

## **Developing of the effective managing system in conditions of protracted economic crisis in the country**

*Examined the necessity of a fundamental restructuring of the economy to work in the mode of economic and financial crisis. Investigated measures of anti-crisis strategy of industry reforming. Analyzed the worldwide experience of the real economy support anti-crisis program. Suggested a number of principled theses of anti-crisis measures to stabilize the state of the industry in Ukraine.*

**Keywords:** the economic crisis, anti-crisis strategy, effective system, enterprise manufacturing.

Crises are an integral part of the functioning of any system and its facilities. Modern realities show that the causes of the crisis situation at the enterprise level are not only influenced by external factors: global crises, currency fluctuations, the absence of state aid, reduced effective demand, loss of markets, imperfect legal framework, but also improper market management conditions of the economic and financial business activity.

Therefore, the formation of the enterprises management anti-crisis model, which is to create an efficient system of managing in a protracted economic crisis in the country, is an urgent, actual task not only for the state but also for business owners.

Anti - crisis business management differs fundamentally from the control in a growing market and the general welfare conditions. The anti-crisis strategy is the focus of funding during the restructuring. At the same time, it is important to understand that the restructuring is a saving tool, but not salvation itself. In case where industrial enterprises are operationally unprofitable, the anti-crisis strategy is useless - only a radical restructuring of industrial production branches will help , and the sooner it starts the restructuring, the greater the chance for the industry to stay afloat.

The anti-crisis strategy always identifies three main areas of action:

1. Development of ways to increase income from operating activities of industrial enterprises at the micro level and the industrial sector - at the macro level. Firstly, it is the mobilization of internal resources - analysis of the ways to enter new markets, increasing product sales plans outside the region (country) to traders, expanding the range of products etc. Secondly, it is necessary to consider the possibility of selling assets that are not involved in the current industrial production business (the so-called non-core assets). It is clear that the implementation of these measures is much more difficult in times of crisis than in normal times, but this is the complexity of anti -crisis management in industry.
2. Developing ways to cut expenses. Anti – crisis industry management (including branch, region and country management) is always associated with large-scale reduction in costs. Including the decrease in operating expenses, non-implementation of some investment projects, reduction of unproductive expenditures, and so on.
3. Developing financial cycles' reduction mechanisms, a weighty reduction in needs for floating funds. If the previous two areas of anti - crisis regional industry management is obvious, the reduction of financial cycles usually wrongly given less attention. Although

reducing the need for circulating capital significantly facilitates the process of restructuring the duties, the enterprises directly and industrial sectors as a whole. Here we can talk about the revision of the policy of working with industrial products customers, reducing the delay of payments and, on the other hand, an attempt to negotiate a postponement with suppliers.

The variant is possible, when to reduce the operating cycle the change of suppliers or dealers will be needed (for example, for the one that is closer, even if he has less favorable terms) - it is certainly important to carefully calculate the comparative variants of cooperation with various partners.

Possibly, to view the cycle would be appropriate - for example, a replacement of the own, longer production process, outsourcing a faster one, albeit with the loss of margin.

The anti-crisis strategy of reforming the industry of the country - is not just a brainstorm, but also a long and professional work on the modeling and analysis of various options. When a set of measures within the anti-crisis strategy has been worked out, it is advisable to draw up a detailed network schedule, which will reflect all of the interventions that are necessary for realization of the planned steps with precise indication of the performers, sources of financial or material resources, responsibility and so on.

From the standpoint of the theory of planning, any production system has a certain potential for economic development and growth. Moreover, there are three basic types of developing economic and public systems:

- a) Perfect - the type of system development, when the dosed changes, based on the best scientific improvements and professional experience are applied as needed, ensuring the continuity and sustainability of economic growth;
- b) Real - suggests a partial reform of the economic system after the first negative signs of its functioning;
- c) Radical - used when the resources of the existing system are almost exhausted and a radical reform with a change in the basic institutional structures is required.

