THE MINISTRY OF EDUCATION OF THE REPUBLIC OF AZERBAIJAN

AZERBAIJAN STATE UNIVERSITY OF ECONOMICS

INTERNATIONAL CENTER OF GRADUATE EDUCATİON

MASTER DISSERTATION

on the topic

“DEVELOPMENT OF ANTI-CRISIS STRATEGY IN COMPANIES AMID THE GLOBAL CRISIS”

Aysel Humbatova Azar

BAKU – 2022

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MASTER DISSERTATION

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Elm andı

Mən, Hümbətova Aysel Azər, and içirəm ki, "Development of Anti-Crisis Strategy in Companies Amid the Global Crisis" mövzusunda magistr dissertasiyasını elmi əxlaq normalarına və istinad qaydalarına tam riayət etməklə və istifadə etdiyim bütün mənbələri ədəbiyyat siyahısında əks etdirməklə yazmışam.

QLOBAL BÖHRAN ZAMANI ŞİRKƏTLƏRDƏ ANTİ-BÖHRAN STRATEGİYASININ İNKİŞAFI

XÜLASƏ

Tədqiqatın aktuallığı: Qlobal iqtisadi böhran dünya ölkələri üçün iqtisadi inkişafı zəiflədən və geriləməsinə səbəb olan böyük bir təhlükədir, ona görə də onun təsirlərini azaltmaq üçün antiböhran strategiyalarının həyata keçirilməsi mütləqdir.

Tədqiqatın məqsədi: Bu dissertasiya işinin məqsədi iqtisadi böhranla mübarizə üsullarını təkmilləşdirmək üçün antiböhran strategiyalarının işlənib hazırlanmasının yeni yollarını təklif etməkdir.

İstifadə olunmuş tədqiqat metodları: Tədqiqat dünyanın müxtəlif regionları arasında strateji siyasətlərin nəticələrinin analizləri və ölkələr arasında fərqlərin statistik faktlarının müqayisəsi əsasında aparılmışdır.

Tədqiqatın informasiya bazası: Müxtəlif hüquqi sənədlər, həm Azərbaycan, həm də dünya ölkələrindən olan müəlliflərin elmi nəşrləri, konfransların bir sıra nəşrləri və digər müxtəlif resurslar bu tədqiqatın informasiya bazasını təşkil edir.

Tədqiqatın məhdudiyyətləri: Sonuncu üzləşilən böyük qlobal iqtisadi böhran 2007-ci ildə baş verdiyi üçün qlobal böhranla bağlı informasiya mənbələrinin böyük əksəriyyəti 10 ildən əvvəlki tarixlərdə nəşr olunub.

Tədqiqatın elmi yeniliyi və praktiki nəticələri: Dünya ölkələri nəticədə gələcək dövrlərdə növbəti bir böhranla da üzləşəcək və iqtisadiyyat bu vəziyyətə hazır olmalıdır. Mümkün zərərlərin qarşısını almaq və ya minimuma endirmək üçün yeni antiböhran strategiyalarına ehtiyac var və bu tədqiqat işi həmin strategiyaların yeni inkişaf yollarını təklif edir.

Nəticələrin istifadə oluna biləcəyi sahələr: Qlobal iqtisadi böhranla mübarizənin yeni aspektlərini tövsiyə edən bu tədqiqatın nəticələri həm hökumətlər, həm də şirkətlər üçün böhranın idarə olunmasına töhfə verəcəkdir.

Açar sözlər: İqtisadi böhran, Antiböhran, Strategiya

DEVELOPMENT OF ANTI-CRISIS STRATEGY IN COMPANIES AMID THE GLOBAL CRISIS

SUMMARY

The actuality of the subject: Global economic crisis is a huge threat for world countries which degrades economic growth, so anti-crisis strategies is a must in order to reduce its effects.

Purpose and tasks of the research: Purpose of this dissertation work is to offer new ways of developing anti-crisis strategies in order to improve the methods for dealing the economic crisis.

Used research methods: The research has been done based on comparison of the analysis of strategic policies' outcomes among different regions of the world and statistical facts of differences among countries.

The information base of the research: Different legal documents, scientific publications of authors from both Azerbaijan and world countries, publications of conferences and other various resources make up the information base of this study.

Restrictions of research: As the last global economic crisis happened in 2007, most of the information sources about global crisis were published more than 10 years ago.

