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PECULIARITIES OF STRATEGIC BEHAVIOUR OF ENTERPRISES IN THE ECONOMIC CRISIS

ОСОБЛИВОСТІ СТРАТЕГІЧНОЇ ПОВЕДІНКИ ПІДПРИЄМСТВ В УМОВАХ ЕКОНОМІЧНОЇ КРИЗИ

Taking into account the relevance of the increasing level of uncertainty in the external environment, one of the possible ways to overcome the limitations of the traditional rational model of managerial decision-making may be the use of the decision-making approach applied by experienced entrepreneurs in the process of creating a business under conditions of high uncertainty. Adaptability to unexpected changes in the environment and flexibility in decision making, as key characteristics of this approach, will help to improve the decision making process in the organisation. Furthermore, the application of its principles can enable organisations not only to make effective decisions in today's unpredictable environment, but also to improve business performance. The traditional view of managerial decision-making assumes that a manager performs a certain sequence of actions. These actions are combined into a logical scheme, which is based on analysing alternative options and selecting the most effective one from among them, in terms of a predetermined goal. This method of decision-making includes marketing or competitive analysis, writing business plans with a clearly defined scheme of costs and revenues, and strategic planning. Currently, the concept of effectuation is rapidly evolving and is increasingly recognised by scholars and practitioners in both entrepreneurship and management. In particular, some researchers argue that the emergence of the concept of effectuation leads not only to significant changes in the understanding of decision-making processes in the start-up phase of new projects under uncertainty, but also to an extension of the applicability of effectuation to the level of strategic orientation of the firm. The availability of a variety of strategies that combine control and prediction to varying degrees opens up new perspectives for the development of strategic management theory and practice. In the decision-making process, organisations should proceed from the level of uncertainty in the external environment when choosing one or another approach to strategy formulation. Creativity and entrepreneurial approach within the concept of effectuation become important elements of strategy building and management decision-making, helping to reduce the costs of predicting the future and creating a controllable reality under conditions of high uncertainty.

Key words: economic crisis, sustainability, decision, enterprise, uncertainty, effectuation.

Беручи до уваги актуальність зростаючого рівня невизначеності в зовнішньому середовищі, одним із можливих способів подолання обмежень традиційної раціональної моделі ухвалення управлінських рішень може стати використання підходу до ухвалення рішень, застосовуваного досвідченими підприємцями в процесі створення бізнесу в умовах високої невизначеності. Адаптивність до несподіваних змін у навколишньому середовищі та гнучкість у прийнятті рішень, як ключові характеристики цього підходу, сприятимуть удосконаленню процесу прийняття рішень на підприємстві. Понад те, застосування його принципів може дати змогу підприємствам не тільки ухвалювати ефективні рішення в сучасних непередбачуваних умовах зовнішнього середовища, а й поліпшити результати діяльності бізнесу. Традиційний погляд на прийняття управлінських рішень передбачає виконання менеджером певної послідовності дій. Ці дії об'єднуються в логічну схему, що ґрунтується на аналізі альтернативних варіантів і виборі з них найефективнішого, з погляду встановленої мети. До такого методу ухвалення рішень належать маркетинговий або конкурентний аналіз, написання бізнес-планів із чітко визначеною схемою побудови витрат і доходів, стратегічне планування. Нині концепція ефектуації швидко розвивається й отримує дедалі більше визнання з боку вчених і практиків як у галузі підприємництва, так і в менеджменті. Зокрема, деякі дослідники стверджують, що поява концепції

ефектуації веде не тільки до значних змін розуміння процесів ухвалення рішень на стадії запуску нових проєктів в умовах невизначеності, а й до розширення застосовності ефектуації на рівень стратегічної орієнтації підприємства. Доступність розмаїття стратегій, що різною мірою поєднують контроль і передбачення, відкриває нові перспективи розвитку теорії та практики стратегічного менеджменту. У процесі ухвалення рішень підприємства повинні виходити з рівня невизначеності в зовнішньому середовищі при виборі того чи іншого підходу до вироблення стратегії. Креативність і підприємницький підхід у рамках концепції ефектуації стають важливими елементами побудови стратегії та ухвалення управлінських рішень, сприяючи зниженню витрат на передбачення майбутнього і створюючи реальність, що піддається контролю, в умовах високої невизначеності.

