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[oner.78@mail.ru](mailto:oner.78@mail.ru); [k\\_gulnar\\_d@mail.ru](mailto:k_gulnar_d@mail.ru)**ANTI-CRISIS MANAGEMENT: ESSENCE, DIAGNOSTICS,  
AND METHODS**

**Abstract.** The methods of diagnostics of crisis in organizations plug: monitoring of environment and analysis of the systems of signals about the possible changes of the state and competition status of firm, audit of the financial state, analysis of credit politics and debt of company, determination of risks, estimation of current status of organization and prognostication of her possible states in the future.

**Key words:** crisis, anti-crisis, management, essence of the management, diagnostics of the management, methods of management.

Anti-crisis management is a system of management measures to diagnose, prevent, neutralize and overcome crisis events in an enterprise or company. In most cases, crisis can have two scenarios of development: company manages to overcome it or undergoes the procedure of liquidation. After complex evaluation of condition of the company and perspectives of overcoming the crisis, the programme of recovery or liquidation of business is developed. Basic goal for anticrisis management is the bad results of enterprise function except. Anticrisis management strategy is quick reaction based on innovations for all product elements of enterprise. Very important part of strategy management is permanent monitoring and analyze outside condition for crisis reasons discover for strategy and tactical internal changes enterprise management.

Anti crisis economic policies structure the mechanisms and instruments that state authorities use in order to diminish the shocks generated by the economic decrease.

- Stabilization conjunctural policies
- Austerity policies
- Mixed policies
- Structural adjustment policies.

Stabilization conjunctures policies are based on the Keynes doctrine, target mainly stopping the inflation and recession and are characterized by state intervention on the three global aggregates: demand, production and employment. State intervention on global demand is made especially through direct expenses, targeting the stimulation of investments. The intervention on consumption is made by creating jobs in the public sectors or by reducing taxes. There is also the option of direct intervention on consumption, which is done by redistribution policies.

Austerity policies target reducing inflation and support competitively by reducing the wage, the latter being the social price paid for poor international specialization.

Mixed policies (neo-Keynesian) are based on combining several economic policies that have as common features de-inflation and controlled wage increasing that would prevent inflationist shocks. This type of hybrid policy follows the three aspects: rent ability, investments and employment. The mixed policies approach was based on the economic situation in the USA between 1979 and 1982, when the economy reached a record inflation (15%) which led to the implementation of a Friedman inspired monetary policy, raising the interest rate (three years in a row); at the same time, it had a certain global impact, by amplifying the foreign debt crisis. As a consequence, in 1983, following the severe impact on

unemployment, a package of intervention measures was developed, measures combining the increase of the monetary supply with high budget deficit.

Structural adjustment policies were also initiated in USA, being forced by the structural changes existing at the time, and which required governmental support. The demand-oriented policy used until then no longer addressed the economic needs, and therefore the target became the supply, by “supply-side” policy, which was developed, at theoretical level, by specialists such as Laffer and Craig Roberts. The main objective of this policy is stimulating the investments in order to obtain economic growth, and the main tool is income and wealth tax reduction. Theory specialists suggest that tax reduction should be done after reducing budgetary expenses and monetary supply, which could lead to the liberalization of the supply, to destabilization of private investments, which would further lead to economic growth. But, in practice, reducing the budgetary expenses proved to be very hard to accomplish, and if this isn't achieved before tax reduction, the positive expected effects will be cancelled, and in the end it will lead to the increase of the budgetary deficit and interests, and to the decrease of the private investment efficiency.

From the time of its creation, any entity faces a number of problems, which can entail an acute crisis accompanied with an abrupt deterioration of the performance indicators: liquidity, solvency, profitability, working capital turnover, and financial stability.

When there is stiff competition, the market business patterns result in bankruptcy of some economic entities or their temporary insolvency. Crises can occur at any of phases of the entity's life cycle. The birth of the idea, designing, planning, construction, development of manufacturing facilities, operation, development, stagnation, winding up or reorganization is the list of the phases of the entity's life cycle. It can go through all of them, but can also stop developing without achieving any tangible outcome, and can cease to exist.

When the entity starts its operations, as a rule, a significant number of competing firms operate in the market. It is difficult to occupy a certain market niche and to represent its trademark. Many entities go bankrupt, as they cannot withstand the competition. Therefore, many countries with developed economies have worked out a system of measures to back up small business through the issue of preferential loans, temporary exemption from taxes, issue of patents and know-how on privileged terms. With such a support, it is easier for the entities to pass the phase of their quantitative and qualitative growth and to achieve stability of the positive development dynamics. Crises often occur in mature entities too, which have lost their positive dynamics and ability to gain adequate income.

Crises can become apparent in an entity as worsening conflicts, which can even cause the company's collapse. The functional depreciation of technologies being used and the loss of competitive advantages, as well as a considerable outflow of resources when the number of bankruptcies grows are also the signs of an increasing crisis situation. Any acute conflicts within an entity are associated with its financial and economic activities. Therefore, anti-crisis management is primarily aimed to eliminate and prevent any gaps within the resource distribution system and to optimize the economic activities.