The novelty and practical results of investigation: The world will face the next crisis eventually, and economy has to be prepared for that situation. In order to prevent or minimize possible damages, there is a need for new anti-crisis strategies and this research work offers new improvement ways of these strategies.

Scientific-practical significance of results: The conclusions of the study which recommend new aspects of coping with crisis will contribute crisis management for both governments and organizations.

Keywords: Economic crisis, Anti-crisis, Strategy

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INTRODUCTION

Relevance of the research topic: The Great Recession, which started at the end of 2007, is considered the worst one since the Great Depression in 1929. It emerged in the US and extended to the most of the world. In situation of global crisis, governments must develop strategies in order to protect their economy. Otherwise, financial condition of a country would be damaged irrevocably. Enterprises also should take some necessary measures against crisis themselves, so their existency and competetiveness would last. If the corporation fails to respond to rapidly changing outside surroundings, it will find itself in a critical situation, and it can only be avoided by immediately identifying the causes and developing a cautious plan for the organization's future operations.

The main objective for both governments and sole companies is to minimize the influence of economic downturn with the implementation of anti-crisis strategies.

Statement of the problem and learning level: As the global economic downturn affects all the nations in the world, it is a wide-studied topic. The 2007 crisis have been researched and analyzed by many economists and scientists including Breuss F., Hoshi, T., Kashyap, A. and many others. Moreover, works of economists such as Akyuz Y., Edmonds T., Claessens S., Laeven L., Dobler M., Valencia F. cover mostly implementation and world responses to the anti-crisis strategies.

Nevertheless, the specific methods for developing anti-crisis management policies in organizations require more detailed research and demand new recommendations.

Purposes and objectives of the research:

Purpose of this dissertation work is to examine the applied methods of anti-crisis strategy in the last crisis, explain their significance to keep the economy stable in a possible level, and discuss their insufficiency and helpfulness. The main objective here is to suggest new directions on crisis-emerging situations in order to improve the existing dealing ways with the crisis situation in companies and governments.

Object and subject of the research:

The object of the study is forming strategies that will help to reduce adverse effects of gblobal economic crisis. The subject of the research is maintaining stability of organizations during the global crisis.

Research methods: To carry on the research on this topic properly, various methods have been used in this dissertation work. The applied methods support the idea of importance of developing proper anti-crisis strategies in companies during recession period. The significance of these strategies have been proven with the comparison of the results of these strategies in different regions of the world. Statistics of change in economic indicators during economic crises and after implementing new policies have been shown for this purpose. Implementation of various policies to interrupt the crisis in companies has been analyzed, by focusing on comparison of efficiency levels of anti-crisis strategies by different countries, analysis of the outcomes of crisis prevention methods and pointing out alternative methods used in history.

Furthermore, characteristics of anti-crisis strategies in Azerbaijan have been explained and supported with facts.

Research database: The information base of this research includes legal documents, publications of both foreign and domestic scientists and economists, publications of scientific conferences and other different sources.

Scientific novelty of the research: Economic crisis is inevitable in any period. The world had faced it in the past and will face it in the future. Main purpose is to develop proper and useful solutions in order to prevent its consequences in a possible level and alleviate its damages afterwards. So developing anti-crisis policies should always been taken attention.

Scientific and practical significance of the results: The practical and theoretical emphasis of the study consists of the fact that the results contribute development of new ways to diminish the influence of crisis all over the world. The recommended strategies can be implemented in the anti-crisis activities of governments, likewise in the management practice of enterprises when making strategic and operational decisions.

CHAPTER 1. THEORETICAL BACKGROUND OF ANTI-CRISIS MANAGEMENT

1.1 The global financial crisis, its causes and consequences

Since 2007, the global financial system has been attacked by a series of interconnected crises, starting with an obvious native recession in the subprime loans market in the United States and slowly spreading to the financial industries of other industrialized economies, before morphing into an international economic meltdown influencing that very many countries, both advanced and developing, with potentially serious consequences. The effect has been both sociological and budgetary, and despite variances between nations, there are parallels within areas based on pre-existing weaknesses. A crisis is the perception of an unpredictable event that threatens important expectancies of stakeholders and can seriously impact an organization’s performance and generate negative outcomes. The latest incident varied from previous crises in that it had its origins in developed-country financial systems, had an international influence, and merged with the fuel and food price crises; however, its effect on low- and middle-income states is equivalent, both economically and in view of the importance of local strategies and macroeconomic posture against exogenous shocks.

