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## Government's management concept in economy stabilization during the crisis

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**Purpose** – to identify weaknesses and advise the Ukrainian Government's managerial concept in economic stabilization during the crisis. There were applied system's methods and functional analysis and control systems' synthesis.

**Findings.** It was established that the country has no institute for monitoring and developing a strategy for macroeconomic regulation during the crisis, the Government's inability to compensate for the lack of conceptual substantiation for its decisions, most of which are not timely brought to the final economic entities that negatively perceive the Government's regulatory decisions, suspending from their implementation and even resorting to resistance. Significant deficiencies in the Government's regulatory activities during the crisis were identified, which demands its improvement based on managing economic entities' behavioral concepts in changing environments. Proposals for the selecting behavioral imperative for Ukraine's economy during the crisis and regulatory decisions were developed, considering changes in the management object's stability.

**Theoretical and practical implications.** The research's theoretical significance is to substantiate the Government's managerial concept during the crisis, and when the possibility of its direct application determines the practical significance.

**Originality/Value.** The research's novelty is the behavioral theory's elements application for Government activities.

**Research limitations/Future Research.** Prospects for further research are related to the substantiation and development of a government's holistic management model during the crisis. The article is theoretical and empirical.

**Paper type** – theoretical.

**Keywords:** macroeconomic regulation; managerial decision; unstable environment; behavioral imperative; economic entity stability.

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## Менеджерська концепція уряду при стабілізації економіки в умовах кризи

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**Мета роботи** – визначити недоліки й запропонувати запровадження менеджерської концепції в діяльності Уряду України при стабілізації економіки в умовах кризи. Запроваджено методи системного й функціонального аналізу та синтезу систем управління.

**Результати дослідження.** Встановлено відсутність в країні інституту моніторингу й вироблення стратегії макроекономічного регулювання економіки в період кризи, неспроможність Уряду компенсувати відсутність концептуального рівня обґрунтування його рішень, більшість яких не доводиться своєчасно до кінцевих економічних суб'єктів, які негативно сприймають регуляторні рішення Уряду, відсторонюються від їх виконання і, навіть, вдаючись до опору. Визначено суттєві недоліки в регуляторній діяльності Уряду в період кризи, що потребує її вдосконалення на основі запровадження поведінкової концепції щодо управління економічними об'єктами в змінюваному середовищі. Розроблено пропозиції щодо вибору поведінкового імперативу для економіки України в умовах кризи і прийняття регуляторних рішень з урахуванням змінюваності стійкості об'єкту управління.

**Теоретичне та практичне значення дослідження.** Полягає в обґрунтуванні менеджерської концепції діяльності Уряду в період кризи, а практичне значення визначається можливістю її безпосереднього застосування.

**Оригінальність/Цінність/Наукова новизна дослідження.** Застосовано елементи поведінкової теорії до діяльності Уряду.

**Обмеження дослідження/Перспективи подальших досліджень.** Перспективи подальших досліджень пов'язані із обґрунтуванням й розробкою цілісної управлінської моделі діяльності уряду в період кризи. Стаття є теоретико-емпіричною.

**Тип статті** – теоретичний.

**Ключові слова:** макроекономічне регулювання; управлінське рішення; нестабільне середовище; поведінковий імператив; стійкість економічного об'єкту.

## Менеджерская концепция правительства при стабилизации экономики в условиях кризиса

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**Цель работы** – определить недостатки и предложить использование менеджерской концепции в деятельности Правительства Украины при стабилизации экономики в условиях кризиса. Использованы методы системного и функционального анализа и синтеза систем управления.

**Результаты исследования.** Установлено отсутствие в стране института мониторинга и выработки стратегии макроекономического регулирования экономики в период кризиса, неспособность правительства компенсировать отсутствие концептуального уровня обоснования его решений, большинство которых не доводятся своевременно до конечных экономических субъектов, которые негативно воспринимают регуляторные решения правительства, отстраняясь от их выполнения и прибегая даже к сопротивлению. Выявлены существенные недостатки в регуляторной деятельности правительства в период кризиса, что требует ее совершенствования на основе внедрения поведенческой концепции управления экономическими объектами в изменяющейся среде. Разработаны предложения по выбору поведенческого императива для экономики Украины в условиях кризиса и принятия регуляторных решений с учетом изменения устойчивости объекта управления.

**Теоретическое и практическое значение исследования.** Обоснована менеджерская концепция деятельности правительства в период кризиса, а практическое значение определяется возможностью ее непосредственного применения.

**Оригинальность/Ценность/Научная новизна исследования.** Применены элементы поведенческой теории к деятельности правительства.

**Ограничения исследования/Перспективы дальнейших исследований.** Перспективы дальнейших исследований связаны с обоснованием и разработкой целостной управленческой модели деятельности правительства в период кризиса.

**Тип статьи** – теоретический.

**Ключевые слова:** макроекономическое регулирование; управленческое решение; нестабильная среда; поведенческий императив; устойчивость экономического объекта.

## 1. Introduction

The coronavirus pandemic, which spread over the entire world, has led to the most substantial economic crisis, the impact of which is the aim for research by many economic institutes and analytical centers. Thus, Fitch Ratings, the international rating agency, predicted a fall in the global gross domestic product (GDP) in 2020 more than twice: from 3.9% to 1.9%, than was announced earlier (*Fitch doubled the forecast for a fall in world GDP due to the "unprecedented recession"*, 2020). Because no country can avoid the pandemic's negative economic consequences, experts believe that the economic downturn will be twice as severe as the financial and economic crisis of 2008-2009. Simultaneously, in the first quarter of this year, the eurozone economy has shrunk by 3.8 percent, making the strongest demise since 1995, causing unemployment to rise (*Romashenko, 2020*). The International Monetary Fund (IMF) believes that the pandemic will lead to the most profound crisis since the Great Depression, i.e., in a period of one hundred years, and even under the best conditions in 2021, we should expect only a partial recovery of the world economy (*Sakov, 2020*). Due to the current situation, the IMF head, Kristalina Georgieva, said that 170 of the 180 IMF member countries expect a significant decline in per capita income and the recession associated with the coronavirus pandemic. In two months, the IMF comes out with a new report substantiating the much worse expected results of the world economy fall (*Veremeeva, 2020*). The World Trade Organization (WTO) also points out the expected most severe economic losses, which already forecasts a decline in trade volumes only during the current 2020 year by over 30% (*Kondratenko, 2020*).

