

POLITICAL INSTITUTIONS REFORM AS A GUARANTEE OF ECONOMIC PROGRESS IN MODERN SOCIETY

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Summary

The article examines the role of political reforms in ensuring the economic security of the state amid global instability and internal transformations. Effective reform of political institutions is identified as a key condition for macroeconomic stability, an improved investment climate, risk reduction, and sustainable development. Stable political institutions ensure predictability in economic policy and foster trust among domestic and foreign economic actors.

Special attention is given to anti-corruption policy as a crucial part of institutional transformation. The article highlights how corruption undermines economic security by distorting competition, reducing fiscal efficiency, and eroding public trust. The author stresses the need for transparent, accountable management of public resources, particularly through the digitalization of procurement and greater openness of public institutions.

Judicial reform is analyzed as a basis for legal certainty, property rights protection, and a favorable investment environment. An independent judiciary reduces corruption risks, ensures fair resolution of disputes, and strengthens confidence in state institutions.

Fiscal management reform is also considered essential for financial stability. Transparency in budgeting, modernization of tax authorities, and effective public debt management are emphasized as factors that help increase revenues, avoid crises, and build a predictable economic environment.

Key words: political reforms, economic security, institutional capacity, anti-corruption policy, decentralisation, public policy.

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1. Introduction

In today's conditions of public administration transformation and the intensification of internal and external challenges, the issue of ensuring economic security has become particularly urgent. At the same time, the effectiveness of measures in this area largely depends on the level of institutional capacity of the political system.

Weak political institutions, high levels of corruption, legal instability, and a deficit of trust in government authorities significantly complicate the formation of a stable economic order. In this context, political reforms serve as a key tool for modernizing the system of public administration, improving the quality of political decisions, reducing risks, and laying the foundation for sustainable economic development.

However, in the Ukrainian context, the reform process is often accompanied by fragmentation, politicization, and a lack of strategic vision, which diminishes their effectiveness and undermines trust from both the public and investors. The absence of a comprehensive system for implementing reforms, combined with underdeveloped mechanisms of accountability and transparency, leads to limited results in the sphere of economic security. Therefore, there is a pressing need for a comprehensive scientific analysis of the role of political reforms

as a systemic factor in ensuring Ukraine's economic security, taking into account modern challenges and international experience.

2. Reforms as a foundation for strengthening economic security

Political reforms aimed at strengthening the institutional capacity of the state play a critically important role in ensuring the country's economic security. Effective reform of political institutions can significantly improve the economic situation, promote stable development, reduce economic risks, and enhance trust in the state both domestically and internationally.

In the context of modern global competition for investments, resources, and influence in international economic processes, stable and effectively functioning political institutions constitute a key prerequisite for ensuring the economic resilience of a state. Analyzing the impact of political institutional reforms on the level of economic security becomes particularly significant, as it makes it possible to identify how the transformation of governance structures contributes to achieving macroeconomic stability, minimizing business risks, and improving the overall socio-economic situation in the country (*Tytarenko, 2025*).

Reforming political institutions generally involves introducing changes in the systems of state governance, power structures, decision-making mechanisms, as well as the legal regulation of economic and social policies. One of the key directions of these reforms is combating corruption and increasing the transparency of state authorities.

Corruption, which is usually the result of institutional weakness within the political system, poses a serious threat to the economic security of the state, as it undermines public trust in government institutions, distorts market competition mechanisms, leads to the inefficient use of state resources, and slows down the pace of economic development. Political reforms aimed at minimizing corrupt practices have the potential to significantly strengthen economic security by reducing investment risks, increasing the efficiency of fiscal policy, and creating a more transparent and fair environment for doing business (*Khavanov, 2024*).

According to I. Stadnik, the necessity for fundamental changes in the state and legal organization of society requires not only institutional and functional transformations within the state but also a transformation of legal consciousness, overcoming its various deformations, and fostering a high level of legal culture, which is impossible without ensuring genuine rule of law (*Stadnik, 2023*).

Political reforms focused on strengthening the judicial system, ensuring its independence, and improving the efficiency of justice form a critically important institutional environment for reducing risks associated with the violation of contractual obligations, fraud, and corruption. The judiciary serves as one of the key factors in investment decision-making for both domestic and foreign business entities. States with functionally capable and reformed judicial institutions that can guarantee reliable protection of property rights and ensure impartial consideration of commercial disputes possess a significantly higher potential for attracting foreign investment, which, in turn, is a crucial component of ensuring economic security (*Khotynska-Nor, 2016*).

3. Fiscal reforms and institutional stability as pillars of economic security

Political reforms include the improvement of public administration, particularly through decentralization of power and increasing the efficiency of local self-governance. Decentralization has become an important reform aimed at strengthening management capacity at the local level, enabling more effective resource allocation, quicker responses to local challenges, and

fostering regional development. In many countries, decentralization measures have improved local economic indicators, reduced social tensions, and enhanced the quality of life for the population.

As noted by O. Diachkova and O. Cherkasov, the decentralization reform is primarily aimed at strengthening the capacity of local self-government, bringing authorities closer to the residents of consolidated territorial communities, and residents closer to the authorities (*Diachkova, Cherkasov, 2020*). At the same time, the success of such reforms depends on improving the transparency and accountability of local authorities, since only under these conditions can they ensure the stability and resilience of the economic system.

Reforms related to fiscal and budgetary policies also have a significant impact on economic security. Political institutions responsible for developing and implementing fiscal policy must be reformed in such a way as to ensure the transparency of budget processes, fair distribution of state funds, and effective management of public debt.

