

PROBLEMS OF SHAPING THE BUSINESS ENVIRONMENT IN COUNTRIES WITH ECONOMIES IN TRANSITION: ASPECTS OF ANTI-CORRUPTION

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Abstract

Personnel is the main resource, potential, the basis for the formation of the entire state administration apparatus, and therefore play an important role. The quality of reforms, the quality of the public administration system, as well as the formation of a positive image of the state depend on the quality, professionalism, continuous development of personnel and human resources. The purpose of the article is to analyze the activities of the state in the context of protecting personnel security, depending on the quality of their regulation and control of corruption in the business environment. The research is based on theories of human resources' management in business environment development institutions and theories of public administration, which make it possible to form new knowledge about the integration of management control concepts into the practice of human resources' management. The results of the research can be used in public authorities. The formed regression equation of public administration efficiency is estimated depending on the quality of the regulatory environment and the level of the fight against corruption in countries with economies in transition with a high level of adequacy, and a corresponding analysis is carried out. The research takes place in the field of public administration and is aimed at protecting the business environment from the corruption component by developing personnel security. The author's contribution consists in a comprehensive analysis and systematization of data from various sources of information. In the course of the study, the method of theoretical research and systematization was used, which made it possible to form data in the most convenient way and draw appropriate conclusions.

Keywords: *transitional economy, personnel security of the transition economy, business environment, information security.*

JEL Classifications: *P20, D73, F23.*

Introduction

Modern business environment is characterized by reform and innovation. To solve complex problems, the main attention should be paid to increasing the efficiency of business structures, the stability of the state apparatus and the growth of professionalism and responsibility of people working in business institutions. The human resources system is an integral part of the establishment of bodies for the development of business infrastructure of a new quality. In modern conditions, one of the most important sectors of bodies for the development of business infrastructure is education. Despite the fact that there are a large number of educated and qualified specialists in the countries of Central and Eastern Europe, the imperfection of the legislation and the training system often impedes the development of education and the work of bodies for the development of business infrastructure. It should be noted that the training of civil servants is one of the tasks of improving the bodies for the development of business infrastructure, the purpose of which is to increase the efficiency of the bodies for the development of business infrastructure themselves. However, the long-term priorities of state development, the ways of its implementation and the training process are not sufficiently coordinated. In order to create an effective civil service and implement administrative reform, it is necessary to constantly improve the training system.

Personnel is an important capital in the bodies for the development of business infrastructure, because the effectiveness and efficiency of the bodies for the development of business infrastructure system depends on the quality of their activities. The human capital of the bodies for the development of business infrastructure is constantly being improved, a number of measures contribute to this, in particular: continuous training of personnel, special education, language courses, stay in the personnel reserve, etc.

Personnel safety is a combination of such components as: life safety (health,

physical safety), social and motivational safety (financial, career, aesthetic, administratively independent), professional safety (professional safety, pension insurance, safety of possession of modern knowledge), anti-conflict security (patriotic, psychological and communication security), technological.

Ensuring personnel security in the bodies for the development of business infrastructure is a narrow subject of research, in particular in countries with transition economy. In the literature of recent years, little attention has been devoted to the issues of personnel security in bodies for the development of business infrastructure, which determines the relevance and need to eliminate the existing gap. The development of e-government concept (Ismailova, 2015), the integration of information technology, the need to protect personal data are the factors that reinforce personnel security problems. Personnel security of business environment development institutions refers to theories of personnel management, human resources and is an important component in ensuring professionalism, development of competencies and skills of personnel in the bodies for the development of business infrastructure. The transition of countries to market economies leads to personnel security's increased threats; it requires professionalism in bodies for the development of business infrastructure. The global democracy's theory and concept of F. Fukuyama, which is the source of e-democracy development (Hassan, Khalifa, 2016), appropriate and global governance, New Public Management (Klijn, 2012) toughen the requirements for personnel management in government authorities for employees. Accordingly, the problems arising from the development of government management concepts are intensified. Privacy and security in the context of e-democracy development are the most important success factors in implementing the government management concepts (Hassan, Khalifa, 2016).

