

consumer's behavior and the trends that are common at a given time.

#### References

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## ANTI-CORRUPTION MANAGEMENT EVIDENCE FROM UKRAINE

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Crime is growing rapidly in the Ukraine, 63% up in 2014 from 36% three years ago. *The results of a survey of 84 Ukrainian senior executives and managers representing 18 industries reveal that economic crime in Ukraine is characterized as follows [1] :*

- 36% of organizations had experienced economic crime in the past 12 months;
- every third organization does not perform risk assessments;
- assets misappropriation* (73%), and *bribery and corruption* (60%) remain the most common types of economic crime in Ukraine;
- the amount of *internal fraud* has increased significantly (by 22%) since 2009;
- the majority of Ukrainian respondents who suffered economic crime estimated losses up to 5 million dollars;
- 40% of economic crimes are committed by senior management;
- one out of five organizations that have suffered from economic crime has not taken any actions against an internal perpetrator of fraud.

According to the State Statistics Service, planned procurement in 2013 amounted to 274,2 million UAH. "Kickbacks" in this area averaged 15% to 50%. That corruption component in public procurement was between UAH 50 to 137 million.

In 2013, despite the fall in real GDP and a 10% decline in exports, taxpayers transferred a record amount of compensation – UAH 53,4 billion. These facts indicate that a significant portion of compensation was made for fictitious applications, according to FEU. In this context, honest taxpayers were requested to pay approximately 30-35% as —kickbacks‖ in cash as a fee for receiving the reimbursement. Businesses estimate that the total value of the —corruption market‖ in VAT reimbursements amounted to at least UAH 15-20 billion in 2013. The total size of corruption market in connection with the work of tax officials, which includes business expenditures associated with resolving issues resulting from additional tax levies, launch of criminal investigations, etc., has amounted to at least UAH 40

billion in 2013.

*The same survey revealed the following about cybercrime in Ukraine:*

- *cybercrime* has become one of top five economic crimes in Ukraine;
- more than one-third of respondents (37%) believes that the risk of cybercrime has increased over the past 12 months;
- more than 25% of organizations *do not have adequate cybercrime incident response mechanisms/policies*;
- *46% of respondents have not received any training related to cyber security* during the last 12 months;
- 58% of respondents in Ukraine report that their organizations do not monitor the use of social media sites.

In Ukraine the majority of crimes are detected with the help of Corporate Security. Only 6% of frauds are identified by Internal Audit. The global results show a completely opposite situation. 73% of perpetrators of internal fraud were dismissed and faced civil actions, including recoveries.

Notably, organizations have taken no action in 20% of incidents. In 2009, this figure was only 3%, so the increase represents a worrying statistic *The following actions have been taken by Ukrainian organisations against external fraudsters:*

- Informing law enforcement (71%);
- Civil actions, including recoveries (64%);
- Cessation of the business relationship (57%);
- Notification of the relevant regulatory authorities (43%).

The current state of Intelligence in Ukraine is characterized by the following:

1. Inherited from Soviet era Intelligence (Soviet KGB) is inapplicable in the new environment, does not satisfied the modern requirements
2. Intelligence lost its systemic and does not cover all the needs of the information-analytical support of decision making
3. Restore the unity of methodology and development of new the methodological, organizational and technological principles of analytical work has been hardy developing
4. Government statistics are not reliable (this is a holdover from the days of Communism when accurate reporting wasn't a priority), a *sizeable unofficial, underground economy that accounts for up to 40-50% of GDP* significantly affects the quality of information and analytical support
5. Control and law enforcement serves the oligarchic structures
6. Fraud is become to be viewed as an *inherent feature of doing business in Ukraine*, which leads companies down a worrying path where the companies themselves provide a rational for potential fraudsters, and therefore increase the probability of fraud.

*ANTI-corruption Management* is the key issue for the national security of Ukraine. On the base of the international experience study it should provide the business community with the most advanced references and resources in the field of anti-corruption strategies