As the US housing bubble emerged in summer 2007, small percentage expected it to have such a broad impact on the global economy. After a year, no one could deny that we were in the midst of a world's economic system meltdown with severe macroeconomic and social ramifications for many regions around the world. Few local experts and lawmakers would attempt to pretend that their country is immune to the repercussions of the global financial crisis as it unfolds. Scale, timing, distribution impacts across regions and countries, and the implications for the world of design of the financial sector are all unknowns. Recognizing what has occurred and what might happen is just as important as the quality of day-to-day crisis response, necessitating the need for an interim assessment, even if it is inaccurate and rife with misperceptions and incorrect assumptions. The mortgage market meltdown occurred for a number of reasons, but new and poorly underwritten mortgage products were a significant contributor.

Monetary reasons of the crisis. As from mid-1990s, the principal reasons of the economic meltdown may be traced back to loose monetary policies pursued by the US Federal Reserve Board as well as other global central banks. With record-low inflation and little inflationary expectations, banks have shifted their focus to even more extensive good in order to minimize the tiniest chance of bankruptcy. As a consequence, the Fed has forcefully lowered its interest rate three times within last decade, beginning with a sequence of emerging economic crises (Mexico, Russia, Southeast Asia, and the well before scenario in Brazil) and the US Long-Term Capital Management issues at the end of 1998. The dot.com bubble collapsed in 2001-2002, following the aftermath of 9/11 severe interest rate reduction, which brought rates. The Fed helped struggling financial firms on both situations, helping prevent (1998) and decrease (2001) the risk of a US downturn while boosting global economic growth. The third interference took place in the aftermath of the latest crisis.

Expecting depression and deflation (in the beginning of 2000s), monetary policy strengthening followed, because it was always too late. The Fed's unduly accommodative stance helped to the systemic accumulation of surplus money in the United States and many other countries. Many politicians and experts were fooled by the interim lack of evident inflationary effects as a result of supply shocks resulting from economic transformations and market openness in China, India, and other emerging and transition nations. The Uruguay Cycle, particularly the Pact on Cotton and Textiles, and the resulting global trade deregulation put further downward pressure on industrial costs.

Nevertheless, the excess liquidity persisted, resulting in three asset bubbles: one in the real estate sector (especially in the United States, as well as in the United Kingdom, Ireland, Spain, Iceland, the Baltic nations, and Greece), a second in the financial sector, and a third in global commodities markets. Eventually, these bubbles had to explode.

Significant macroeconomic fears also had begun to emerge, including an expanding US budget deficit and, more lately, rising global inflationary pressures triggered by rising commodity prices (described by nation's financial officials as an external price shock), rapidly growing internationally accepted reserves in so many emerging and developing economies, and a devaluing US dollar. The leverage ratio of 1-30 or more came with little risk for the crediting institutions, meaning that the consequences of such massive risk taking were less than the possible risky obtained profits and for the debtors too: mortgage debtors in the USA are legally liable only in relation to the property on which the loan was issued; in other words, not their other assets (Kamppeter, 2011).

Regulatory failures. The problem is not only monetary policy. Laws and regulatory institutions, which have trailed far behind fast financial sector changes, bear a big portion of the blame. The most irrational assumption is the one on the representative organization and logical expectations. This is where analysts gets into the arts zone but instead of seeing the peculiarity of that vital component of the economic structure, it efforts to standardize it and endow it with logical answers, assuming rational, self-interested behavior and the maximization of expected utility (Bernanke, 2010). When it comes to institutional difficulties, two significant contradictions stand out:

the worldwide nature of financial markets and the international structure of large financial institutions vs the local impact of financial supervisory authorities (even within the EU).

Financial conglomerates' growing significance in numerous areas of the financial sector, as well as new, cross-sectoral financial derivatives, are pitted against financial supervision's vertical fragmentation; just a few nations can claim of unified prudential supervision. Considering two aspects of economic regulation (state and federal), the US displays additional institutional quirks.