Determining the level of personnel reliability is a complex and multifaceted

phenomenon. The factors that determine the reliability of employees include the following (Goncharenko, 2020):

1. professional competence and legal capacity (the ability of a normally trained employee to successfully cope with the tasks set, the ability to act with given efficiency in changing conditions, achieving the expected results). Obviously, a professionally incapacitated employee cannot be considered reliable;

2. social and corporate maturity, manifested not only in a certain coincidence of personal goals with the goals of the organization, but also focus on their own career growth, the willingness of the employee to act in the face of various risks inherent in the organization's activities;

3. internal integrity and stability of the personality, manifested, first of all, in such qualities as honesty, openness, integrity.

The main tasks that were set for the study are as follows: assessing the personnel security of institutions for the development of the business environment, as well as the role of the influence of public administration on the level of personnel security.

The object of the research is the personnel security of institutions for the development of the business environment.

Literature review

The investigation of personnel security in business environment development institutions is limited to theories of bodies for the development of business infrastructure efficiency and has not become widespread. Personnel security in the system of bodies for the development of business infrastructure should be considered as a set of mechanisms, principles, methods aimed at the formation, development and preservation of human resources of the bodies for the development of business infrastructure (Krause, 2013). In the

narrow sense, personnel security means the protection of personnel, ensuring the development, self-realization and self-improvement of employees. In an extended sense, personnel security is a set of mechanisms, methods, techniques that ensure the protection and effectiveness of bodies for the development of business infrastructure from threats of destructive professionalism, unprofessionalism, increasing the number of people who have personal or corrupt ties to obtain their own benefits, etc. (Wang, Chang, Cui, 2019).

Threats to personnel security in the bodies for the development of business infrastructure are divided depending on the possibility of forecasting: predictable or unpredictable; depending on the security object: personnel, technologies, information, technical equipment, image; depending on the field of origin: external and internal (Parkhomenko-Kutsevil, 2013). Corruption is a type of threat to personnel security in the bodies for the development of business infrastructure, which should be considered as the use of a person's official powers and related opportunities in order to obtain an illegal benefit or to accept a promise / offer of such a benefit for himself or others or, accordingly, a promise / offer or provision of improper advantage to a person or, at his request, to other individuals or legal entities in order to persuade that person to misuse the powers conferred on him and the related opportunities (Owen, 2013)

Kaldor, Martin, Selchow (2007) in their work investigated new strategies for the development of personnel security in Europe. In particular, their work was about countries with economies in transition. Similar studies can be found in the work of Makhmudova, Ilyukhina, Bogatyreva (2019), who in their work enslaved the impact of external and internal environmental factors on the activities and security of personnel at various levels. Gierszewski, (2018) in his article, he focuses

on the search and systematization of the relationship between security of the state, its structural organs and human security. Since our study of personnel security is based on theories of personnel management, it will also be important to explore the scientific basis in this area.

Nomden (2000) emphasizes that human resources management is a whole system of components, which implies, on the one hand, an emphasis on needs society and a public servant as part of this society, on the other hand, an assessment of the effectiveness and comparability of the activities of a public servant with the needs of the state as a whole. Accordingly, human resources management is reduced to optimizing this type of resources involved in the institution's activities and ensuring the quality of human resources in the interests of the institution and its employees, subject to the regulatory framework (Julian, Montaquila, Ciera, Godwin, 2016).

The importance of personnel security and the correct application of theories of personnel management, depending on geopolitical and other factors, is considered in the work of Strielkowski, Niño-Amézquita, Kalyugina, (2021). In their work, they not only determined the level of importance of personnel security, but also provided certain recommendations. And in our opinion, the assessment of personnel security as in unified keys is not the right decision, since this concept includes a large number of components, taking this into account, in our study, attention will be focused only on some components, which will allow us to fully investigate their impact on personnel security.

Paul, Anantharaman, (2003) considered the main purpose of personnel management as a direction of management activity in which the human component (or personnel) of an organization is considered as: one of the most important resources of its successful functioning and development, a factor of its effectiveness and growth, a means of achieving strategic goals.

A qualitative approach to personnel management and the traditional, more bureaucratic approach (Gilbert, 1991), which

is characteristic for transition economies, determine the level of personnel security. Traditional theories of human resource management are used in business environment development institutions (French, Goodman, 2011). "The information revolution including computer-assisted staffing and selection, automated customer service, and virtual office have not become significantly important to respondents" (French, Goodman, 2011). The concept of secure management control on a global scale is integrated into the concept of e-government (Kalyayev, Efimov, Motorny, Dzianyy, Akimova, 2019). Personnel policy is determined by the level of corruption (Tykhonova, 2020), which in transition economies is an obstacle to effective administering and democracy. The development of the regulatory framework for corruption regulation and control (Shynkar, 2020) is a prerequisite for effective personnel policy, professionalism of government authorities, as a consequence - a high level of personnel security.