As a global economic process participant, Ukraine does pass the fate of the most severe economic losses due to the coronavirus pandemic and the quarantine measures taken in the country by the standards of other advanced countries. Forecasts of losses in Ukraine's economy are continually being made, and only in recent weeks, such forecasts have been updated by Government officials several times. For example, Ukraine's Ministry of Economy initially announced a decline in GDP by 3.9%, but a little later, such an estimate already reaches a 4.8% decrease (*How much will Ukraine pay for the coronavirus pandemic?*, 2020). Regardless of the government, other experts gave more pessimistic assessments. For instance, the Institute for Economic Research and Policy Consulting, an internationally recognized Ukrainian independent analytical center on economic analysis and development of recommendations for the civil society development in Ukraine, accounts for the Ukrainian economy loss at 5.9% this year (*How much will Ukraine pay for the coronavirus pandemic?*, 2020).

Estimates of Ukraine's GDP losses are still lower than those of other crisis periods. It is believed that the global financial crisis in 2008 led to a fall in Ukraine's GDP by 15% in 2009. The Crimea annexation and the Donbas region conflict led to a 6.8% fall in GDP in 2014, followed by another 9.8% fall in 2015 (*How much will Ukraine pay for the coronavirus pandemic?*, 2020).

The considerable threat unanimous assessment of the coronavirus pandemic current state to the entire world leads to a mass search for measures to support the economy by the leadership of almost all countries. Unfortunately, the current situation feature is the lack of theoretically substantiated and practically confirmed measures to counter the pandemic's negative impact on the world economy. That is due to the following dichotomy.

On the one hand, modern macroeconomic theory has arsenal a massive list of measures to influence the economic system state for its stabilization, but their applications depend on the type of economic system imbalance.

Suppose the economic system destabilization is manifested in sharp declines of stock indices, devaluation of national currencies, suspension of monetary settlements, banking activities curtailment, etc. Then the set of macroeconomic tools within the monetary, financial policy, banking is updated. When the economic

destabilization manifests itself as reduced production and trade, unemployment and impoverishment rising, then the search for useful tools is performed within the fiscal, investment policy, stimulating entrepreneurial activity, and others.

Nevertheless, on the other hand, never in previous periods of economic crisis there has been a clear strategy to bring the economy out of the crisis processes that befell society: neither during the Great Depression of the 1930s nor as a result of World War II, nor in the global financial crisis of 2008 (*Krugman, 2012*). Each time, society as a whole, represented by global and national economic institutions and governments, has made great efforts to identify the root causes of the next crisis and develop measures to reduce its negative impact on the economy (*Krugman, 2012*).

Understanding macroeconomic or the development as such that no pre-established macroeconomic behavior models can be unambiguously proposed. As ready-made tools became generally accepted after its recognition as such in the 90s of last century by one of the developers of stabilization theory, Milton Friedman, that believed it to be phenomenological, i.e., the one that requires continuous confirmation of the developed conceptual models' adequacy to real crisis phenomena through experimentation and verification (*Friedman, 1990*).

Therefore, each time, the search for effective economic stabilization mechanisms was preceded by a long and painful path of competition and a combination of theoretical ideas and practical strategies until the system of measures helped turn the situation from negative to better. For instance, the 1930s depression was eventually overcome by unprecedented employment measures, the World War II recession - primarily through an unprecedented investment in the worst-hit countries' economies. Furthermore, the global financial crisis of 2008 - by improving the functioning of global financial institutions, particularly, restrictions of derivative activities and other actions that helped reduce the pressure of the financial sector on the real economy worldwide.

Hence, during the current economic crisis, there is again a theoretical discussion on the rationale for conceptual approaches to reducing the financial crisis impact, which has been in a less acute form since 2008-2009, and the next stage of the economic crisis related to quarantine measures is being considered as its integral part.

The peculiarity of the current crisis is that the pandemic itself does not directly affect global economic processes, but through forced quarantine measures taken by the governments to prevent the spread of the epidemic to a size that would threaten the very existence of states.

The current economic crisis is as if secondary, artificial, making it even more challenging to apply the recommendations and measures that played a positive role in overcoming previous economic crises. The ongoing world economic crisis does not affect the essential aspects of economic relations' financial or monetary nature. The central point of the "quarantine" economy recession is the reduction of incomes, which at the macroeconomic level within Keynesian theory act as a factor influencing the level and dynamics of national income in the form of "effective demand" (*Korniichuk, Tatarenko, Poruchnyk, et al., 1999*). According to Keynesian theory, if the amount of consumption and accumulation of the population is insufficient to maintain the national income level, it inevitably leads to underemployment, forced unemployment, and general economic depression, and the accumulation of general economic crises. Thus, income control is an integral part of the regulatory policy in an economic crisis. Recognition of this thesis as a basis for finding macroeconomic levers of economic regulation naturally brings to the center of discussion the role of the state as a master of general national funds that can be used to support the population as a consumer and, on the other hand, the economic entity in the role of an employee, an entrepreneur, a consumer of the someone else's work results, a bank depositor, and ultimately - a domestic investor in the national economy.

