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Assessment of potential opportunities for implementing innovative business management methods as an anti-crisis management tool

Abstract. This study examines the critical issue of ensuring the resilience and competitiveness of Ukrainian enterprises under crisis conditions. The pervasive impact of crises across various sectors of Ukraine's economy, particularly in industry and agriculture, is evidenced by negative trends in macroeconomic indicators and market performance. The research underscores the urgent need to identify strategies for mitigating and overcoming economic crises, exacerbated by outdated technologies, limited innovation adoption, and partial product portfolio updates, all of which undermine the competitiveness of Ukrainian enterprises. The study emphasizes the necessity of integrating innovative management approaches to navigate economic and political instability, industrial crises, and the consequences of ongoing conflict. A classification of factors contributing to crisis phenomena in enterprises is proposed, based on criteria such as origin, predictability, and impact.

Keywords: crisis, innovation, innovative methods, development, crisis management, enterprises

Introduction

The Ukrainian economy is currently grappling with pervasive crisis phenomena affecting nearly all sectors, with industry and agriculture being particularly hard-hit. This is reflected in adverse trends in key macroeconomic indicators and the operational challenges faced by various markets. Factors such as reliance on outdated technologies, low levels of innovation adoption, and limited product diversification significantly impair the competitiveness of Ukrainian enterprises.

In this context, innovative management methods are essential for enabling enterprises to navigate crises and achieve sustainable development. The rapid adaptation to shifting market conditions is critical for survival and long-term growth. This study aims to identify the most effective innovative management methods for overcoming crises

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in Ukrainian enterprises, offering a classification of these methods and substantiating their necessity for enhancing management efficiency during turbulent times.

The research methodology employs a comprehensive approach, integrating theoretical analysis, classification of crisis phenomena, and empirical validation of the effectiveness of proposed innovative methods in addressing enterprise crises.

The primary objective of this study is to classify innovative management methods and justify their implementation during crises to enhance enterprise management efficiency. The research problem lies in identifying which innovative methods are most effective for enabling Ukrainian enterprises to overcome crises, particularly in the context of economic, political, and conflict-related challenges.

Literature review

The application of innovative management methods during crises has been extensively explored by Ukrainian scholars. Arefieva, Piletska and Listrova (2022) investigated strategic management in enterprises under economic instability, emphasizing competitive strategy formulation. Vasylenko (2003) analyzed the causes of crisis situations and developed methods for their diagnosis, prevention, and resolution. Makarenko (2020) focused on strategic planning within the industrial sector, while Beltyukova and Tkachuk (2020) examined approaches to developing innovation-driven strategies for industrial enterprises. Dykha and Dykha (2023) assessed Ukraine's innovation development within global economic and technological trends, and Liudvik (2023) explored the role of innovation in fostering Ukraine's economic growth amidst globalization. Moskalenko and Khryniuk (2011) investigated methods for overcoming enterprise crises.

The significant scholarly interest in this topic underscores its relevance. However, given the ongoing instability in Ukraine, there is a pressing need for in-depth studies on innovative management methods tailored to crisis conditions and their practical implementation to ensure enterprise recovery and resilience.

Results and discussion

Global experience demonstrates that successful economic development hinges on state support for innovation-driven strategies that enhance enterprise performance and competitiveness. However, Ukrainian enterprises have faced severe challenges since the full-scale Russian invasion in February 2022. The loss of territories, population displacement, destruction of enterprises, disrupted economic ties, and trade blockades by Russia and Belarus led to a 29% decline in Ukraine's GDP in the first year of the conflict. Approximately 31.7% of enterprises ceased operations entirely or nearly completely, while those that continued experienced a 31.2% revenue drop compared to 2021 (Liudvik, 2023).

Recent data from Advanter Group indicate a recovery trend, with 91% of enterprises resuming operations by October 2023. The share of companies that remained suspended or near closure dropped to 9.6%, compared to 33.8% in September 2022 and 46.8% in June 2022. This recovery, coupled with GDP growth in the second and third quarters of 2023, signals Ukraine's gradual return to economic stabilization.

Based on an analysis of enterprise operations, several groups of factors contributing to crises were identified, as summarized in Table 1.

Table 1. Classification of factors contributing to crisis phenomena in enterprises

Classification criterion	Types of factors	Description
Source of origin	internal	Arise within the enterprise and depend on its activities.
	external	Originate outside the enterprise, beyond its direct control.
Consequences	general	Affect the prospects of enterprises in specific industries.
	specific	Affect the prospects of enterprises in specific industries.
	individual	Directly lead to bankruptcy situations for specific enterprises.
Nature of impact	direct	Directly affect enterprise operations.
	indirect	Indirectly influence enterprises by altering operational conditions.
Predictability	predictable	Can be anticipated and mitigated through planning.
	unpredictable	Sudden factors that cannot be foreseen.
Duration	short-term	Last for a short period, typically up to one year.
	long-term	Have a prolonged impact, leading to persistent crises.
Approach to identification	potential	Based on phenomena and processes indicating potential crises or insolvency.
	actual	Identified through specific studies of a crisis's development in an enterprise.

