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### **HOLISTIC VISION OF ECONOMIC SECURITY OF ENTERPRISE BY MEANS OF METHODOLOGICAL "3M PYRAMID" AND SYSTEM MODEL**

3M pyramid model and system model are used to consider methodological approach to undertaking organizational economic activity and economic security. This is a base to present them as effective means of holistic vision and thinking towards the attainment of economic security of enterprises. Fig. 2, Ref. 18.

Key words:-holism, reductionist, whole, system thinking, economic security, organization/enterprise/business

**Аночіс Квабена Офосу**

### **ХОЛІСТИЧНЕ БАЧЕННЯ ЕКОНОМІЧНОЇ БЕЗПЕКИ ПІДПРИЄМСТВА ЗАСОБАМИ МЕТОДОЛОГІЧНОЇ МОДЕЛІ «ПІРАМІДА 3М» І СИСТЕМНОЇ МОДЕЛІ**

Модель піраміди «3М» та системна модель використані для представлення методологічного підходу до розуміння економічної діяльності та економічної безпеки підприємства. Це є основою для представлення їх як ефективного інструменту холистичного бачення та мислення відносно економічної безпеки підприємств. Рис.2, дж. 18.

**Аночие Квабена Офосу**

### **ХОЛИСТИЧЕСКОЕ ВИДЕНИЕ ЭКОНОМИЧЕСКОЙ БЕЗОПАСНОСТИ ПРЕДПРИЯТИЯ ПОСРЕДСТВОМ МЕТОДОЛОГИЧЕСКОЙ МОДЕЛИ "ПИРАМИДА 3М" И СИСТЕМНОЙ МОДЕЛИ**

Модель пирамиды "3М" и системная модель использованы для представления методологического подхода к пониманию экономической деятельности и экономической безопасности предприятия. Это является основой для представления их как эффективного инструмента холистического видения и мышления относительно экономической безопасности предприятий. Рис.2, ист. 18.

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## INTRODUCTION

**Problem statement in a general view.** over the years managers have always been concerned about attaining strategic goals/objectives without really considering the organization in its entirety or as a whole. They have always approached the attainment of strategic goals by pursuing their economic activities on individual basis which ultimately causes activity rapture at a point in time of the life span of the organization. They (managers) place greater emphasis on understanding the system through the examination of its (system's) component parts (reductionism) and fail to oversee the organization from the methodological level from where the organization can be seen as a whole (single system) where examination and understanding of the system can be conducted through various interactions and interrelations between the sub-systems. Many organizational managers tend to approach the attainment of economic security by means of focusing on some aspects of the organization's economic activities. For instance, when managers pursue cost reduction as means of achieving organizational objectives-maximizing profit- while failing to acknowledge the fact that the organization operates as a system and such factors such as risk management, human resource management, among other factors all play part in the attainment of economic security. The failure on the part of managers to see and manage organizations from the methodological (holistic thinking) level has been the motivation for this article.

**The analysis of the latest researches and publications where the beginning of problem solving was described and highlights the foundation of this article.** This research is conducted purposely bordering on theoretical base with the literature review made from such directions as various publications. [1-6]. Prior to this, articles and publications have almost always taken a reductionist approach to achieving organizational goals. They tend to approach the attainment of strategic goals based on directions bordered on elements of the system rather than the system or organization as a "whole" This paper examines the lack of debate around the concept that holistic thinking, as opposed to reductionist thinking, is inherent in System thinking (methodological approach to management) which is the most effective means towards the attainment of economic security of an enterprises' activities.

**Goal of article.** The goal of this article is to provide insight into the attainment of economic security of enterprises by approaching companies' economic activities with a holistic mind.

## MAIN FINDINGS

**Main body.** According to A.M. Bandurka, this (economic security) is the state and the ability of the economic system to counteract against the threats of destruction of their organizational structure and status, and to counteract against the threats of achieving the objectives of development [7].

L.I. Abalkin also puts it that it is a set of conditions and factors that ensure the independence of the economy, its stability and sustainability, the capacity for constant renewal and self-improvement [7].

The definition of Economic security is not specific enough to businesses/enterprise. In spite of this, the concept of economic security is still very relevant and highly applicable to enterprises in their economic activities. To narrow the concept to businesses/enterprises, business continuity gives a more fitting view.

Business continuity is defined as strategic and tactical capability of the organization to plan for and respond to incidents and business disruptions in order to continue business operations at an acceptable pre-defined level (BS 25999-1:2006) [8]. The concept of business continuity (economic security) cannot be effectively achieved with a reductionist mentality. Hence, holism (holistic thinking) in a an effective means towards economic security

Holism is a noun coined by the South African statesman and philosopher Jan Smuts (1870-1950) in his book, *Holism and Evolution* published in 1926. Etymologically speaking, the term holism as coined by Smuts is derived from Ancient Greek ὅλος="whole" (Smut, 1926) [9]. Smuts defined holism as "The tendency in nature to form wholes that are greater than the sum of the parts through creative evolution". Holism is the idea of viewing natural systems as a "whole" and not a collection of the parts they are made of. Holism brought about the concept of systems thinking and this consolidates the view that systems cannot be fully understood from studying their individual components but by studying the system as a complete whole to be able to fully understand their functioning.

Reductionism is a word often used to represent the antonym of holism. Reductionism says that a complex system can be explained by isolating and studying the basic component parts that make up the system. There are so many component parts that make up an organizational system that makes it highly difficult if not impossible to consider all in their individuality. Hence, holistic thinking (holism) in accessing and understanding systems (organizations) in achieving economic security. Organizations exist as entities having life and structure of their own, which cannot be wholly explained and understood by examining their individual parts but rather by a collective approach that emerges as a result of the examination and understanding of the interrelation and interaction of many different sets of components.