Therefore, in recent years, the macroeconomic stabilization issue is mostly associated with such a factor of economic growth as investment in human capital, quality of life, which indicates a shift of emphasis from the purely economic to the social sphere (Aleinikova, 2014).

Accordingly, the theoretical dispute severity over the economic stabilization during this crisis is fueled by the search for the optimally balanced concept of:

- 1) where to direct the most funding, consumption, or business support;
- 2) at what rate to do this financing, which can be proactive, i.e., covering the rate of economic losses, or that only supports the limits.

That is especially true for the most developed countries' economies with significant financial leverage to influence and manage crises, such as the United States or China. In contrast, most countries are forced to look for available macroeconomic regulation recommendations possible in their situation (Aleinikova, 2014).

Supporting these aspects discussion, the leaders of the Institute of Economics and Forecasting of the National Academy of Sciences of Ukraine try to adjust the most radical proposals for tools to calm the economic crisis over the conditions of Ukraine (Heiets, & Hrytsenko, 2013). Thus, according to V. Heiets and A. Hrytsenko, the recommendations made by the American economist P. Krugman (2012) relate to the fact that Western countries, following the path of global savings and cost reduction, primarily due to adherence to Keynesian and neo-Keynesian theory, hence narrow the demand that pushes economy before the recession (Heiets, & Hrytsenko, 2013). On the contrary, according to P. Krugman, "in the current situation, savings should be made during a boom, not a recession. Nowadays, governments have to spend more, not less, until the private sector is ready to push the economy forward again, but the austerity policy, which destroys the labor market, has become predominant" (Heiets, & Hrytsenko, 2013: p.6).

That is a critical conclusion for Ukraine because the government almost always tries to solve economic problems by extraordinary austerity due to the limited state budget. At a time when most countries in the world are undergoing significant programs to improve consumption financially, the Government of Ukraine is trying to develop its vision and take measures to overcome the economic recession caused by the coronavirus pandemic. In this regard, the adopted Law of Ukraine on Amendments to the State Budget to Establish a Coronavirus Fund for UAH 64.7 Billion is the answer that the government considers sufficient in the current economic crisis (*The law of Ukraine. On Amendments to the Law of Ukraine "On the State Budget of Ukraine for 2020"*, 2020) and which, nevertheless, harsh criticism for the incompatibility of these financial sources compared to similar decisions in other countries.

However, there are still no legally useful tools for impact and for assessing any country governments' strategies' soundness. On the one hand, scientists keep on seeking adequate responses to the challenges posed by the crisis, and on the other hand, it is essential to persuade governments to adopt the proposed recommendations, which, at the same time, differ from each other and are often opposite. The significant intrigue concerns advice on whether to adhere to austerity measures, or, conversely, to stimulate demand, or whether to strengthen government intervention in the economy or increase freedom of market forces (Heiets, & Hrytsenko, 2013).

It is recognized that society does not have the appropriate levers to pressure governments to implement the most effective macroeconomic solutions to overcome the economic recession, which requires extraordinary efforts to influence the general public

on politicians determining government action (Heiets, & Hrytsenko, 2013: p.6). Thus, there are still considerable gaps in the current situation within the interaction system between economics and government activities, which would be very positive for public control of government measures' effectiveness to overcome economic crises.

## 2. Problem statement

Considering that the government's strategy to overcome the economic crisis caused by the pandemic could fail, which consequences will be life-changing not only for the economy but for the entire country, the attempts to close massive gaps between governments and macroeconomic science recommendations are not superfluous. The paper is devoted to this problem, which aims to substantiate measures to improve the management paradigm of government by behavioral concept application.

## 3. Research methodology and data

The paper applies system and functional analysis methods, as well as the management systems synthesis. Scientific papers, legislative acts of the Verkhovna Rada and the Cabinet of Ministers of Ukraine, publications in the open-access served as information sources of the research.

## 4. Research results

To present the prevailing system of management subjects of the national economy in Ukraine, we present it schematically in Fig. 1 in the form of a structure combining three adoption levels and regulatory decisions implementation:

- 1) the conceptual level carried out by the macroeconomic regulation institutions;
- 2) the management level carried out by the government as an institution to take into account the recommendations on macroeconomic regulation;
- 3) the executive level, formed by the whole set of economic entities, including the population.

Considering the above analysis of the low effectiveness state of the conceptual level and the lack of practical cooperation between the first and second levels, the general scheme of regulatory decision-making suffers from certain shortcomings, shown in Fig. 1.

First, there is no institutionalization of macroeconomic regulation recommendations as an influential factor. Available attempts to analyze the situation and develop scientifically substantiated macroeconomic regulation proposals remain within the scientific community.

Secondly, there is no interaction institutionalization between the conceptual and managerial levels, and hence the corresponding imperative to direct the government activities in a scientifically substantiated direction.

Third, as a state regulation institution, the Government cannot compensate for the lack of a conceptual level of decision-making, and therefore cannot provide society an adequate management paradigm for economic regulation, acceptable to mass economic entities.

Fourth, the lack of effective interaction between the second and third levels of the regulatory decision-making system leaves mass economic entities outside their discussion and adoption system. That contributes to their detachment from the decision's implementation and further leads to a threatening internal conflict situation.