Research model

The research is based on theories of human resources' management in business environment development institutions and theories of public administration, which make it possible to form new knowledge about the integration of management control concepts into the practice of human resources' management. The basic hypothesis of the study concerns the impact of ideology and the concept of public administration on personnel management, and as a consequence - on personnel security in transition economies. Generalized human resource management can be represented as strategic and operational management aimed at improving the efficiency of the use of human resources of the organization.

The main principles of human resource management are:

- the person is the main factor in the effectiveness of the organization and its competitiveness;

- the feasibility of investing in human resources;
- improving the quality of working life;
- systematic training and staff training;
- a strategic approach to human resource management;
- orientation to the technique of group work;
- high professionalism of management personnel.

Thus, in modern conditions, the systematization of theoretical knowledge in the field of human resource management is necessary for their most efficient and rational use. The historical development of the concept of personnel management confirms the need for professional and social development of human resources for the effective functioning of the enterprise.

The method of theoretical research was also used in the work. Theoretical research from a methodological point of view belongs to the highest level of scientific knowledge. It reveals and justifies the deeper and more significant aspects of the phenomena studied. Theoretically, research uses the following general scientific methods: analysis; synthesis; induction; deduction; comparisons formalization. To a greater extent, in the context of our research used methods of analysis and systematization of information. Thanks to a thoroughly organized systematization of information, it is possible to achieve high results in the process of optimizing office work, as well as in saving resources and working time of employees.

Systematization of information includes:

- methods of searching and accumulating information;
- classification and indexing of information;
- methods of access to information;
- ways of presenting information;
- processing requests for information search.

The analysis has been conducted for countries with a transition economy according to panel data from the World Bank and Worldwide Governance Indicators (WGI) for the period of 2008-2018. The selected indicators have mostly reflected the level of personnel security, characterized the effectiveness of personnel policy in public administration and made it possible to identify the level of implementation of management control. Based on panel data from 12 countries with transition economies for the period of 1996-2018, models for estimating the relationship between variables were created in order to identify cause-effect relations between personnel security and government efficiency. All data presented in the tables and figures are official data, were analyzed, systematized and calculated by the authors. This is all the data that were available to the authors at the time of the study.

Results and discussions

The transition to market economic conditions is carried out through the transformation of institutions that determine the effectiveness of personnel policy and personnel security, and therefore - of the government authorities. During 2008-2018, the efficiency of the business environment development institutions increased significantly in Albania, Azerbaijan, Belarus, Kazakhstan, Moldova and Ukraine. Minor changes have taken place in Armenia, Georgia, the Kyrgyz Republic, Russia and Serbia. Such trends are a consequence of the personnel policy of the business environment development institutions in transition economies. In general, the quality of civil service in transition economies and the degree of its independence from political pressure, the quality of public policy development varies significantly in different countries, generally being at the average level (minimum rating value – 28,37, Bosnia and Herzegovina,

maximum rating value – 74,04, Georgia). Hence, it is possible to identify internal and external problems of personnel security: the prerequisites for the formation, namely the quality of institutions and the quality of

administrative staff responsible for human resource management; political pressure.

Table 1. Dynamics of government performance in the context of developing a favourable business environment in countries with transition economy in 2008-2018 (World Bank, 2020)

Government Effectiveness Country/Territory	2008			2018			Change	
	Estimate	StdErr	Rank	Estimate	StdErr	Rank	Estimate	Rank
Albania	-0,36	0,21	44,17	0,11	0,23	57,69	0,47	13,52
Armenia	-0,17	0,20	49,03	-0,02	0,21	51,44	0,15	2,41
Azerbaijan	-0,77	0,21	22,82	-0,10	0,22	49,04	0,67	26,22
Bosnia and Herzegovina	-0,60	0,23	33,50	-0,62	0,22	28,37	-0,02	-5,13
Belarus	-1,11	0,24	12,62	-0,30	0,23	40,38	0,81	27,76
Georgia	0,30	0,22	65,53	0,61	0,22	74,04	0,32	8,50
Kazakhstan	-0,46	0,20	39,81	0,02	0,20	54,33	0,48	14,52
Kyrgyz Republic	-0,79	0,22	21,84	-0,61	0,23	28,85	0,18	7,00
Moldova	-0,77	0,21	23,30	-0,47	0,21	35,58	0,31	12,28
The Russian Federation	-0,36	0,20	43,69	-0,06	0,21	50,96	0,30	7,27
Ukraine	-0,72	0,20	27,18	-0,42	0,20	38,46	0,30	11,28
Serbia	-0,19	0,22	47,57	0,11	0,23	56,73	0,30	9,16