It is pertinent to note that in the last case ( the radical option of changes to the system) the planned state regulation of the economy should be provided, aimed at the creation of new organizational and legal structures and increasing the pace of socio-economic development and people's living standards.

If anti-crisis management does not lead to positive results – a significant and radical restructuring is needed: the reorientation of production, urgent modernization of equipment, the closure of unprofitable courses, getting rid of non-core assets, a complete overhaul of the commercial policy etcetera.

Summing up, interim conclusions can be drawn:

Firstly, the crisis - is a systemic reduction in effective demand, which is accompanied by increased competition. Under these conditions, tens of thousands of companies that lost their customers in traditional markets will be looking for new segments, including the Ukrainian market. The role of government in this situation is to support the effective demand at the expense of lending to consumers and the organization, financing of socially important work, producer support by lowering interest rates and taxes, protection of the market by preventing dangerous and counterfeit products, strengthening the counteraction to the entry of illegal products.

In case of an industrial enterprise or branch crisis, the anti-crisis measures to stabilize the economy should be necessarily implemented. Wherein, anti-crisis policy should be carried out simultaneously in three directions: increasing the income from operating activities of industrial enterprises and industrial sectors, cost reduction, constriction of financial cycles circulation of working capital.

Secondly, in the context of the global financial crisis, the choice of anti-crisis measures for the stabilization of industrial production depends on the development of the economic system of the state: ideal, real, radical.

Considering the short duration of the processes of world industrial production, as well as taking into account the insuperability of the financial crisis effects - the industrial development strategy should include diverse options for stabilization measures in respect of economic processes - from the soft, liberal - radical, shock therapy.

Analysis of anti-crisis measures implemented in the framework of the economic systems of the countries of the international community, clearly proves the validity of the postulates made by us above. Almost all the countries touched by the global financial crisis, have implemented anti-crisis program, providing for measures to increase the income from operating activities of industrial enterprises and industrial sectors, cost reduction, constriction of financial cycles circulation of working capital.

However, a quite logical question arises: how to invent an anti-crisis management facility (industrial enterprises, branch) for state regulation measures, being implemented in the framework of the strategy of economic recovery (in the region), and the budgetary financial assistance to be productive?

Anti-crisis measures to support the real economy, which are carried out in the world today, are aimed, firstly, at the implementation of direct financial assistance to companies which are most affected by the crisis, in the form of government loans to support liquidity and finance restructuring / investments; and secondly, to stimulate final demand for the products of the companies affected by the crisis.

Experience of foreign countries in overcoming crisis is the most striking example, which is practically implemented. During the analysis of the problems created by financial and economic crisis in Ukraine and the development of the most effective anti-crisis actions by leading Ukrainian scientists, the attention focuses on the study of international experience and opportunities "to adapt overseas anti-crisis practices to Ukrainian realities." Therefore, we consider it appropriate to examine the practice of crisis management in a number of EU member states and Asia in more detail.

The main centers of economic growth in the EU are a few powerful countries that are practically "pulling" macro-economic indicators of the Union to a proper level. These leaders are Germany, France and the Netherlands. In this case the clear favorite is Germany, with its largest in the EU's GDP and its growth rate (4.0% - in 2010 and 2.6% - in the III quarter of 2011 compared with 0.3% in the EU as a whole) [1], followed by France and the Netherlands (with GDP growth in 2010. 1.5 and 2.5%, accordingly) [2].