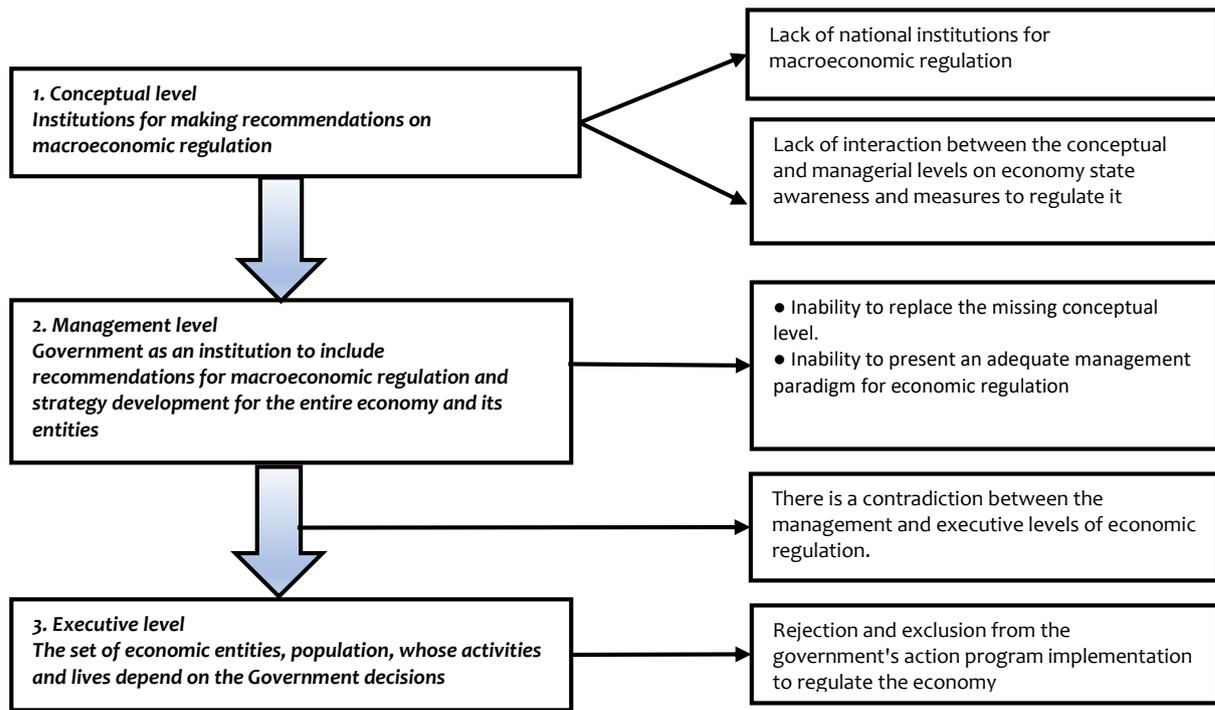


Fig. 1. Three-tier decision-making structure for macroeconomic regulation of the national economy

The existing shortcomings of the very Government's management process exacerbate the imperfect structure of the macroeconomic regulation general process during the crisis.

Being a government subject, the government must in its structure and functions comply with the basic systemic laws and advanced principles by modern theory and management's practice. The Government's activities are subject to the following serious shortcomings:

1. From the fundamental system law standpoint of the necessary diversity, which requires to ensure the management subject complexity at the level of managed object complexity, the current Cabinet of Ministers of Ukraine does not meet this requirement as it does not contain all the necessary set of controls for entire sectors, mainly, industrial ones.

2. From another fundamental system standpoint of feedback law that requires the management subject to receive a final signal about the degree of goal achievement, Ukraine's national economy's management system also does not meet this requirement. The managerial influence of the governing body in the form of the Cabinet of Ministers of Ukraine is mostly limited to direct and feedback links with intermediate units in public and private corporations and regulatory bodies directly responsible for specific sectors of the economy. With such a feedback scheme, when the achievement of the goals set by the government directly from the lower level of specific economic entities, the government does not receive, being satisfied with the data provided by intermediate entities. Fig. 2 schematically demonstrates the current management model meanness.

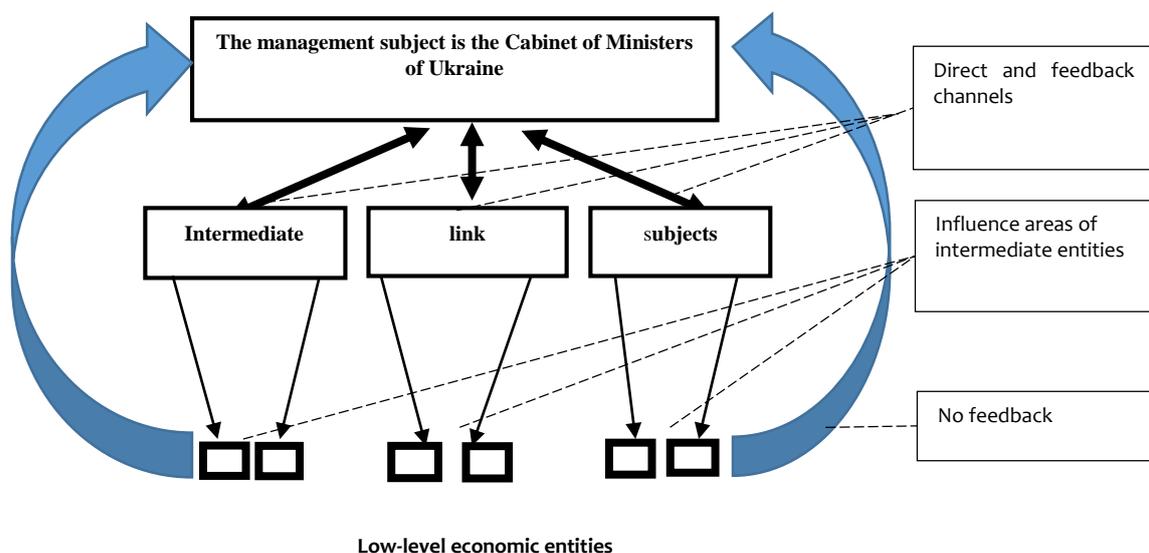


Fig. 2. Scheme of the current management model with shortcomings in the feedback implementation

The current management model does not meet the requirement to reproduce a full management cycle, which consists of functions such as [14]:

- setting goals;
- planning, i.e., the specific performance indicators establishment;
- the organization, i.e., conditions created for the performance of the set purposes and tasks;
- motivating performers;
- performance control performed in a set of accounting and control sub-functions of the actual established targets implementation;

– regulation performed to eliminate obstacles to the goals' implementation, or, if this is impossible, adjust the objectives and change the parameters of the planned goals.