Since it is the objective of every business entity to achieve economic security (activity continuity), it is imperative to approach all business' economic activities with a holistic mind (i.e. seeing the business entity as a complete system). Among the traditional models to present (consider) business as a whole are; traditional European banking model, [10] Business Modeling with UML, [11] etc.

However, there is an approach developed in Lugansk Project Management (PM) school of Professor Rach V. to reflect any phenomena as entity by means of 3M pyramid [12] and system model [13]. These models belong to a range of methodological models which allow the generation of the most conceptual view of socio-economic and other systems as a whole.

This article reflects the attainment of economic security of enterprises from the position of these models.

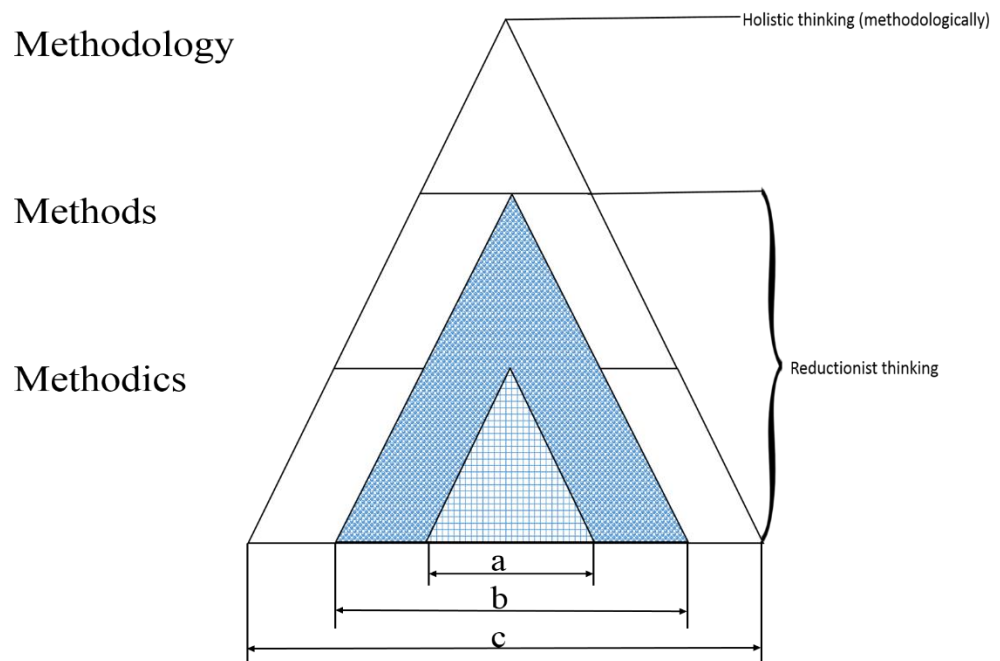


Fig. 1. 3M Pyramid of economic security of enterprise

Fig.1. above illustrates holistic view to an organization's activities. According to this figure, approaching an organization or business entity from the position of the whole means to look at it from the position of methodology. It is greatly established from experience over the years even in our personal lives that looking at things or situations from the reductionist point tends to be difficult in contributing to the overall objective(s) than looking at them from the methodological point (holistically). From the methodological level, the organization is viewed as a complete whole "system" and the manager is able to gain a wider view of the system. This wider/broader view of the organization's activities is seen from the area indicated "c" in fig.1. At this level the interdependence and interaction between all components that make up the system (security, production, support, and management components of the system as shown in fig.2) are fully examined and understood in way(s) that ensure(s) economic security of the said system. From the reductionist point – areas falling within methods and methodics-, only components falling within the area indicated "reductionist thinking" which includes various functional/departments, committees, groups, etc. are observed and understood. This is to say that at the "methods" level, there is a narrowed view of the organization's activities which is represented by the area marked "b" At the "methodics" level there is an even more narrow view of the organization's activities which is represented by the area marked "c". It is thus economically wise to view the organization as a whole from the methodological level to gain a holistic view to attain economic security of the enterprise as adequately illustrated in fig.1 above.

Organizations operate in a highly complex business environment coupled with equally high dynamism and diversity notwithstanding its associated risks involved. At the methodological level of economic security of enterprise, the organization may be considered as a system of four (4) elements as suggested in figure 2.

In examining the interaction and interdependence of systems, models are built to help understand the complexity of the system at a level of abstraction as shown in fig.



a complex mix of both micro and macro environments (business environment) that even a small company affects, and is affected by many stakeholder groups; they range from employees to competitors to customers to governments to interest groups to technologies. These people have different interests, needs, personalities, and strengths. They have different families, culturally diversified, have different values, and hold different beliefs and the ability to handle all the diversities and dynamism of the business environment successfully guarantees the continuous existence/activity continuity/economic security of the company. However, this cannot be done by isolating each element of the system but through a HOLISTIC THINKING! To be an enterprise that uses holistic techniques, it means that the entire organization is considered in its processes and policies (as a single unit system), as opposed to focusing only on its specific components (subsystems such as risk management, human resources management, accounting, etc.). By embarking on a holistic approach to running a business, management will not only be certain that the organization is running at its full potential, as opposed to simply having strong areas and weak areas but also ultimately achieving economic security/activity continuity/business continuity.

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