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## ФАЗИ, СТАДІЇ КРИЗ ТА МЕТОДИ ЗНИЖЕННЯ ЇХ ДИСФУНКЦІОНАЛЬНИХ НАСЛІДКІВ НА ПІДПРИЄМСТВАХ

### PHASE, STAGE OF CRISIS METHODS OF REDUCING THEIR DYSFUNCTIONAL CONSEQUENCES FOR ENTERPRISES

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*Блинда Ю.О. Фази, стадії криз та методи зниження їх дисфункціональних наслідків на підприємствах. Науково-методична стаття.*

Наведено ґрунтовний огляд наукових підходів до структуризації елементів кризових явищ, причин, часових характеристик та періодизації розвитку кризи, виходячи з інформації, яка міститься в сучасних публікаціях як національних, так і зарубіжних (англійських, німецьких, американських) дослідників. Суттєву увагу приділено змістовним характеристикам антикризового менеджменту, зокрема, видам антикризових методів та заходів, необхідності регулярного моніторингу практичних результатів від реалізації спеціальних заходів, доцільності деталізації, імплементації, дотримання здобутого тощо. Запропоновано системний підхід до вибору та використання сучасних методів антикризового управління з врахуванням тактичних (поточних) і стратегічних (довготривалих) цілей боротьби з кризовими явищами, що є підґрунтям забезпечення більш ефективного виходу з кризи. Цей підхід, в свою чергу, знаходить свій розвиток у запропонованому переліку можливих методів впливу на кризову небезпеку, характерних для окремої стадії (фази) кризи з врахуванням зростання, падіння чи стабілізації фінансово-економічних показників підприємства.

*Ключові слова:* кризова небезпека, стадії, фази кризи, методи антикризового управління, фінансово-економічні показники, тактичні цілі, стратегічні цілі, інвестиційна стратегія

*Blynda Yu.O. Phase, stage of crisis methods of reducing their dysfunctional consequences for enterprises. Scientific and methodical article.*

An in-depth review of scientific approaches to structuring the elements of the crisis, causes, temporal characteristics and periodization of the crisis on the basis of information contained in current publications both domestic and foreign (English, German, American) researchers. Significant attention is given meaningful characteristics of crisis management, including methods and types of anti-crisis measures, the need for regular monitoring of the practical results of the implementation of special measures, the feasibility of detail, implementation, compliance and so acquired. A systematic approach to selection and use of modern methods of crisis management with regard to tactical (current) and strategic (long-term) goals of combating the crisis, which is the basis for more effective recovery. This approach, in turn, is developed in the proposed list of possible methods of influence on crisis danger specific to a particular stage (phase) crisis with regard to growth, falling or stabilizing the financial and economic impacts.

*Keywords:* crisis danger stage phase of the crisis, methods of crisis management, financial and economic indicators, tactical objectives, strategic goals, investment strategy

Modern economic relations, both in Ukraine and in the world, are characterized by the dynamism and, consequently, the instability of the functioning of elements of economic systems, which in turn negatively affects the process of forecasting the development of economic entities.

In their activities, the vast majority of business entities are faced with a crisis phenomenon or with its separate structural elements (stages, phases). However, the impact of such phenomena does not always negatively affect their activities. Therefore, enterprises that timely carry out measures aimed at overcoming the crisis risk can get a positive final result, with an important investment strategy among them, while ignoring such measures leads not only to the crisis but also to bankruptcy and liquidation of the enterprise.

#### Analysis of recent researches and publications

The experience of crisis management accumulated in western countries is important for solving the problems of domestic enterprises. However, one should not forget that this experience of solving problems is characteristic of fundamentally different conditions of management than domestic ones [1]. The attention of economists from the western countries is mainly focused on the development of practical recommendations on how to overcome specific crisis situations. Foreign researchers offer the following three options for managing an enterprise that is in a state of crisis [2]: active anti-crisis management (based on the analysis of the situation, selection and implementation of the most optimal countermeasures); reactive anti-crisis management (based on the implementation of radical operational anti-crisis measures); interactive anti-crisis management (involves the possibility of simultaneous application of crisis-based measures of operational and strategic nature).