Fig. 3 depicts the full management cycle, but the problem is that in the management cycle of economic regulation, the Government performs only three functions, highlighted in bold in Fig. 3, namely:

- 1) setting the goals of the crisis management strategy;
- 2) in part, planning by setting only the most general indicators, tariffs, and standards;
- 3) regulation - also partially, only to the extent that remains for the Government after the inability to deal with the whole set of economic entities.

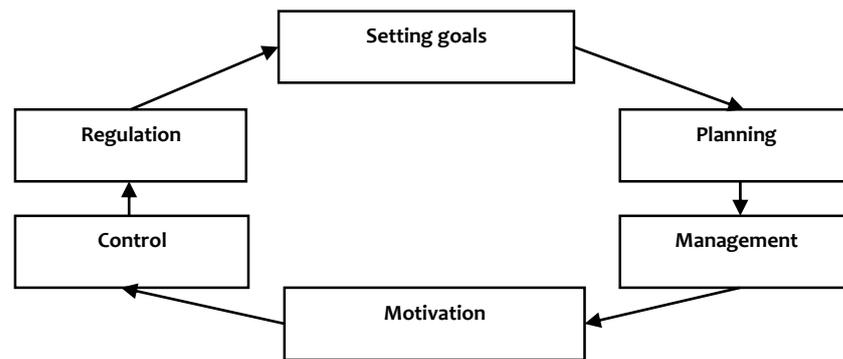


Fig. 3. The full management cycle Scheme (the functions performed by the Government are in bold)

The Government's incomplete management cycle also leads to certain shortcomings of the macroeconomic regulation process itself, namely, the following.

1. Thus, by limiting the management signal transmission only to the intermediate level, the Government cannot ensure its timely implementation at the low economic entity level. Typical evidence was the legislative decision implementation to pay 300% to the medical workers' salaries involved in the fight against the pandemic, non-compliance with which has been a concern of the Cabinet of Ministers of Ukraine since early May 2020 (*The Ministry of Health requires the regions to pay a 300% bonus to doctors by the end of the week, 2020*). Moreover, the lack of standard management procedures for bringing decisions to specific executors, accounting and monitoring of their implementation, the Cabinet of Ministers of Ukraine resorted to indirect influence methods, such as "The Ministry of Health requires the regions to pay a surcharge to doctors for March" Prime Minister D. Shmygal instructed to investigate the reason for the delay in the payment of surcharges to doctors" and the like (*The Ministry of Health requires the regions to pay a 300% bonus to doctors by the end of the week, 2020*). Practically every issue of ensuring the decisions of the Verkhovna Rada and the Government of the Cabinet of Ministers is forced to apply extraordinary measures to influence the executors.
2. The lack of control over specific executors in the Government's management activities leads to a severe delay in the regulatory function that the Government performs in the conditions of incomplete information provided by the power vertical intermediate level. Instead of receiving timely information about the deviation of the affairs' actual state from the planned one, the Government is forced to react to the phenomena occurring much later after their occurrence. An example of this is the numerous labor collectives' speeches demanding the repayment of wages arrears when the deadlines for planned payments are passed without bringing them to the Government.

3. The lack of a full management cycle in the Government's activities puts it in a position where regulatory measures are taken late, under established circumstances, and a wide range of economic entities question the quality of such decisions. Such regulation example is the decisions that the Cabinet of Ministers of Ukraine were forced to take in the energy sector under the influence of the coal industry's difficult situation, associated with a sharp decline in coal demand, mines cessation consequently, cessation of wages. As a result, the Government decided to close part of the nuclear power plant, which caused widespread criticism (*The upcoming closure of nuclear power plants will cost UAH 800 billion, 2020*), while the Government had almost no time to substantiate the decision.
4. The lack of a direct control function in the Government's management activities deprives the main regulatory body of the ability to acutely sense the emergence and development of inconsistencies between the planned and actual progress of the goals. By receiving control information from an intermediate level, often prepared for specific stakeholders, the Government can not make the most effective regulatory decisions, and the decisions often run counter to those previously Government adopted. Such a management paradigm example is the decision to redistribute the previously established coronavirus control fund without receiving a stable feedback signal about such a step's admissibility.
5. The decisive shortcoming of the Government's regulatory activity in the current paradigm is the quantitative method's severe insufficiency of substantiation of both newly adopted decisions and regulatory acts to adjust previously set tasks.

Suppose the Verkhovna Rada's legislative acts, Resolutions of the Cabinet of Ministers concerning current activities in a more or less stable state of the environment, undergo the necessary procedures of settlement substantiation, then in the current acute crisis of the coronavirus pandemic. In that case, Government decisions do not receive proper settlement substantiation, are often only qualitative. Moreover, previously made quantitative decisions can be easily changed without sufficient grounds for doing so, as happened with the redistribution of the coronavirus control fund.

The structure shortcomings analysis of the management circuit performed by the Cabinet of Ministers of Ukraine gives grounds to believe that a significant reduction in its managerial properties is required to fulfill the role of the country's leading regulatory body.