Ключові слова: економічна криза, стійкість, рішення, підприємство, невизначеність, ефектуація.

Formulation of the problem. One of the fundamental research questions in strategic management is the determinants of firm success/failure. In order to better understand these determinants, researchers have begun to move away from universality and develop more individualised approaches to the study of managerial processes in firms. This trend has fostered the development of the study of behavioural aspects of firm performance, with intra-firm processes at the of which intrafirm decision-making processes are at the centre. In essence, the concept of effectuation complements and develops the argumentation of the behavioural model of the firm, combining the entrepreneurial approach to decision-making under uncertainty with the subjectivity of actions. Under uncertainty with the subjectivity of the actions and behaviour of of managers to explain differences in firm success.

Analysis of recent achievements and publications. The works in this direction are based on borrowing the provisions of the concept of effectuation to build arguments in studies from related fields of knowledge [1; 4; 6]. Through the prism of the concept of effectuation, an attempt is made to explain certain phenomena, whether it is the entry of a new firm into the international market, the development of marketing strategy, the creation of new opportunities under uncertainty or entrepreneurial intentions [2; 4; 5]. Therefore, most of the works in this area of research are carried out with the use of qualitative analysis methods, which allows us to penetrate into the essence of phenomena and deeper understand the processes taking place [6; 7; 8].

Therefore, the **purpose** of the article is to identify the peculiarities of strategic behaviour of enterprises in the conditions of economic crisis. This aspect is insufficiently studied in the above-mentioned works, so we consider it expedient to consider such features, identify certain regularities in the strategic behaviour of enterprises, and study them.

Presentation of the main material. The phenomenon of crisis in the economy is explained by the theory of the economic cycle, according to which in a capitalist economy the process of reproduction of the national product has a cyclical character [7]. The economic dictionary gives the following definition of the economic cycle: «The economic cycle is a constantly periodically recurring over a number of years

of ups and downs in the economy» [6]. The economic cycle includes four phases that successively replace each other and differ in the degree of violation of economic equilibrium – crisis, depression, revival and recovery. Crisis (from Greek krisis – turning point, outcome) is the initial phase of the economic cycle, in which the normal course of the reproduction process is interrupted due to a sharp break and a difficult transitional state in the economy [5]. Crisis is a period of unfavourable and unpredictable changes in the external macroeconomic environment, which create serious problems and new threats to firms [4].

At the same time, crises are characterised by the threat of possible losses, urgency and uncertainty. At the moment of crisis there is a sharp decline in economic growth rates, scale of production, mass bankruptcies of enterprises, decrease in the purchasing power of the population and investments. In times of crisis, the established «rules of the game» are constantly changing, significantly increasing the level of uncertainty for business. The crisis has an even more significant impact on SMEs than on large companies, as they have limited access to resources, technological and managerial competences, are highly dependent on customers and suppliers, and do not have developed security mechanisms [4]. In addition, even established SMEs suffer from the so-called «vulnerability of smallness» (liability of smallness), which translates into an inability to scale and weak bargaining power with stakeholders [5]. A particularly significant disadvantage in times of crisis for small companies is the difficulty of obtaining financing. Compared to large businesses, SME firms have limited access to external, especially bank, financing, and less favourable conditions for obtaining loans (e.g. higher interest rates and interference in business management) [7].

On the other hand, small firms are much more flexible in making strategic decisions, which allows them to avoid the organisational inertia that large companies often suffer from and to react faster to any changes in dynamic environments [5]. A number of studies confirm that during periods of economic instability, new opportunities open up for entrepreneurial firms that they are able to realise precisely because of their greater flexibility and resilience [2]. Thus, despite a number of disadvantages and vulnerability of small and

medium-sized firms compared to larger players in the market, the advantage of flexibility in strategic decision making contributes to the resilience and rapid recovery of small firms' growth rates during downturns in the economy [4].