Rating agencies and governing bodies must also be held responsible for failing to comprehend the nature of creative financial instruments and providing too much quick risk assessments by failing to recognize the absolute risk allocation in the hard intermediation channel in between the last mortgagor and lender, resulting in an underestimation of riskiness. During times of prosperity, the very same rating agencies that gave unduly optimistic evaluations to financial firms and individual economic instruments quickly began to reduce their scores during difficult situations, contributing to market collapse.

Preventative restrictions, including capital adequacy ratios (particularly if funds are uncertainty and mark-to-market valued) or strict accounting rules related to book provisions against downside risk, had a peculiar impact, resulting in unexpected lending halts and huge fire sales of assets. They turned out to be quite counter, notably since the recession already had begun.

Information asymmetry and the banks. The banking industry is inextricably linked to the evaluation of the recent recession, is perhaps the most integral part of educational for the average person, who watched money going out of his or her wallets to preserve this business. There was no consolation for undergoing severe steps to prevent a financial catastrophe on top of a financial downturn. Notwithstanding the billions of dollars and euros that left government budgets to preserve those banking behemoths, the structure remained largely intact, with no substantial structural adjustments or repercussions. General equilibrium theory is taken as given by all increasingly complex macroeconomic models, though models do not explain how after an exogenous shock they adjust back to the old equilibrium or to a new one (Kirman, 2011). It is just taking account into that they surprisingly do, as in Adam Smith’s invisible hand.

Two factors are critical for the reorganization of these high-risk organizations: high motivations and little responsibility.

The contradiction of the pre-2008 banking business is that the structure of rewards obtained by bank personnel at all levels was poorly conceived and not commensurate to the risk accepted. Banking governors received hundreds of millions of dollars in incentives for their preceding year's achievements, only to have their controlled organizations nearly fail in the years that followed. How did this happen? Rewards were given depending on the quantity rather than quality, which meant that at the conclusion of year, agents of any and all degrees were paid depending on the amount of their activities. So, if the money lent or the transactions undertaken the following year collapsed, nobody experienced any penalties because their large checks had already been cashed. This incentive system was predicated on relatively brief outcomes (in a month or a year), and hungry humankind (coming back to illogical operative actions) stepped in, increasing dangers to enhance personal advantages. Contributing to the herding behavior (going back to human psychology), when the first bank declared the loosening of underwriting requirements and had customers queuing in lines for a credit, everyone else hurried to do so as well, participating in a downward cycle race of lending simplicity. It was evident in Romania as well, with banks employing methods such as mortgages depending only on an ID card or aggressively marketing card overdraft charges. It's no surprise that the number of non-performing loans began to climb quickly, spurred in portion by banks' selfishness and in portion by the compensation system.

Ups and downs of managing the crisis. The crisis management was disorganized and focused on soothing jittery financial system in the forthcoming years instead of solving core issues such as huge financial organization bankruptcies.

In response to the rise in mortgage defaults and insolvencies, the state took steps to improve loan owners' access to financial counseling. The government declared a number of steps on Friday, May 9, 2008, to improve assistance for householders. Moreover, to declaring that 9 million pounds in new financial support for debt recommendation will be given access by third relevant stakeholders, along with Citizens Advice Bureau, the State commits to:

- expanding access to great legal assistance at court system all through England for household members at risk of non payment;
- strengthening the National Housing Advice Service to include a proposed new loan provision of information;
- and providing more specialized training for Civilian Advisers.

The absence of multilateral agencies capable of managing macroeconomic and governmental coordination and collaboration frequently resulted in rushed grow from strength to strength, such as the Irish state's directive issued provide the comprehensive deposit assurances, provoking other EU authorities to follow that example, or the Iceland-UK disagreement over international deposit assurances.

A further example of a short-sighted autonomous strategy is the Fed's significant rate reduction at the late 2007 and start of 2008. The reductions exacerbated inflationary pressures and caused commodities markets throughout the global economy to inflate. When paired with euro and yen strengthening, it shifted the danger of bankruptcy to Europe and Japan whilst also neglecting to rebuild internal US financial confidence in the market, as seen by widening gaps and recurring liquidity shortages. The early diagnosis, which pointed to liquidity but instead of bankruptcy as the root cause of the collapse, now looks to have been incorrect.

As such, US officials wasted so much time and prospective armaments required now and in the following months on unsatisfactory monetary and fiscal initiatives (interest rate cutbacks and wide ranging tax breaks) to boost the economy and get more cashflow, then instead of focusing their funds on resolving financial institution liquidity problems.