Source: compiled by the authors based on Vasylenko (2003).

To assess Ukraine's readiness for innovative transformations, global and European indices, such as the Global Innovation Index (GII), are employed. These indices evaluate a country's innovation potential, encompassing new ideas, technologies, and approaches that strengthen market competitiveness. Table 2 presents Ukraine's GII performance from 2021 to 2023.

Table 2. Ukraine's performance in the Global Innovation Index (2021–2023)

Year	Overall ranking	Innovation efficiency	Infrastructure	Market development	Business development	Knowledge & technology	Creativity
2021	49	high	medium	medium	above average	high	medium
2022	57	medium	above average	medium	medium	high	above average
2023	56	above average	above average	medium	medium	above average	high

Source: compiled by the authors based on Global Innovation Index (2023).

Analysis of Ukraine's GII performance reveals a decline from 49th place in 2021 to 57th in 2022, likely due to internal economic challenges, the global pandemic, and the onset of the Russia–Ukraine war. A slight improvement to 56th place in 2023 suggests stabilization and adaptation to new conditions.

Innovative management methods are critical for effective crisis management. However, their implementation requires additional financial, technological, informational, and human resources, which are often limited during crises. Careful justification and forecasting of outcomes are essential to avoid exacerbating existing crises or triggering new ones. Table 3 classifies innovative crisis management methods.

Table 3. Classification of innovative crisis management methods

Innovative Method	Description
Digital transformation	Integrates modern digital technologies (e.g., cloud services, AI) to optimize processes and reduce costs.
Agile management	Employs flexible methodologies (e.g., Agile, Scrum) to enhance adaptability and responsiveness to external changes.
Crisis risk management	Identifies and analyzes potential risks associated with crises.
Crisis marketing	Implements adaptive marketing strategies (e.g., targeted advertising, consumer behavior analytics) to maintain market positions and retain customers.
Operational flexibility	Optimizes operational processes to reduce costs and respond swiftly to changes in demand and supply.
Process automation	Utilizes automated systems to minimize human error, enhance efficiency, and expedite routine tasks.
Financial reengineering	Reorganizes financial processes to improve liquidity, manage cash flows, and optimize costs for financial stability.
Innovative supply chain approach	Seeks flexible and alternative suppliers and technologies to monitor and forecast supply chain changes.

Source: developed by the authors based on Moskalenko and Khryniuk (2011).

While these methods are adaptable to various industries and enterprise specifics, their applicability under martial law is limited. The ongoing conflict has disrupted operations due to territorial losses, infrastructure damage, workforce shortages, declining consumer purchasing power, and logistical challenges. Methods such as agile management, crisis risk management, crisis marketing, operational flexibility, process automation, and financial reengineering face significant constraints in wartime conditions. For instance, agile management requires a stable environment, which is unattainable amidst ongoing instability. Crisis risk management struggles to predict all risks, while crisis marketing is less effective due to reduced consumer demand for non-essential goods. Operational flexibility and process automation are hindered by infrastructure damage and resource shortages, and financial reengineering may introduce additional risks.

In contrast, digital transformation and innovative supply chain management are identified as the most effective methods for stabilizing and developing enterprises in crisis conditions caused by the war (Beltyukov and Tkachuk, 2020).

Digital Transformation. Digital transformation enables rapid responses to changing conditions, a critical factor in unstable environments. Its key advantages include:

- Automated Data Processing: Reduces staff workload and ensures operational continuity.

- Cloud-Based Data Storage: Allows access from any location, ensuring business continuity.
- Online Sales and Services: Expands customer reach, even in remote areas, securing revenue streams.
- Remote Work Capabilities: Enables employees to work from safe locations.

However, challenges include high financial costs, dependence on internet access, cybersecurity risks, the need for staff training, and potential technical support issues. Despite these limitations, digital transformation remains a robust tool for crisis management, as proactive risk mitigation prepares enterprises for unforeseen challenges.

Innovative Supply Chain Management. The war has disrupted logistical networks, damaging roads, bridges, and rail connections, leading to increased transportation costs, fuel expenses, and the need for secure routes. An innovative supply chain approach is critical for ensuring operational continuity. Key strategies include:

- Shortening supply chain distances.
- Collaborating with multiple suppliers.
- Leveraging digital tools for logistics management.
- Adapting routes to avoid conflict zones.
- Partnering with other enterprises to share logistical costs.
- Continuous monitoring and forecasting to minimize risks.

The integration of digital transformation and innovative supply chain management creates a resilient, flexible, and adaptive management system. This combination reduces dependence on physical resources, enhances operational efficiency, and ensures rapid responses to unpredictable circumstances, thereby maintaining competitiveness and stability in crisis conditions.

Conclusions

The adoption of innovative management methods is not merely advantageous but essential for the survival and development of enterprises during crises. Methods such as digital transformation and innovative supply chain management enable enterprises to adapt to volatile environments, enhance flexibility, and mitigate risks. Their integration fosters efficient resource management and rapid decision-making, ensuring stability in turbulent conditions. These methods not only support enterprises during crises but also lay the foundation for long-term strategic development, enhancing competitiveness and resilience in the face of ongoing challenges.

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