The quality of government’s regulatory capabilities is a prerequisite for effective personnel policy and personnel security based on regulations. Data on Regulatory Quality in transition economies (Table 2) indicate positive developments in Belarus, Georgia, Kazakhstan, Ukraine and Serbia. The capability of authorities to develop and

implement personnel policies is a prerequisite for personnel security. According to the Regulatory Quality indicator, transition economies are at the average level (minimum rating value - 25,96, Belarus, maximum rating value – 83,17, Georgia).

Table 2. The level of Regulatory Quality of business environment in transition economies in 2008-2018 (World Bank, 2020)

Regulatory Quality Country/Territory	2008			2018			Change	
	Estimate	StdErr	Rank	Estimate	StdErr	Rank	Estimate	Rank
Albania	0,15	0,18	55,83	0,28	0,21	63,46	0,13	7,64
Armenia	0,34	0,17	62,14	0,27	0,19	62,50	-0,07	0,36
Azerbaijan	-0,35	0,18	41,26	-0,38	0,22	37,02	-0,03	-4,24
Bosnia and Herzegovina	-0,15	0,18	51,46	-0,21	0,19	45,19	-0,06	-6,26
Belarus	-1,24	0,19	9,22	-0,66	0,19	25,96	0,58	16,74
Georgia	0,48	0,17	64,56	1,12	0,19	83,17	0,64	18,61
Kazakhstan	-0,34	0,17	43,20	0,14	0,18	60,10	0,48	16,89
Kyrgyz Republic	-0,35	0,17	42,23	-0,35	0,19	37,98	0,00	-4,25
Moldova	-0,18	0,18	50,00	-0,05	0,18	51,92	0,13	1,92
The Russian Federation	-0,39	0,18	39,81	-0,54	0,20	31,73	-0,15	-8,08
Ukraine	-0,53	0,18	33,01	-0,22	0,18	44,23	0,31	11,22
Serbia	-0,29	0,19	45,63	0,01	0,21	56,25	0,30	10,62

The degree to which public authorities benefit in transition economies determines personnel security: decrease is possible in the level of professionalism of the business environment development institutions well as the effectiveness of decisions and the benefits of decisions for business, community.

According to the Control of Corruption indicator, transition economies are characterized by an average level of solution to this problem: the business environment development institutions abuse a position for gaining benefit. Personnel security is indirectly determined by this factor (Table 3).

Table 3. Statistics of control of corruption in business environment in transition economies in 2008-2018 (World Bank, 2020)

Control of Corruption Country/Territory	2008			2018			Change	
	Estimate	StdErr	Rank	Estimate	StdErr	Rank	Estimate	Rank
Albania	-0,59	0,14	33,50	-0,52	0,14	35,10	0,07	1,60
Armenia	-0,71	0,14	27,67	-0,35	0,14	42,79	0,36	15,12
Azerbaijan	-1,15	0,14	11,17	-0,83	0,14	21,63	0,32	10,47
Bosnia and Herzegovina	-0,36	0,14	42,72	-0,57	0,14	31,73	-0,21	-10,99
Belarus	-0,63	0,15	32,04	-0,19	0,14	49,04	0,44	17,00
Georgia	-0,11	0,14	54,37	0,71	0,14	76,44	0,82	22,07
Kazakhstan	-0,98	0,12	16,02	-0,50	0,13	36,06	0,48	20,04
Kyrgyz Republic	-1,22	0,14	6,31	-0,95	0,14	16,35	0,27	10,04
Moldova	-0,63	0,14	31,55	-0,73	0,13	25,96	-0,10	-5,59
The Russian Federation	-1,11	0,13	12,14	-0,85	0,13	21,15	0,27	9,02
Ukraine	-0,84	0,13	19,90	-0,87	0,13	18,27	-0,04	-1,63
Serbia	-0,31	0,14	46,60	-0,37	0,14	41,83	-0,06	-4,78

From the standpoint of personnel security statement as a process of preventing impacts of business environment development institutions on the economy through the regulation of labor relations and the intellectual potential of government authorities, the Control of Corruption indicator points to a low level of personnel security, forasmuch as there are threats of attracting intellectual capital with an insufficient level of professionalism, obtaining benefits from the implementation of personnel policies on the principle of applying political pressure. During the period of implementation of e-government's concept and the democracy principles, this indicator is an identifier of the professionalism and competence of government authorities.