Many people are critical of various governments' delayed and expensive initiatives to save their banking sectors. These reservations are at minimum somewhat legitimate. On the one side, emergency measures impose a new strain on the system, even though some of the present capital raising expenditures may be repaid through eventual privatizations. Governments with an already high debt-to-GDP ratios, from the other hand, should be especially aware of the implications of their budgetary measures since they are liable to illiquidity and bankruptcy.

Moreover, the probability of global economic stagnant growth increases the likelihood of budgetary hardship in many nations. As a result, budgetary policy necessitates extreme caution. Whilst saving major bankrupt financial institutions is often essential, at least for the moment, the concept of applying large-scale fiscal policy to cure economic downturn should be approached with caution. The example of Japan, which used strong monetary measures and substantial fiscal measures to combat the post-bubble downturn in the 1990s, should indeed be carefully examined.

Japan's fiscal radicalism failed to lift the country out of recession, but it did add to the country's massive government debt. The IMF recommendation for worldwide budgetary development is contentious in this setting (IMF, 2008).

Given governments' inability to avert the disaster and offer an appropriate approach from the start, the issue of if state interference is sufficient to maintain confidence in the market is a valid one to explore. In overall, private enterprise and market-oriented remedies, such as organizing for a fresh private investor to take over a troubled institution if one is currently available, would always be preferable to public ownership. The basic line is that the present situation cannot be used to justify state interference and government (national) possession of financial institutions as a permanent cure.

On the other side, as the Great Recession demonstrated, authorities must interfere in big banking meltdown to avert a catastrophic financial collapse, utter catastrophic collapse sector, and a consequent severe depression cycle. This message appears to be generally recognized by modern politicians (other parallels referencing to the beginning of 1930s are not necessarily valid). The fundamental structure of banking institutions – a high degree of leverage and an imbalance among their assets and liabilities (having to borrow quick in order to lend longer) – renders them highly susceptible in moments of turmoil and morale crisis. The failure of a single big bank or investment fund can trigger a series, as was seen recently with the failure of Lehman Brothers. More, three years after the crisis and the accompanying bailouts, the six largest American financial institutions were significantly bigger than they were before the crisis, having been encouraged to snap up Bear Stearns and other competitors at bargain prices (Huntsman, 2011). As a result, a government bailout of distressed banking institutions cannot be likened to a bailout of drubbing non-financial firms. In terms of moral damage, state bailouts are unlikely to compensate unscrupulous bank managers and owners since they are now out of industry. Maybe it was a tougher decision to let the castle of cards come done in the 1930's, but back then at least the financial system was essentially built anew, with tight regulation and drastically changed attitudes about risk and responsibility that translated into a financial-crisis-free era in the United States and Europe that lasted for decades (Fox, 2013).

How did the recession spread to developing markets? Despite shattered aspirations of avoiding the present financial crisis's consequences, developing market countries are nonetheless experiencing its impact. Since 2006, these countries have faced escalating inflationary pressures, resulting in a slew of economic and societal issues. Even though the cost of some commodities has begun to fall and the US currency has rebounded in recent days, this impact is not likely to abate rapidly. Furthermore, a slowing global economy means decreasing demand for various commodities, and also capital and infrastructure goods. Furthermore, the worldwide credit crisis and the liquidity troubles of so many multinational businesses already have resulted in net investment outflows from developing nations, putting a stop to fresh investment initiatives. Lastly, beacuse of short-term foreign finance exposure and hazardous lending standards, institutions in so many emerging economic countries are exposed to a worldwide financial instability. In other words, future rounds of disasters in emerging and developing economies look to be inescapable, especially in nations that have not amassed substantial foreign reserves or ran fiscal excesses. Ukraine, Hungary, Belarus, and Pakistan, for example, have previously requested IMF immediate assistance.

The above new conflict examples are illuminating. Hungary's problems stemmed from a mix of financial industry instability, high fiscal deficits and government debt, and a long-standing lack of political agreement to implement essential budgetary adjustments. In the situation of Ukraine, there was a precipitous drop in metal prices (the government's principal production), an overexposure of the banking industry to foreign short-term funding, and local political unrest. Belarus, a government with a restricted financial and economic structure, became a sufferer of its unwillingness to implement business changes, rendering the government unable to withstand a negative conditions impact. The very same reason – a negative terms-of-trade impact was triggered by increasing oil and food cost – mixed with a large budget deficit and local potential vulnerabilities (war along the Afghan border) contributed to

Pakistan's conflict predicament.