A crisis financial position of a company requires from managers to take a number of unconventional measures, to apply to administering methods and approaches, which differ much from management in ordinary stable conditions. In Greek, crisis means “solution”, “turning-point” or “outcome”. The economic crisis of an entity reflects its financial hardship, which is characterized with unsatisfactory values of a number of indicators. The first sign is a negative financial result, i.e. gross operational loss, reduced profitability or fast decrease in the profit amount for the periods.

Why do previously successful companies become insolvent? The reasons for the crisis of an entity can be as follows: changing market conditions; competitors' pressure; managers or personnel's abusive acts; acts of inspecting or supervisory bodies; introduction of new laws or other regulatory acts, changes in the political situation caused by the power redistribution; acts of God, etc. Whatever apparent reasons for the deterioration of the financial status are, the root reasons for any crisis of an entity is a low level of professionalism of its management.

The diagnostics of crises in the entity is a set of methods aimed to reveal problems, weaknesses and "bottlenecks" in the management system, which are the reasons for the unfavorable financial standing and other negative operational indicators. The diagnostics may be viewed also as assessment of the company's operations from the point of view of general managerial effect, and as determining any deviations in the current system parameters from those set up initially, as well as assessment of the entity's functioning in the variable and changing environment in order to prevent crises.

The methods used to diagnose a crisis in the entity include: monitoring of the environment and system analysis of any signs of potential changes in the company's standing and competitive status, audit of the financial status, review of the company's borrowing policy and debts, risk identification, assessment of the entity's current state and estimates of its potential status in the future.

The tools used to diagnose a crisis situation, such as, statistics, simulation, forecasting, experiment, expertise, marketing surveys, etc., shall be applied depending on a type of the crisis and ways of its appearance.

The system analysis of signs of any potential changes in the firm's standing and competitive status, proposed by local researchers<sup>2</sup> allows considering in aggregate a variety of parameters which are viewed as indicators of crisis events, growing threats to accomplishment of the firm's mission, or, just the opposite, can prove that the entity's opportunities widen. This method is efficient at the phases of early crisis diagnostics when the goal is to prevent them, to avoid further worsening of the operational indicators.

Let us consider groups of indicators (signs of the growing threats), which help determine potential negative trends preventing achievement of the entity's strategic goals.

1. The falling demand for the company's goods, reduction in citizens' spending capacity, growing demand for the competing companies' goods.

2. Deterioration of the parameters of the production factors: decreasing offer of raw stuff and material resources, rising prices of raw stuff, materials and equipment, growing cost of licenses to use inventions and discoveries.

3. Scaling back production of related sectors, stagnation of their research & technology and economic potential, growing prices of the infrastructure branches' services.

4. Revitalization of the competitive fight against background of reduction in the entity's competitive status, the buyers' active "switch over" to the substitute goods, the price wars.

5. Unfavorable changes in activities of government agencies and authorities: rising tax rates and introduction of new taxes, unfavorable change in the ruble/hard currency rate, customs duties, changing civil and commercial laws, the state's control for price fluctuations.

6. Accidental events: the firm's location in a region exposed to natural calamities; instability of the foreign policies of foreign countries being business partners, demographic shocks; unexpected scientific and research breakthrough made by the competitors.

7. Deterioration of the company's technical resources: wear and tear of the jigs, fixtures and tools (JF&T), use of off-market JF&T; use of materials and semi-finished goods reducing the products' competitiveness; use of obsolete system of energy conversion, transmission and consumption control, which cause losses.

8. Deterioration of parameters of technological resources: the lack of the potential required to carry out systematic R&D; use of a technology, which does not allow effective changes the generation of the firm's products within a single life cycle.

9. Weakened staff potential: the personnel tend to use command and administrative methods, to perform conventional types of work predetermined by a stable technology; and the issue related to ensuring technical, social and environmental safety is not viewed as a priority.

10. The lack of flexibility of the organizational structure: its stagnation and orientation to perform functions and to bureaucratization.

11. Financial policy is characterized with the systematic borrowing, the prices of the company's treasury stock are falling.

The crisis diagnostics carried out as a part of a system approach enables us to get the fullest idea of the object under consideration. In the companies' practice, analysis methods are used often, which allow assessing risks, financial standing at minimum costs and to forecast the future development trends.

Risk management and their hedging are to prevent the company's unfavorable development dynamics. To identify the risks, it is possible to use the statistical, expert and combined methods. The risk analysis starts with finding out its sources and reasons for it. The risk is measured as the probability of a certain level of losses. So, the admissible risk may be viewed as the threat of complete loss of profit from this or that project or from business activities on the whole. The critical risk is not associated only with the loss of profit, but also with the receiving less proceeds than it was expected, when costs must be covered

at own expense. To a businessperson, the catastrophic risk resulting in the entity's bankruptcy, loss of investments or even the businessperson's personal property, is the most dangerous one.