The study of structural elements of crises and crisis phenomena was paid to many domestic and foreign economists, in particular, such as: Tyurina N.M. (Anti-crisis management), Ligonenko L.O. (Anti-crisis management of the enterprise), Shemetev A.A. (Anti-crisis management teacher for directors and owners of

firms), Pylypchuk V.V. (Anti-crisis management), Fink S. (Crisis management: Planning for the inevitable), Crandall W.R. (Crisis Management: Leading in the New Strategy Landscape), Riley J. (Crisis Management – Planning & Action), Enleger R. (Management and Beratung).

### Unsolved aspects of the problem

Despite the large number of scientific works in the field of crisis management, however, the concept of the phase of crisis phenomena, the crisis management phase and the possible methods of overcoming them with the attachment to these phases are not fully disclosed.

*The aim of the article is* explore and identify the stages (phases) of the crisis at the enterprise and reveal the likely methods (ways) to overcome the crisis.

### The main part

In the scientific literature there are various terminological characteristics of the components of the crisis process, depending on the time of occurrence and its duration - stages, elements, phases, etc. In this study, concepts such as stage and phase are used. In order to understand what particular mechanisms and tools of crisis management to apply, it is necessary to determine what degree of crisis situation is characterized by the subject of economic activity. Different scholars have differently defined this degree, and give some characteristics of them. So, Crandall W.R. [3] in the life cycle of the crisis considers the following stages:

1. (preconditions) – when minor events precede the beginning of the crisis;
2. (triggerevent) – the moment at which the crisis "explodes" and violates the normal state of equilibrium of the enterprise;
3. (crisis) – the escalation of the crisis, which leads to the greatest economic destruction on the enterprise;
4. (postcrisis) – a period that occurs after the end of the worst-case scenario and prompts enterprise management to reject negative events and use lessons after implementing the changes that must be made to warn the company of future negative events.

Similar in its content, the algorithm of crisis development is given in [4]:

1. pre-crisis period (pre-crisis) – the period preceding the beginning of the crisis; from the standpoint of the event, this stage looks like a suspicion of a crisis, and from the standpoint of crisis management is the readiness of the enterprise to the crisis;
2. (warning) – the appearance of signs or signals as to whether an enterprise becomes prone to events that would hypothetically lead to a violation of its functioning;
3. (crisispoint) – crisis phenomena cause irreparable harm to the enterprise;
4. (recovery) – the recession of the crisis and the company's ability to focus on the usual pre-crisis activity;
5. (postcrisis) – the evaluation of impact of the crisis and the attempt to restore the status quo.

Conceptual agreement with the foregoing is also demonstrated in [5], which notice that the prerequisite for the onset of a crisis situation is the early signs of a crisis that develop into crisis phenomena, which, in turn, are characterized by a permanent deterioration of a separate quantitative or qualitative indicator of the operation of the enterprise. The crisis phenomenon has a local and insignificant negative impact on the life processes of the company. They are replaced by local crises, which are a set of crisis phenomena that have an autonomous sphere of manifestation, arose in a separate subsystem of the enterprise (within individual elements, functions, processes), negatively affecting, but not violating the vital functions of the enterprise as a whole. The principal difference of this approach to the definition of crisis stages is the last stage, characterized by the appearance (or rebirth) of a systemic crisis (or crisis state).

In order to apply the correct anti-crisis measures at the enterprise, in [6] emphasizes the importance of identifying the depth of the financial crisis, which, in turn, reveals itself in the following phases of the crisis:

1. a phase of a crisis that does not directly threaten the functioning of the enterprise (under conditions of using crisis management);
2. a crisis that threatens the future functioning of the company and requires immediate financial reorganization;
3. a crisis situation that is incompatible with the subsequent existence of the enterprise and leads to its elimination.

A little bit similar to the previous typing of the stages of crises is the opinion of S. Fink, where in [7] they are considered the following stages:

1. (prodromalcrisis) – is considered by the author as a warning period and consists of elements of a signal and a crisis and the preceding acute, however, may be absent;
2. (acutecrisis) – This is a short but significant period of real damage to a company that, according to S. Finkom, is described as a "non-return point";
3. (chroniccrisis) – the phase in which the organization controls the effects of the crisis and engages in self-analysis, explores, explains the actions that have taken place;
4. (crisisresolution) – the phase of the end of the crisis, in which the company returns to normal (or new) and complete operating conditions.