The variety of emerging-market requests for IMF immediate assistance is certain to rise in the weeks and months ahead, because as impacts of the slowing global economy and a collapsing resource bubble extend to the undeveloped nations.

Thinking forwards, despite the quality of their policy measures, market condition, or political uncertainty, cheap money is unlikely to come back to developing countries after the recession comes to an end. To reestablish confidence and attract investors, the previously waning urge for structural and financial changes may be reintroduced.

The very first lessons. Efficient communication is a major challenge for emergency responders during crisis management, and missing information and information overload are important factors that determine the success of crisis management (Netten and Someren 2011). Even though concrete conclusions from that crisis situation are premature, several benefits may already be taken. Though not a novel idea, the first conclusion is that monetary policy cannot be overly aggressive and overly focused on anti-cyclical conscientiousness. Its role must be neutral, which means that monetary policy must not only support an industry through tough times, but it should also be able to bend early enough as the threat of burning emerges. Questionable notions, including such Alan Greenspan's risk management framework promoted in the mid-2000s (Greenspan 2004), that go far beyond the traditional central bank mission, should always be discarded. A short-term emphasis on inflation expectations restricted to the consumer price index would be futile unless monetary authorities pay closer attention to macroeconomic variables and capital marketplaces. This implies that theoretical and methodological responses to this novel and more widespread monetary policy technique must be reconsidered. Crises result when an environmental threat interacts with an organizational weakness (Egelhoff and Sen, 1992). What capital liberalization has created is a huge mass of money that is free to migrate in any part of the world. Taking into consideration the heard behavior, capital can flood some countries, like when billions of dollars left from the richest countries in the world to Iceland, a country of

320,000 people, chasing high rates.

There are two others, more basic quandaries confronting financial institutions, which should have been revisited in light of the present catastrophe scenario. First, in an age of globalization, no nationwide financial system can be actually completely self governing; even the most powerful central banks (the Federal Reserve Platform, the European Central Bank, and the Bank of Japan) should take into consideration various economic system and the possible repercussions of their choices upon everyone. Thus, the issue around whether collaboration of monetary policy between major banks is conceivable and acceptable, going above dramatic joint rate cuts (as on October 8, 2008) or combined urgent liquidity injections, should be revisited. Improved collaboration might decrease the occurrence of world's economic disruptions, including such abrupt fluctuations in major foreign exchange rates, and provide steady worldwide cash management. It is crystal clear by now that the US financial innovations have made the system more fragile; the existing linkages within the worldwide, highly connected financial markets have generated the spillovers from the U.S. subprime problem to other layers of the financial system (Colander, 2009).

Though nothing resembling a Bretton Woods structure or application monetary regime is possible in the coming years, a system to manage insuring efficient global cooperation in monetary policy is critically needed. The IMF, which might have easily performed this job under the Bretton Woods agreement, was lately reduced and degraded to the point of weakening its policy coordinating mandate in economic and financial matters.

The inadequate autonomy of domestic monetary policy is much more apparent in emerging market economies, when central banks' capacity to lie against the winds is considerably more constrained. The ideal various financial rate framework (probably one of the corner remedies or a mixed option), which was widely debated at the late 1990s and beginning of 2000s and afterwards neglected for a spell during the unprecedented quiet on capital markets, will be reintroduced to the national strategy.

The next essential point focuses on the extent to which central banks have care of the financial system and financial program's sustainability. Unlike in the case of foreign trade theory, no economist has been able to prove that free international capital movements go together with gains in prosperity (Bhagwati, 2005). The present situation appears to confirm that delegating far to much authority to central banks, as has occurred in the United States or the United Kingdom, jeopardizes their ability to combat inflation. In comparison, the European Central Bank's brighter and more simplistic anti-inflationary requirement, supported by its good legal freedom, has restricted its participation in rescue missions of disturbed financial firms, forcing authorities in Eurozone members to take a leadership role in resolving finance industry troubles.