Against the significant increase in the background in the management level of specific economic entities - enterprises and corporations operating in a volatile market inside Ukraine and abroad, the management culture level of the Government looks unacceptably low.

Therefore, any measures to decisively improve the government's level of management activities are relevant, particularly considering the enterprises' modern management achievements and other economic entities.

The enterprises' management system and organizations for a long time, while the variability of external conditions was more or less predictable, was improved by systematically improving the planning quality, strategic planning, and internal budgeting. With the growing uncertainty of the external environment, the classical management system's possibilities narrowed, the enterprise, as a management object, was increasingly perceived as an open system, and management methods acquired the situational management features (Kolosov, 2020).

As the variability and unpredictability of the external environment increased, the enterprises' management was enriched with fundamentally new properties, even from completely different spheres of activity, e.g., the analogy with human behavior, which faces changed life conditions or activity (Kolosov, & Savchenko, 2018). The human behavior role in the workplace was pointed out by the classics of modern management M. Mescon, M. Albert, and F. Hedouri F., who argued that the human factor in the enterprise is manifested in the form of a particular behavior, namely (Novak, Mostenska, & Iliencko, 2013):

- the behavior of individuals;
- the behavior of people in groups;
- the behavior of the head.

In the future, the model of organizational behavior is generalized in the form of a particular scientific direction in management and even academic disciplines that study the forms of individual interaction with the environment determined by the natural properties of the individual and his/her personality (Novak, Mostenska, & Iliencko, 2013).

The property transfer of individual, organizational behavior to the enterprises' behavior and organizations was run gradually. Although the "organizational behavior" term concerning the enterprise, organization, or government has not yet found stable application, its introduction is logical and only relevant to the goal of ensuring operation in a rapidly changing and uncertain environment.

In previous papers, the authors investigated the reasons for the forced transition to the generalized application of the "organizational behavior" concept to change the subject of its state and activities in the conditions that arose during the global economic crisis since late 2008 (Kolosov, 2010).

According to this content, "organizational behavior" should be manifested in searching for the best combination of such interaction forms with the operating environment, like confrontation, adaptation, subordination, or even transformation of the environment.

Therefore, the main recommendations for applying a behavioral approach to the Government's regulatory activities during the crisis should be as follows.

1. From the behavioral concept standpoint, the Government must ensure the ability of Ukraine's economy to function in conditions that change under the coronavirus pandemic. The algorithm development of an economy's organizational behavior should be carried out along with the theory and practice efforts to objectively establish the possible and appropriate changes imperative in the economy, including its internal resources and external involvement, according to the recommendations of the Table. 1. The economic behavior imperative in forming a mix of first and second strategies needs to be chosen.
2. The detailed strategy introduction of organizational behavior demands determining the target direction in the following sequence:
  - 1) defining the mission (vision, philosophy) of economic behavior during the crisis;
  - 2) strategic goals establishment in organizational behavior of the economy and individual industries;
  - 3) specific tasks definition in economy's areas and sectors;
  - 4) plans development to achieve goals.

Fig. 4 illustrates the following vertical-horizontal scheme of the reform program elements relationship.
3. A fundamental feature of the behavioral concept is that instead of the traditional decision-making as one-time final acts, several decisions are made, which depends on the external influences change rate. Assessment of the need to make another decision, the updating decisions rhythm are determined by their adaptation properties to external changes. That requires constant monitoring of the managed object state to the changed environmental conditions, and determining the motive for a new decision is based on the management subject choice of one of the two values of the logical block "yes/no" based on the subject's belief that the decision is necessary for activity adjustment on the achievement of the set purpose as the scheme in Fig. 5 shows it.
4. From the behavioral decision-making principle arises the task of establishing the transformational boundary of the decision by:
  - 1) compliance assessment of the economy's current state with the changed parameters of the environment;
  - 2) establishment of transition by parameters of the environment values admissible for an economy operating condition;
  - 3) substantiation and adoption of the next behavioral decision for reforming the economy state according to the environment's new parameters.

Table 1

Conditions for selecting a behavioral imperative for the Ukrainian economy during the coronavirus pandemic crisis

Behavioral imperative	Imperative sign	The economy before the imperative introduction
1. Confronting the pandemic effects	Opportunities are equal to the influence force.	Preparedness for pandemic resistance
2. Adaptation to the effects of a pandemic	Opportunities give way to influence forces	Lack of medicines and medical sphere unpreparedness
3. Subordination to the environment	Lack of opportunities	Complete unpreparedness of the medical sphere
4. The environment transformation	Opportunities outweigh the influence force	Full readiness of the medical sphere to overcome the pandemic