Periods of economic instability affect the viability of firms through loss of resources and reduced profitability. In such conditions, top management follows a specific turnaround strategy to ensure the survival and development of the company. Studies have shown that turnaround strategy is a multiphase process that requires appropriate strategic actions at each stage to prevent a performance crisis [6]. In the literature, as a rule, distinguish three phases of the crisis recovery process:

1. Crisis situation (turnaround situation) in the external environment, within the firm, or as a combination of external and internal factors. The degree of decline in the firm's performance here depends on factors such as: dynamism in the external environment, inconsistency of the company's strategy to the changes taking place and lack of resources [3].

2. Strategic crisis response (turnaround response), which is an attempt to formulate and implement a crisis strategy to prevent an operational crisis (operational disaster).

3. The turnaround outcome can be expressed in terms of improved firm performance, reduced performance, industry change or business closure [8].

To successfully exit the crisis, the top management team must stop the decline of the firm's key performance indicators and choose a suitable exit strategy, which will depend on the extent of the firm's decline [3]. Top management can contribute to the recovery from the crisis either by increasing the firm's long-term performance – the «operating» turnaround strategy – or by changing its strategic position in the market – the «strategic» turnaround strategy [4]. In addition to intra-company factors, top managers' choice of the optimal strategy to overcome the crisis is influenced by their individual characteristics. Thus, the behaviour and cognitive characteristics of the top management team have a direct impact on their perception of the crisis situation, their interpretation of the ongoing changes and the firm's strategic actions [6]. Companies can respond to the crisis through strategic actions within the organisation (internally directed actions) aimed at adapting to the changed environment or through external actions aimed at shaping the environment and/or market within which the firm operates (externally directed actions).

Both approaches are perceived by top managers as effective tools to increase control and avoid risk in situations of external threats (e.g., economic crisis), but their application depends on the level of uncertainty in the external environment [7].

Under conditions of uncertainty, a company can follow one of two strategic positions: adaptive

or formative, including their special forms. Under conditions of predictability and stability, i.e. under low levels of uncertainty, most firms apply an adaptive strategy, which involves making forecasts and analysing the future state of the environment. This approach is more in line with the causal logic of decision-making, where a well-designed plan contributes to strengthening the firm's position in a predictable business environment by improving products/services or internal business processes. On the other hand, in situations with a maximum degree of uncertainty, such as economic and financial crises, a formative strategy will have a greater effect in the long term, since it is not known what the optimal strategy should be. When following such a strategic position, the task of top management becomes the creation of a general idea of the future, reorganisation of the industry structure and discovery of promising development directions [7].

This approach is fully consistent with effectuation as a transformational approach to decision-making, where firms can create new markets based on opportunities in situations of complete uncertainty or crisis.

It is assumed that in times of crisis, firms that are willing to take advantage of any opportunities arising from unexpected changes become efficient, which will allow them not only to survive the crisis period but also to strengthen their position in the market. In contrast to firms that perceive turbulence and crisis as a threat to the existing reality, companies that see crisis as a source of new opportunities maintain the existing competitive advantage or acquire a new one [5]. Such a strategy reflects the essence of the effectuation approach to management decision-making, the main characteristic of which is the principle of using contingencies, when any uncertainty and randomness are perceived as resources to achieve the goal.

Conclusions. Thus, the crisis management strategies of small firms are shaped by the behavioural and cognitive characteristics of the top management team together with the resources available to the firm. Top management's perception of the level of uncertainty in the external environment directly affects the strategic behaviour of the firm, while the flexibility inherent in small and medium-sized firms becomes a source of new opportunities for them in times of crisis. Since in periods of crisis and instability the analytical approach to planning becomes an unsuitable tool for decision-making [4], the need for the application of alternative decision-making models increases. alternative models of decision-making, one of which is the effectuation. At the same time, small and medium-sized firms are able to gain more benefits from the use of effectuation due to their flexibility in decision making and ability to recover quickly. decision-making and ability to recover quickly.

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