Another aspect of crisis typing, which is considered in the context of determining the stages of crisis phenomena, is given in [8]:

1. (a creepingcrisis). Such a crisis is alerted by signals of its onset, but the management of the enterprise ignores them or does not consider it fundamental to take necessary and immediate decisions to eliminate the danger;

2. (a slow-burncrisis). In the presence of such a crisis, the enterprise is characterized by a micro and macro prospect, but the company has not yet experienced specific deleterious effects;
3. (a suddencrisis), which is least related to the economic aspect of the company's activity, since it overlooks most of the crisis stages, which are noticeable in the case of negative economic manifestations of the enterprise's activity.

In the book of the German scientist W. Christeck [9], the stages of the crisis process are characterized in terms of the potential for overcoming the crisis and early warning of it:

1. Potential crisis.
2. Latent / latent crisis.
3. An overwhelming crisis.
4. A severe insurmountable crisis.

In the source [10], given the identified stages of the crisis, the scheme of the anti-crisis management process (Ablaufschema des Turnaround managements) is considered:

1. recognition of the crisis at the enterprise (Erkennung der Unternehmenskrise);
2. identification of the representatives or organizers of the enterprise (Initiierung und Bestimmung der Träger und Organisation);
3. preliminary analysis (Durchführung der Grobanalyse);
4. taking urgent measures (Durchführung von Sofortmaßnahmen);
5. a thorough analysis (Durchführung der Detailanalyse);
6. the formation of an effective concept of crisis management (Erstellung des Turnaround-konzepts);
7. management of measures: detailing, implementation, observance of the acquired (Maßnahmenmanagement: Detaillierung, Implementierung, Nachhaltung).

There are certain points of view that are described in the literature, according to which the crisis goes from one phase to another only with certain financial or economic features of the company's work, and appears depending on the stage at which its development is the enterprise itself or which innovation strategy it chooses for its further functioning.

Famous model L.E. Greiner [11] distinguishes five consecutive stages of the organization's evolution (phases of growth), the end of which is accompanied by a crisis of this stage, which is the reason for the next stage. Thus, in his model distinguish:

1. growth through creativity, which is accompanied by a crisis of leadership;
2. growth through legislative direction, which is accompanied by a crisis of autonomy;
3. growth through delegation, which is accompanied by a control crisis;
4. growth through coordination, which is accompanied by a crisis of "prohibition" (red tape);
5. growth through cooperation, which is accompanied by a crisis of a new stage. In this phase, management tries to overcome the crisis of the previous phase, which uses a powerful interpersonal relationship, management practices are characterized by greater spontaneity in accordance with the situation, unlike those used in the fourth phase, self-discipline and social control replace formal control. In the process of identifying the need for crisis management, the main objective of the crisis measures is defined – the state of the future, which can be changed relative to the present and is worth, desirable or necessary to achieve.

Given the diversity of crisis phenomena and the multivariance of their manifestation, various methods of crisis management can be used, both in relation to individual parameters of the crisis phenomenon, and before the crisis situation as a whole. This causes the need for their systematization, the proposed version of such a systematization is given in tab. 1.

Table 1. Systematization of methods of crisis management

Name of method	Essence (by time characteristic)	Goal
1	2	3
Tactical		
Downsizing	the company's ability to adapt to the conditions of the internal and external environment by reducing the production capacities and the number of personnel of the company in accordance with real demand and market opportunities.	a significant reduction of constant costs, a reduction in the cost of production
Sanitation	a set of measures of financial-economic, industrial-technical, organizational and social character, aimed at rapid improvement of financial performance of the enterprise due to changes in the structure of assets and liabilities of the enterprise	restoration of liquidity and solvency, as well as profitability and competitiveness
Monitoring	research, assessment and forecast of the environment in connection with the economic activity of the enterprise	early detection of the impending crisis and its "weak signals"
Controlling	a function in the enterprise management system that analyzes and coordinates the system of implementation of business activities and development of the enterprise in comparison with the planned indicators	accelerating the detection of crisis phenomena

