fiscal to service function; improve the business and investment climate by the way of transition to the principles of corporate management; overhaul the Russian system of accounts in the direction of its transition to strategic, investment orientated accounting, in accordance with the international standards.

#### 4. CONCLUSION

Based on the research of different sources, we came to the conclusion that the mechanism of ensuring the economic security logically leads to the three main elements: development of criteria and economic security parameters; monitoring and forecast of economic security threats; the activities of public authorities to ensure the economic security of the country.

The key element of economic security mechanisms is the system of monitoring the factors that determine its internal and external threats. Economic content of such a system is the transition from the separate elements of monitoring socio-economic development of the area to create the complex system of monitoring, evaluation, analysis and forecast of the economic security processes that allow forming interlinked, coordinated, consistent politics to overcome the threats of economic safety of the country.

In order to improve the metrics of the indicators of economic security of Russia, in the first place, the strategy of economic security assurance, taking into account definite weighing coefficient of influence, must be achieved. Therefore, it is necessary to add indicators, reflecting the shadowy aspects of the Russian economy, in order to provide the correct state management in the further real estimation of the economic security level. In the end, economic security is defined not by the number of threats, but by the ability of the state to manage its internal and external threats. A strategic goal must be considerable reduction of the level of shadowing by elimination of the main factors of shadowing, creation of favourable conditions for the investment of off-the-books capital into legal economy increasing national wealth, and the application of anti-corruption measures. In the context of eliminating illegal takeovers, the results will be significantly better through acting upon the principle of prevention, not the elimination of consequences.

Taking into account interrelations of institutional impediments: off-the-books economy, illegal takeover, nonproductive capital outflow, the issue of management, which is aimed not only to punish corruption but to create the conditions for its inefficient existence, as the main cause, and affect the existence of the aforementioned institutional impediments, requires comprehensive reform.

Further research should be directed towards identifying the institutional aspects of a transitional society.

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