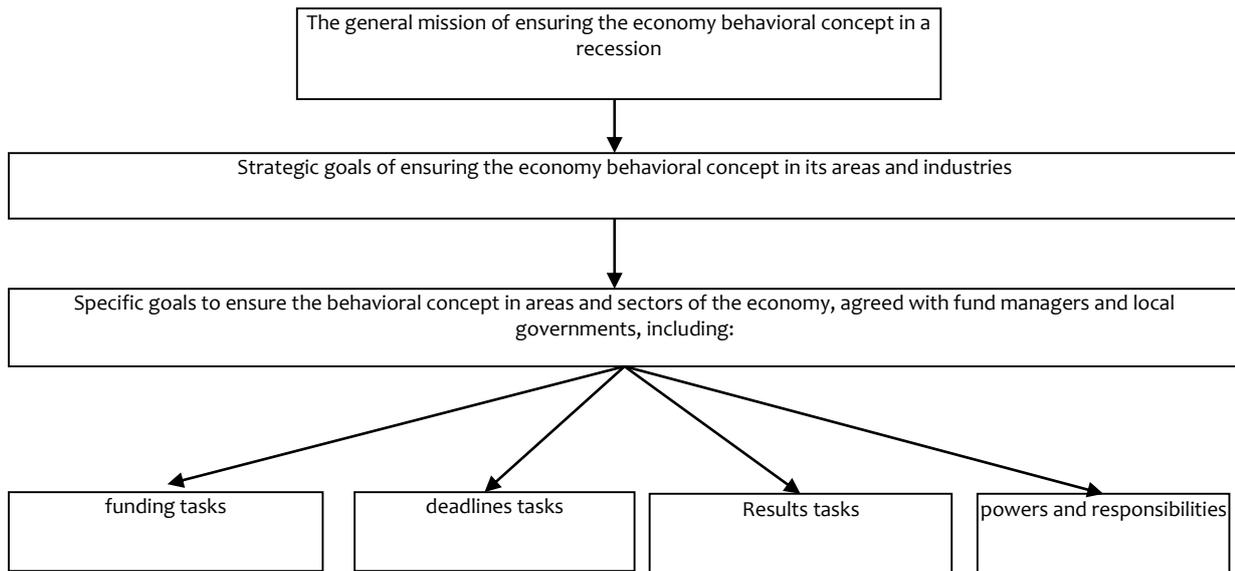


Fig. 4. The tasks vertical - horizontal linking scheme of the economy behavioral concept during the crisis

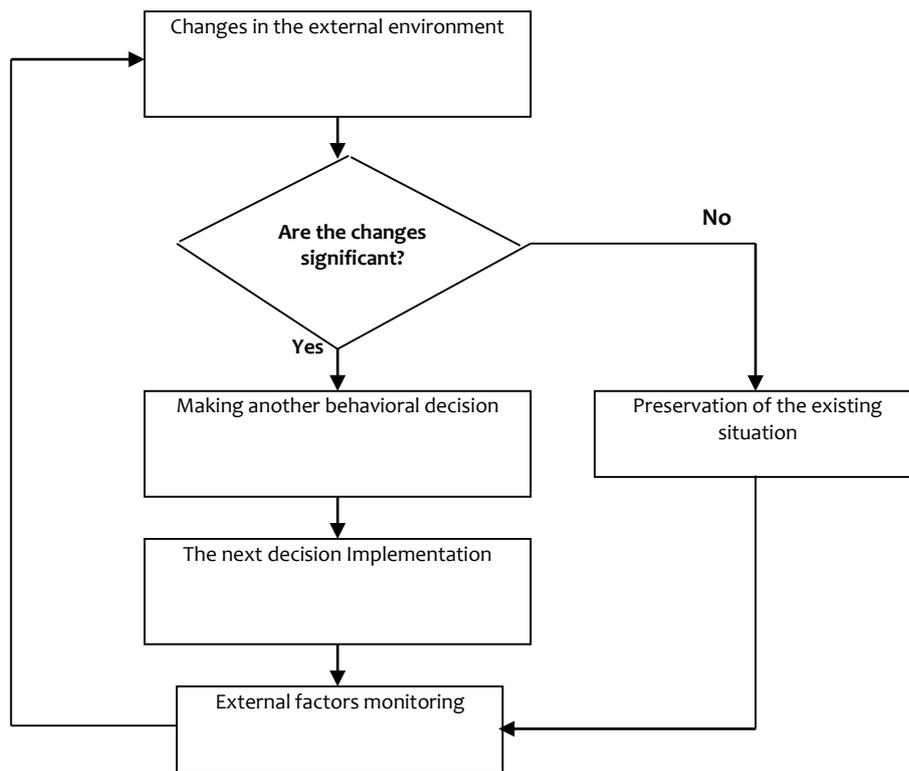


Fig. 5. The formation scheme of an acceptance impulse of the next behavioral decision

The economy state compliance with the changed conditions of its functioning is determined by comparing the possible amount of compensatory resources  $C$  attracted by the government with the critical indicator value of new needs  $N$  caused by the crisis, in the form of stability  $S$ :

$$S = C / N, \tag{1}$$

which may be greater than, less than, or equal to 1.

The introduced sustainability indicator should be interpreted as a resistance force to the environment, as the economy property maintains its state, despite changes in external influences (Kolosov, Kolosova, & Shtapauk, 2016).

With dynamic variability of conditions during the economic crisis, the sum of additional needs  $N$  in the equation (1) denominator may change, which leads to changes in the economic stability  $S$ , as shown schematically by Fig. 6.