During the crisis the stabilization of the market became a priority activity of state economic policy in Germany. Based on this event the country has decided to provide 400 billion Euro for guarantees on interbank loans. For recapitalization measures to financial market's stabilization fund it was planned to send 80 billion. Euro. In the fall of 2010 the German government has

introduced measures to stabilize the banking system, of which it is necessary to distinguish the following: purchase of shares by the state financial institutions, a change to the accounting requirements for greater control over the funds of banks [3]. The government oriented the efforts on the middle class, developed a program for the issuance of loans and guarantees, the value of which amounted to 15 billion Euro. It should be noted that this application is not the salvation of non-viable enterprises and stable working. In order to get government support, businesses have to prove that they have already exhausted all other sources of funding, as well as to develop a program of development with the justification of its importance to the economy. On measures for the support and growth of the economy in 2010 the government has allocated 95 billion Euro (4% of GDP) [4].

The next stage of the development of anti-crisis measures in Germany was the increase of internal demand of the population. To this end, the government decided to reduce taxes and compensation to the state budget: increase in the size of non-taxable minimum income and the reduction of import duties, one-time payments to families in connection with the crisis, the tax credit for families with children, reduced contributions to health and pension insurance, an increase of social payments to large families. In 2009-2010 on the implementation of these measures 40 billion Euro has been directed [4].

Support for the automotive industry, as the most affected region, has become an effective measure of the German anti-crisis program. To stimulate demand for cars a premium of 2,500 euros for the disposal of old and buying a new car was implemented and the new vehicle tax rules depending on the release of toxic substances into the atmosphere were introduced (according to official statistics in 2009, the sales of Europe's largest car company Volkswagen were growing for three months in a row). The result of this act: auto giant assistant, support of the consumer demand is the domestic producer, and most importantly, filling the budget.

One of the main social factors of the German economy's recovery was the plan for the support of workers, adopted in order to avoid mass layoffs. Authority suggested introducing the shortened schedule for enterprises and payment for the volume of work performed or hours worked, all of the remaining payments were taken over by the State, including 50% social security contributions. If the workers, who worked on a reduced schedule, attracted to professional development, this period was paid at 100%. Such a program has cost Germany 6 billion Euro, however, allowed to save 400 thousand workers from dismissal [5].

The next, we want to consider the economy of France, which today is one of the largest EU economies. The positive dynamics of economic development have evolved in the country due to the following reasons: France is almost not export oriented, so export reduction could not produce a significant impact on the economy and monetary system. The economy of this state is socially oriented with a substantial public sector, which employs 20% of the population. Country provided unemployment benefits, which make up 75% of the average wage (the minimum wage in France is 1,321 Euro, for example in Ukraine - 46 euros). The level of credit debt of the French population is two times less than in the US or the UK (loans have always been hard, moreover, the French more inclined to save than to borrow, as a result, the state did not have to nationalize another bank) and, most importantly, the government France has developed and started to implement a plan of anti-crisis measures, which emphasized stimulating demand, rather than investment, as in other countries, very quickly. One of the best points of the French anti-crisis program, as well as in Germany, has become the automotive industry support. With its help, the government managed to maintain consumer demand - in the II quarter of the crisis in 2009 Private consumption grew by 0.4% in the country. [5]

One of the countries, which was able to use the global financial crisis as an advantage to create a basis for strengthening their influence in the world economy, was the People's Republic of China (PRC).

Today, China's economy has every opportunity to become the leader in the world economy, even ahead of traditional leaders such as the US, Germany, Japan. The rapid deployment of the global financial crisis and the economic realities of the countries' decline showed that China's economy is able to justify such predictions. When the crisis reached a peak of recession (2009), in most countries of the world, China has demonstrated 9.2% growth in GDP, while the US GDP growth was negative in the same period and amounted to 2.5%, the reduction in Japan's GDP was at 5.4%, in Russia - 7.8% [6].

Until 2009 China's development was built on the infusion of investment and incentives, and considerable economy performance was being absorbed by capacious foreign markets. However, in the context of the global financial crisis and after, the external purchasing power declined and will not be able to absorb a considerable array of Chinese goods. It can be said that the processes in 2009 had at the same time positive and a negative impacts on China's economy. China has had an opportunity to increase its influence in the world economy [7]. By the results of 2009, China Bank took first place in the world ranking of banks in terms of China's exports surpassed the achievements of Germany and ranked number one in the world. On the other hand, the rapid development of China's economy accompanied by rising prices for raw materials, the import of which depends on the performance of the economy, the introduction of additional protectionist measures by importing countries of Chinese goods, which led to a reduction in exports of 16.07% in 2009 [8].