Fiscal reforms should focus on reducing the state budget deficit, strengthening control over public expenditures, and ensuring the stability of the tax system as a key element of economic policy. The modernization of tax authorities, with an emphasis on minimizing corruption risks and improving the efficiency of tax administration, contributes to increased budget revenues and the formation of a more predictable macroeconomic environment. At the same time, proper management of public debt, ensured by effective political institutions, serves as a tool to reduce the likelihood of financial crises and to stabilize the national economy in the medium and long term (*Pavlenko, 2023*).

Another important direction of political reforms is ensuring institutional stability by improving the efficiency of executive authorities and strengthening the political system as a whole. Reforms of the executive branch, aimed at optimizing management processes, enhancing the qualifications of civil servants, and reducing bureaucracy, can improve the quality of decision-making and ensure a more effective response to economic challenges. At the same time, it is important that these reforms are directed toward strengthening the stability of the political system, particularly through expanding democratic governance and fostering political dialogue between the government and civil society, as the political system is an ontological condition for the existence of mass political consciousness (*Chorna, 2021*).

4. The role of decentralization in ensuring economic security

The reform of political institutions also involves the implementation of measures aimed at deepening international cooperation and integrating the state into global economic processes. Strengthening the institutions responsible for implementing foreign policy and coordinating economic relations with other countries serves as a key factor in enhancing economic security. This is achieved by intensifying foreign economic activities, attracting foreign direct investments, and creating favorable conditions for the development of international trade (*Instytut rehionalnykh doslidzhen im. M. I. Dolishnoho NAN Ukrainy, 2025*).

In the process of reforming political institutions, it is also important to take into account aspects of social stability and fairness, as political reforms should aim to ensure a more equitable distribution of economic benefits among the population. Political institutions that effectively implement reforms can reduce social inequalities, support the development of social programs, and ensure an adequate level of social protection. This, in turn, helps to reduce social tensions and supports the resilience of the economic system in the face of global challenges.

Reforms in public administration and the implementation of anti-corruption policies are integral elements of a modern strategy for ensuring the state's economic security. These areas of reform play a key role in shaping an institutional environment conducive to sustainable economic development, improving investment attractiveness, and optimizing the functioning of public authorities. The presence of effective mechanisms of transparency, accountability, and efficiency in the public administration system is a determining factor in maintaining macroeconomic stability and preventing crises. At the same time, anti-corruption policies aim to eliminate systemic manifestations of corruption that significantly threaten economic security, deter investment inflows, and lead to inefficient use of public resources (*Sukhan, Senko, 2025*).

Decentralization, as one of the priority directions of public administration reform, involves delegating a significant share of powers and resources to local self-government bodies, thereby increasing the efficiency of decision-making at the regional level. This approach enables quicker responses to local economic challenges, ensuring targeted use of budget funds and strengthening economic security.

At the same time, decentralization creates additional institutional tools for monitoring and oversight of local authorities, contributing to a reduction in corruption and enhancing accountability. The formation of a more flexible, transparent, and open governance system stimulates economic activity at the local level, as territorial communities gain greater autonomy in designing and implementing local development strategies. This has a positive impact on the overall economic stability of the state (*Huba, 2024*).

5. The role of anti-corruption policy in strengthening economic security

Effective anti-corruption policy can significantly improve the economic situation in a country by increasing the level of trust from investors, businesses, and international organizations. Anti-corruption reforms that include strengthening legislation, creating specialized bodies to combat corruption, ensuring the independence of the judicial system, and increasing transparency in public procurement help reduce corruption levels and provide fairer conditions for economic activity.

Transparency in public administration is another important aspect of anti-corruption policy. The introduction of electronic systems for public procurement, such as the implementation of ProZorro, became one of the first steps toward the digitalization of Ukraine's fiscal policy. The ProZorro platform serves as an effective tool for automating public procurement processes. Over the years, this public bidding system has created a communication space for both procurers and suppliers. The implementation of an electronic procurement system at the national level has helped combat corruption, fostered a competitive environment, and reduced financial losses caused by insufficient competition (*Syniutka, Kurylo, Vasyliuk, 2021*).

Operating the public procurement system based on openness and competition creates conditions for potential suppliers and contractors to participate in tenders on equal terms. This approach contributes to more efficient use of budget funds and minimizes corruption risks. Ensuring transparency in the field of public procurement serves as an important tool for the fair distribution of state contracts, which, in turn, fosters a higher level of trust in government institutions from both domestic business communities and international partners.

Thus, political reforms in public administration and the implementation of anti-corruption policies play a key role in strengthening the state's economic security by creating institutional prerequisites for a favorable business climate, reducing corruption risks, and increasing

transparency and accountability of government bodies. Such transformations directly influence economic stability and stimulate sustainable development.

6. Conclusions

Political reforms play a key role in strengthening the economic security of the state, as they create institutional conditions for enhancing transparency, accountability, and the efficiency of public administration. In particular, the implementation of anti-corruption policies, judicial system reform, the development of decentralization, and the improvement of fiscal management contribute to reducing economic risks, improving the investment climate, and increasing trust from both the public and international partners. Political institutions that are capable of adaptation and modernization serve as the foundation for stable socio-economic development.

The conducted analysis confirms the necessity of a comprehensive and coordinated approach to reforming the political system amid growing internal and external challenges. Only by combining effective institutional mechanisms, political will, and broad public consensus can reforms achieve the desired outcome of ensuring economic security. Thus, political reforms should not be viewed as mere technical adjustments but as a strategic instrument for strengthening the state as a whole.

Prospects for further research lie in a deeper analysis of the impact of specific areas of political reforms on particular indicators of economic security, as well as in studying comparative international experiences of institutional transformation in countries with similar socio-economic conditions to develop effective models for the Ukrainian context.

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