Assessing the level of e-government's development and the analyzed WGI for transition economies are tools for identifying personnel security issues in government authorities. The Sustainable Development Goals "16.5 Substantially reduce corruption and bribery in all their forms", "16.6 Develop effective, accountable and transparent institutions at all levels", "16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels" are aimed at reducing the level of corruption in countries in all its forms, development of institutions to ensure equity in the judicial system, strengthening the institutional environment, improving the effectiveness of managerial decisions in government authorities. Assessing the achievement of the

objectives related to the prerequisites for personnel security is still a challenge, forasmuch as there is no dynamic data on indicators of institution's construction at all

levels and strengthening of partnership. The Corruption Assessment indicator of transition economies shows positive shifts in overcoming corruption (Table 4).

Table 4. CSR 16.5.2 A case of bribery, which is becoming a major barrier to countries with transitional economy (% of firms experiencing at least one bribe payment request) in 2009-2013 (United Nations, 2020)

Country	2009	2013	Change, +/-
Albania	0,000	19,540	19,540
Armenia	15,502	7,067	-8,435
Azerbaijan	52,039	15,878	-36,161
Belarus	15,470	8,865	-6,605
Bosnia and Herzegovina	10,189	10,660	0,471
Georgia	9,837	2,216	-7,621
Kazakhstan	32,816	26,697	-6,119
Kyrgyzstan	42,539	59,768	17,229
Republic of Moldova	17,794	30,954	13,160
The Russian Federation	27,260	14,216	-13,044
Serbia	11,860	6,140	-5,720
Ukraine	38,464	50,434	11,971

In some transition economies (Kazakhstan, Kyrgyzstan, Republic of Moldova, Ukraine) bribery incidence remains

a problem in ensuring personnel security (Table 5).

Table 5. Primary government expenditures for the development the business environment of as a proportion of original approved budget (%) in 2009-2016 (United Nations, 2020)

Country	2009	2016	Change, +/-
Albania	98,71	95,91	3,46
Armenia	98,27	105,23	-0,33
Azerbaijan	85,02	109,14	-41,45
Belarus	111,92		-
Bosnia and Herzegovina	89,56		-
Kazakhstan	96,27	111,01	-29,46
Kyrgyzstan	105,45	93,09	7,87
Republic of Moldova	96,12	91,76	-
The Russian Federation	107,04	101,97	-8,19
Serbia	99,69	93,81	-7,59
Ukraine	88,43	90,74	-6,94

The regression equation of government efficiency is estimated (Table 6) depending on the quality of the regulatory environment and the level of corruption control in transition

economies with a high level of adequacy (Adjusted R-squared 0.6766); it explains the dependence of the personnel policy and security's effectiveness. With a significance

value of 1%, it can be argued that an increase in the quality evaluation of government authorities' regulatory capabilities by 1 point will ensure an increase in the effectiveness of the government of transition economy by

0,4919 points; an increase in the assessment of corruption control by 1 point will increase the effectiveness of the government of transition economy by 0,2908 points.

Table 6. The assessment results of government performance depending on Regulatory Quality and Control of Corruption in business environment (development by authors)

Dependent Variable: GOVERNMENT_EFFECTIVENESS
 Method: Panel Least Squares
 Date: 05/29/20 Time: 21:07
 Sample: 1996 2018
 Periods included: 20
 Cross-sections included: 12
 Total panel (balanced) observations: 240

Variable	Coefficient	Std. Error	t-Statistic	Prob.
REGULATORY_QUALITY	0.491881	0.032895	14.95293	0.0000
CONTROL_OF_CORRUPTION	0.290807	0.038599	7.534084	0.0000
C	-0.108749	0.027908	-3.896711	0.0001
Root MSE	0.206146	R-squared		0.679316
Mean dependent var	-0.465302	Adjusted R-squared		0.676610
S.D. dependent var	0.364789	S.E. of regression		0.207446
Akaike info criterion	-0.295467	Sum squared resid		10.19905
Schwarz criterion	-0.251959	Log likelihood		38.45609
Hannan-Quinn criter.	-0.277937	F-statistic		251.0223
Durbin-Watson stat	0.388277	Prob(F-statistic)		0.000000

The conducted investigation makes it possible to draw conclusions concerning the basic problems and threats to personnel security in the business environment development institutions of countries with transition economy: corruption, corruption control and the quality of the regulatory environment. Personnel security is determined by the level of effectiveness of personnel policy development, professionalism of civil servants and intellectual capital.