The essence of the statistical method is that the statistics of the company's losses and profits shall be examined, the value and frequency of the economic returns shall be found out, and then the forecast for the future shall be prepared. The returns shall be deemed as economic profitability and cost /investment efficiency calculated as the ratio between profits and expenses required to gain them.

If a crisis has occurred, the anti-crisis team shall be created. Such team may include independent auditors, business consultants and other experts. The company's managers shall render full assistance in engaged experts' work. The created analytical group shall find out reasons for which the company has come to the current dire state and shall determine ways to cope with the crisis.

To assess the company's current standing, modern financial analysis tools are used: horizontal and vertical analyses, calculation of the financial coefficients, analysis of the accounting liquidity, express analysis of the general direction of the financial and economic activities, assessment of the economic potential of the business entity.

The gross financial result of the company is the sum of financial results of different types of activities, subdivisions, and commodity groups. To narrow down the search field of the negative impact to the most, it is required to clarify which structural components forming the company's financial results have been exposed to the negative impact.

The analysis of the financial coefficients involves the calculation and assessment of the ratios between different types of funds and sources, indicators of efficient utilization of the company's resources. The values of the coefficients depend on the sectoral peculiarities and companies' sizes. The financial status of the company using the financial coefficient can be carried out for the following groups: solvency, profitability, financial stability, business activity, and liquidity.

The absolute steadiness of the financial status shows that reserves and costs are completely covered with the own working capital. In fact, the company does not depend on the loans. The unsteady financial status is characterized by the poor solvency - the company has to attract additional funds to cover reserves and costs, and the production profitability falls. The crisis financial status describes a company being on the brink of bankruptcy, the overdue accounts payable and receivable of which cannot be repaid when fall due.

The financial coefficients used to assess the company's financial steadiness can include the following ones: equity to total assets ratio, debt-equity ratio, working capital financed by equity to total assets ratio, current assets to equity ratio, bankruptcy prediction, etc.

Solvency of the company shall be determined by its capability and ability to fulfill all its payment liabilities on time, which liabilities arise from trade, borrowing and other monetary operations. Solvency affects the forms and conditions of the deals, as well as on the possibility to obtain the loans.

Liquidity of the company shall be determined based on the liquid assets available to it, which assets include cash, cash in bank and easily negotiable components of the working capital. Liquidity reflects the company's ability to incur the required costs at any time.

The relative business activity indicators describes the level of efficiency of the use of tangible, labor and financial resources. The company's business activity indicators include: sales proceeds, net profit, labor productivity, asset and working capital turnover ratio, average period of the turnover of accounts receivable, receivable and equity turnover.

The analysis of accounts payable and receivable helps determine the main direction to restructure the same, i.e. to reduce the aggregate debt and to accelerate its repayment. The inventory of debts shall be carried out. Such debts are divided into the current and overdue ones, and penalties. The work aimed to liquidate the debts of the company requires both the analysis of the claim amount, and determination of the funds available to the company with the view of debt repayment, and to estimate cash flows.

The crisis diagnostics includes a set of methods required to assess the entity's current standing, to find out reasons for deterioration of the quantitative and qualitative indicators of its operations. Certainly, the diagnostics by itself cannot solve the problem. It is required to eliminate the true reason for the crisis, to mitigate its negative manifestations, and to remove the obstacles. Along with such measures, as cost reduction, product expansion and debt restructuring, in a crisis situation it is required to take radical measures to ensure the company's turnaround, reorganization of its activities and strategic innovative changes.

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**АНТИКРИЗИСТІ БАСҚАРУ: МӘНІ, ДИАГНОСТИКА, ӘДІСТЕМЕСІ**

**Андатпа.** Ұйымдағы дағдарысты анықтау әдісіне ішкі ортаның мониторингі, мүмкін болатын қауіп қатерді анықтау жүйесін және бәсекелес кәсіпорын статусы, қаржы жағдайының аудиті, компанияның қарзы мен несие саясатының анализі, қауіп қатерді анықтау, болашақтағы ұйымның жағдайын мүмкіндіктерін бағалау және жобалау.

**Кілт сөз:** Дағдарыс, антикризис, басқару, басқару мәні, басқаруды анықтау, басқару әдістемесі.

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**Антикризисное управление: сущность, диагностика, методики**

**Аннотация.** Методы диагностики кризиса в организации включают: мониторинг внешней среды и системный анализ сигналов о возможных изменениях состояния и конкурентного статуса фирмы, аудит финансового состояния, анализ кредитной политики и задолженности компании, определение рисков, оценку текущего состояния организации и прогнозирование ее возможных состояний в будущем.

**Ключевые слова:** Кризис, антикризис, управление, сущность управление, диагностика управление, методики управление.