China's state announced the transition to an active fiscal policy in 2008 and adopted a package of measures providing the implementation of projects in the priority areas of country development, such as large infrastructure projects; measures to support the agricultural producers; the development of high-tech innovative projects; program to increase domestic demand for goods; projects in the field of health and education; environmental projects and environmental protection measures. It should be noted that all the programs were implemented, all projects have been realized and without state support it would be impossible.

Attracting financial resources in the economy happened through the issuance of government securities on the purpose of implementation of the regional anti-crisis programs - housing finance, infrastructure projects, construction of roads and railways. Within the framework of fiscal policy used tax breaks for businesses and individuals. In particular, the reform of VAT provided for the transition from the charging circuit in unit in charge of the scheme per unit of consumption, so that enterprises obtained the ability to deduct its own expenses on capital equipment [9].

In addition, the government adopted strategy of supporting 10 priority branches of industry (automotive, aviation, textiles, petrochemicals, logistics, non-ferrous metallurgy, information technology, steelmaking, manufacturing of industrial equipment, construction of vessels) [10]: the energy sector (due to instability of energy prices considerable attention to the stimulation of the production of clean energy and energy supply projects was paid), transport sector (public investment aimed at modernization of the aviation industry, sea and river ports, supporting carriers, rail transport); metallurgy (aluminum increased government procurement).

Summing up, we believe it is appropriate to formulate a number of basic theses:

1. Government programs and public policy in Germany and France have shown their effectiveness and allowed to neutralize the impact of the crisis on their economies relatively quickly. In the pre-crisis times, the financial sector of these countries developed more conservatively than in other countries. The banking system of France and Germany is stable, because there is a strict government regulation, a conservative policy of banks, which is not involved in speculative transactions and purchase of securities. The social orientation of Government is important. At the stable high income and social guarantees, the decline in consumer demand is impossible. Thus, the experience of France and Germany is a relevant and worthy of imitation by Ukraine [2].

2. The global financial crisis has proved the feasibility of re-orientation of state economic development policy with export model to a model focused on domestic demand. Analyzing the crisis management system in the PRC, it is possible to determine such features:

- Rapid response to changes in the economic situation in the world (the first package of measures was adopted in November 2008).
- Continuous monitoring of the situation in the economy and the willingness to change the emphasis in support of policy.
- Taking advantage of a stable financial sector (due to the predominance of state ownership in the banking system, the government was able to avoid the impact of turmoil in world finance and used to reform).
- Use of a significant amount of targeted funding programs in consumer demand. [8]

3. The effectiveness of the national economy's anti-crisis management depends on the following main components:

- Institutional conditions of development and implementation of anti-crisis strategies, programs and plans. Efficacy is determined by the ability of institutions to regulate political differences, ensuring political stability and predictability of the state policy, which together contribute to the stability and form the basis for dynamic development of the economic system. Risks of socio-political instability, a shift of emphasis in management decisions from system to situational approach, adopting legislative acts aimed at solving current economy problems pose a biggest threat for socio-economic development of Ukraine .

- The methodological and scientific basis for anti-crisis management of the national economy. The implementation of the scientific validity principle is an absolute must. There is a huge gap between the national science and economic policy of the state. The vast majority of concepts, strategies, programs developed by academic institutions and organizations is not reflected in management decisions or acquires a distorted application. Anti-crisis management of the economy is carried out ceaselessly in all phases of the economic cycle within the framework of economic strategy. Underestimating the role of anti-crisis management in the economic strategy of the state leads to unsystematic management decision making, their situational and weak impact on the economy.

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