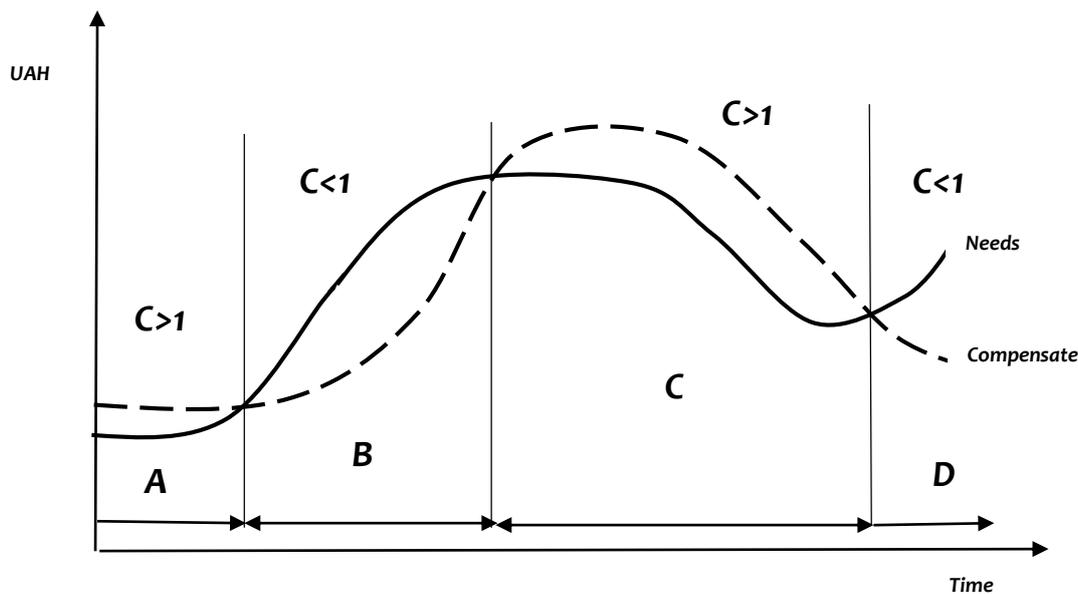


Fig. 6. The stability variability nature of the management object during the crisis

In each of the A, B, C, D crisis periods in Fig. 6, sustainability varies depending on the ratio of needs and allocated compensation resources. Thus, the stability indicator can have only an instantaneous value, and the assessment of the sufficiency or insufficiency of its level requires forecasting the expected indicators' dynamics in the following period. Thus, the decision to compensate for the needs in period A should be linked to the forecast of the expected change in performance in the next period B, and so on.

Let us demonstrate how the Government of Ukraine should have acted during the measures' adoption to combat coronavirus from a managerial position.

When choosing a behavioral imperative, Table 1 required an objective assessment of the country's available resilience to the crisis, which led to a realistic assessment of the needs arising from the pandemic. Such a decision would require a fuller consideration of available scientific recommendations of macroeconomic nature, particularly on the need in the crisis to introduce measures to reduce the cost of credit, cancel or reduce taxes, and tax rebates on new investments (Aleinikova, 2014). However, more careful consequences' consideration of declining inflation and even the deflationary manifestations accompanies the global financial crisis since 2008, which has been proven for Ukraine's conditions in numerous papers (Heiets, & Hrytsenko, 2013; The Ministry of Health requires the regions to pay a 300% bonus to doctors by the end of the week, 2020; etc.).

When creating a coronavirus control fund in the state budget of Ukraine, the number of needs was estimated at UAH 64.7 billion, of which only UAH 10 billion was allocated to the Ministry of Social Policy to implement such programs "financing pensions, pension supplements, and pension deficits, to cover the Pension Fund deficit. And UAH 0.6 billion for the payment program of assistance, compensation, financial support, and payment for services to certain population categories"(Saakov, 2020). The deflationary processes underestimation became apparent within one or two months when it became clear that the funds allocated for direct support of the population were insufficient to launch a mechanism to revive the consumer market.

The fund's finances distribution was not carried out under the vertical-horizontal linking scheme of the behavioral concept tasks during the crisis, according to Fig. 4. According to the Ministry of Finance, as of May 25, only three managers received finances from

the Fund ("Anti-virus" fund of the state budget: for 5 weeks of quarantine only 20% of means were used, 2020):

Ministry of Economy for UAH 6 billion, which are aimed at additional funding of the Fund of Compulsory State Social Insurance in the Event of Unemployment;

Ministry of Health for UAH 3.09 billion to implement measures to combat coronavirus;

Ministry of Social Policy for UAH 3.39 billion, of which UAH 1.66 billion aimed at financing assistance to children of individual entrepreneurs (PE) of groups 1 and 2 of the simplified taxation system and UAH 2.28 billion financial assistance from the Social Insurance Fund.

That is, the compensation fund linking took place by the current management model shown in Fig. 2, without proving finances, tasks, and responsibilities for their application to lower-level economic entities.

As of June 16, 2020, the Government confirms the Coronavirus Fund's transparency and efficiency (The Ministry of Finance ensures transparency and efficiency in the use of the Fund's resources to combat COVID-19, 2020) use, but on June 18, the Verkhovna Rada passed a law allowing the Coronavirus Fund redistribution to infrastructure projects (Part of the money from the Anti-COVID-19 Fund will go to the roads. The council passed the law, 2020).

The law provision to mention in the preliminary decision the possibility of using the coronavirus fund for the construction, reconstruction and repair of public roads of national importance means a complete change of behavioral paradigm without the necessary substantiation, how it responds to the economic stability indicator according to the concept of the evaluating decision in times of crisis shown in Fig. 6. As an example, in phase B, the decision to redistribute the fund was made in phase B in the presence of the first signals to reduce the epidemic threat in the next phase B. Nevertheless, further deterioration of the epidemic situation in phase D, which was not considered by the Government when amending the fund to fight against coronavirus, causes a wave of fair criticism of the Government's actions. Furthermore, that is a consequence of non-compliance with individual behavioral concept requirements.

## 5. Conclusions

The Government of Ukraine's analysis on macroeconomic regulation during the coronavirus pandemic crisis shows the lack of the institution of economy's monitoring and developing a strategy of macroeconomic regulation, which would combine scientific theory and management activities to implement effective crisis management policies. Their delivery untimeliness accompanies the Government's inability to compensate for the lack of a substantiation conceptual level of its decisions to the final economic entities. The shortcomings present in the regulatory Government work from the modern management theory standpoint.

To improve the regulatory activity of the Government, it is proposed to introduce managerial concept elements of organizational behavior and support the economy's stability as an object operating in a changing environment. Proposals for the imperative behavioral choice for Ukraine's economy during the crisis and regulatory decisions, considering the management object's stability variability. The research results in the form of specific proposals to improve the Government's regulatory activities during the crisis can be implemented in the practical Government work, and the prospect of further research is related to substantiation and development of the government's holistic management model during the crisis.

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## 7. The competing interests

The authors declare that they have no competing interests.

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