The outlined problems require the development of human resources to ensure effective control of corruption and the quality of the regulatory environment. Thus, the main

recommendation for the protection of personnel security is the permanent training of persons involved in the process of maintaining and protecting personnel security in the basics of information and anti-terrorist security.

The availability of basic knowledge in the areas of information security and anti-terrorism security among government officials determines the quality of control and the effectiveness of regulators. In this regard, the need arises to organize and provide conducting majors courses of postgraduate studies to improve personnel's skills through the acquisition of relevant competences in the field of work and general knowledge of anti-

terrorist security in the profile (including information), increasing the role of legal awareness in everyday life, skills recognition of manipulative technologies.

Taking into consideration the features of government officials' activities, competences should be considered as a set of intellectual, prognostic, motivational and technological, behavioral-activity competences.

The above mentioned ideally will help strengthen the economic potential and develop investment attractiveness in countries with economies in transition, the stability of society, the key to its anti-terrorist security.

The problems of ensuring the personnel security of transition economies, identified in the study, correlate with the findings of scientists and confirm the negative impact of corruption, which generates a bureaucratic approach to the formation of personnel policy. Countries with low per capita incomes, which are generally characteristic for transition economies, are more prone to corruption (Bachu, Alon, Paltrinieri, 2019). Corruption causes inadequate legal protection and weakness of the institutional system. Anti-corruption policy (Houston, 2007), control of corruption ensures the transition of the country's economy to a market one. Therefore, the effectiveness of personnel policy in transition economies is determined by the ability to combat corruption. It follows here from the capacity to develop democracy and e-government. The willingness of the business environment development institutions to serve the interests of society is inversely proportional to the level of corruption in the country (Fukuyama, F., 2016). The priority of public interests in the objectives of the business environment development institutions is an obstacle or a protector against corruption, respectively, the level of personnel security increases through the transmission mechanism: from the acquisition of competencies and professional skills to the implementation of effective personnel policy. Excessive bureaucracy hinders effective personnel policy (Ondo, 2017). The high level of personnel security is evidenced by the level of the economy

openness, as a consequence of the country's transition to a market economy, and the growth of economic freedom (Leite, Carvalho Lucio, Ferreira, 2019). The institutional mechanism for combating corruption leads to quality institutions and economic freedom, a democratic country; these factors are prerequisites for personnel security (Hua, 2013). Institutions, culture and personal qualities of the business environment development institutions of transition economies are prerequisites for personnel security (Teixeira, 2015). The structure's formality of institutions leads to a decrease in personnel security (De Vaal, Ebben, 2011).

Conclusions

The study conducted makes it possible to draw a number of important conclusions. The development of a favourable business environment in countries with economies in transition is directly dependent on personnel security. Personnel security of business environment development institutions refers to theories of personnel management, human resources; it is an important component in ensuring professionalism, development of competencies and skills of personnel in the bodies for the development of business infrastructure. Personnel security is formed as a result of the transition to a market economic conditions and the transformation of the main institutions of the business environment. Personnel policy determines the effectiveness of government authorities. The quality of civil service in transition economies in general and the degree of its independence from political pressure, the quality of public policy development varies significantly in different countries. Internal and external problems of personnel security are at the same time prerequisites for the formation of personnel policy. The quality and independence of business environment affects the quality of management personnel and government authorities. The quality of regulatory capacity of the government (the ability of business environment development institutions to develop and implement personnel policy) is a

prerequisite for an effective personnel policy as well as a high level of personnel security; it is determined by the capacity of business environment development institutions to implement regulations. The degree of benefit, obtained by business environment development institutions in transition economies, also determines personnel security and the state of development of the business environment. The investigation conducted confirms the low level of personnel security in the business environment development institutions of countries with transition economy. Therefore, threats of attracting

intellectual capital with an insufficient level of professionalism emerge; as a result, it contributes to obtaining benefits by the business environment development institutions in the process of implementing personnel policies on the principle of applying political pressure.

This analysis can be used in the practical activities of personnel departments of public authorities as a basis for measures to combat corruption.

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