Continuation of the table 1

1	2	3
<b>Strategical</b>		
Diversification	extension of the scope of the business entity in any direction, so as not to be dependent on one market, applied at the beginning of the establishment of the enterprise, with the first signs of the crisis	association within one organization of different stages of production and distribution, different activities for significant cost savings.
Regularization	formation of the system of strategic planning and management accounting; creation of an integrated system of financial control and planning; creation of an automated accounting system; implementation of full-fledged marketing services, etc.	the formation of management systems capable of solving a large amount of complex tasks related to work in market conditions, access to international markets
Reengineering	redesigning the business processes of the enterprise by reducing redundant links and operations in business processes, extra time and other resources	a sharp increase in performance indicators such as productivity, time of service or production, cost, etc.
Restructuring	the implementation of organizational and economic, legal, production and technical measures aimed at changing the structure of the enterprise, its management, forms of management, which can provide the company with financial rehabilitation, increase the volume of production of competitive products, increase the efficiency of production	overcoming the causes of the strategic crisis and profit crisis
Merger	the merger of enterprises (by creating a new legal entity or joining enterprises to the main enterprise), as a result of which the owners (shareholders) of the merged companies will control all net assets of the joint ventures	to achieve further joint distribution of risks and benefits from the association
Liquidation	termination of the company's activity, exclusion from the registry, registration in the State Fiscal Service and social insurance funds	satisfaction of creditor claims

Source: own elaboration

In literary source [11] and in [6] describes the phases of the crisis, which are characterized by the following financial and economic reasons in the enterprise:

1. the first phase – reduction of production and profit, deterioration of the financial condition of the enterprise;
2. the second phase – the loss-making production, the growth of payables and receivables, a significant deterioration in the financial state;
3. the third phase – insolvency, that is, the lack of funds in the enterprise to fulfill obligations to creditors, the financing of radical measures to change the situation, the existence of a real threat of bankruptcy.

Tab. 2 presents the stages of the crisis and their characteristics, the phases of the crisis and possible ways out of the situation.

Table 2. Frequency of crisis development and crisis management

The phases of crisis development and their characteristics	Phases of crisis management	Possible methods to overcome the crisis situation
First phase (accumulation of imbalances, decline of competitiveness)	Initial phase	monitoring, reducing costs by reducing fixed costs (downsizing)
Second phase (increase in payables, deterioration of financial and economic indicators)	Active phase	Reengineering, restructuring, regularization, merger
Third phase (loss of trust from potential lenders and counterparties)		
Fourth phase (stabilization of financial and economic indicators at the lowest level)	The final phase	Diversification, benchmarking, crowd funding, sanation
Fifth phase (adaptation of the enterprise to the realities of the crisis)		
Sixth phase (out of recession and gradual growth of enterprise performance)		

Source: own elaboration

On the basis of analysis of literary sources the crisis phases (and their characteristics) were grouped according to the phases of crisis management were grouped and possible ways out of a crisis situation were presented.

## Conclusions

Summing up, it can be said that the adoption of effective management decisions on crisis management of the enterprise requires an effective manager of detailed development of issues related to investment policy, which for each phase of the crisis will have its own specificity and should contain:

- forming a mechanism for attracting or releasing investment funds that the enterprise can use;
- creation of a system of continuous monitoring of the financial and economic condition of the enterprise in order to identify the risks that need to be addressed first and foremost;
- construction of a permanent system of responding to crisis phenomena with the help of investment levers, taking into account modern methods (see tab. 2);

— organization of training and / or professional development of personnel in order to create an appropriate managerial "headquarters" capable of solving the problems.

### Abstract

Modern economic relations in Ukraine, as well as in the world economy, are characterized by dynamism, and, consequently, the instability of the functioning of elements of economic systems, which adversely affects the possibility of effective management of development and of individual economic entities, and of the economy as a whole. The influence of modern dynamic state economy on the probability of crises in business, hence the urgent need for qualitative prediction of the risk of crisis and formation of appropriate measures to prevent or reduce the phenomenon of negative consequences. We study the types and content of the structural components of the crisis on the enterprise (stage phase) and elements of crisis management (objectives, methods, events, effects) according to the characteristics of each stage (phase). An in-depth review of scientific approaches to structuring the elements of the crisis, causes, temporal characteristics and periodization of the crisis on the basis of information contained in current publications both domestic and foreign (English, German, American) researchers. Significant attention is given meaningful characteristics of crisis management, including methods and types of anti-crisis measures, the need for regular monitoring of the practical results of the implementation of special measures, the feasibility of detail, implementation, compliance and so acquired.

A systematic approach to selection and use of modern methods of crisis management with regard to tactical (current) and strategic (long-term) goals of combating the crisis, which is the basis for more effective recovery. This approach, in turn, is developed in the proposed list of possible methods of influence on crisis danger specific to a particular stage (phase) crisis with regard to growth, falling or stabilizing the financial and economic impacts. Enterprises that timely implement anti-crisis management, take measures aimed at overcoming dangerous situations, achieve positive results, while ignoring such measures can lead not only to the crisis but also to bankruptcy and liquidation.

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