Banking reform, financial oversight, and credit bureaus all require more consideration. So how would they react to financial intermediation, banking corporations, and cross-border activities successfully? So how would they evaluate the following types of hazards over the long run instead of the short term? How should companies deal with loan booms in periods of success and loan crunches in times of adversity?

Due to the obvious worldwide understanding of the banking industry, appropriate global collaboration of banking regulation and strategic and operational level is arguably more essential than monetary policy cooperation. Similarly, the IMF could play a key role in this, but only when it is organizational mission and efficiency of the operations are strengthened. Economists need to turn their faces to the art part of economics and behavioral economics should be the focus of the next researches, trying to understand and to encompass the human element and the limits of its rationality, in an interdisciplinary effort able to account for a diverse range of behavioral influences (Cojanu, 2015). However, we mustn’t fall into the sin of exacerbated protectionism, an extreme counterbalancing of the total lack of rules and regulation that governed economy in the past decades (Toarna, 2014). Some extent of capital regulations in the single settlement to let go them return to the real economy and situation of real investment.

The recession showed a similar dilemma on a European scale. Despite the existence of an Unified European Market (such as its banking system aspect) and a monetary union, there is no Global banking oversight per se, nor is there any space for cooperative rescue missions. Durability to long term financial crises in Europe will be determined by how some flaws are remedied. The era of complete capital liberalization has proved also to carry more harms than benefits.

From 2007-2008, the developed world has seen a series of economic problems: the Global Financial Crises in 2008, the Great Recession in 2009, and – a European specialization – the Euro crisis starting in 2010. Every crisis has an own structural model. The Global Financial Crises was precipitated by the housing bubble (subprime crises) in conjunction with dangerous banking behavior in the United States, which resulted in a financial crisis. As a result, the United States had a Great Recession, while Europe saw a significant decline in GDP as a result of the spillover. The Global Financial Crises and the Great Recession functioned as asymmetric shocks to European countries involved, precipitating the Eurozone crisis. As predicted before to the Euro's launch, nations that were unable to react through inner devaluation (due to the loss of the mechanism of its own currency rate fluctuations) experienced the most. The Eurozone crisis was self-inflicted and the result of a trinity of reasons (credit, financial, and macroeconomic imbalances) that linked in a vicious spiral.

The main takeaway from the Euro crisis was that the asymmetric policy framework was not crisis-proof. As a result, a slew of policies were put in place to better prepare the Eurozone for future crises. The collaboration of fiscal policy was reinforced, new rescue tools were launched that didn't even exist prior to the downturn, and the banking industry should be arranged by the European Banking Union with the goal of breaking the brutal circle of bank bail-out and government debt formation.

The outlines and hazards of a crisis's emergence. We make the following judgements based on our belief that the world's one of the biggest crisis is structural rather than cyclical:

For starters, the world's 2008 crisis would last a long time. Its termination is typically envisioned as a stop in the loss of production or a revival in the stock exchange. This is the reason why, as early as mid-2009, there was discussion of ‘green shoots’ appearing. In fact, though, situations are far more complicated.

Neither the decline of output nor the decrease in the share market can be sustained indefinitely. By these indicators solely, the global economy appears to be restoring some kind of stability. The underlying issue is that this balance remained unstable, just as every revival to economic development would be. This was the situation in the 1930s and 1970s, when it took nearly a decade to restore to solid and steady economic development, despite periodic disruptions by crises of a clear periodic or sectoral (financial, economic) character.

A fresh and steady economic development path can only be reached when a state demonstrates its ability to address the crisis's core causes. These underlying factors include technical, financial, regulatory, sociological, and perhaps political in nature. The necessary adjustments are sluggish to take full effect, and it is nearly difficult to accelerate things.

Also an anti-crisis strategy might cause extra issues and hazards that will have an influence on the existing crisis – or on post-crisis situations. We believe that the most significant of these dangers are macroeconomic destabilizing, significant expansion in the government sector (deep public ownership), and moral hazard (the danger of carelessness), all of which drive to preserve present economic arrangements. Let's take a closer look at these three types of issues.

The main issue is the increase in economic uncertainty, which can lead to political destabilization.

In this regard, the most major mistake is to implement an expansionary fiscal and monetary-credit policy in order to battle deflation and prevent the type of disastrous combination that developed during the Great Depression. Cheap money and budgeting infusions into the sector would eventually lead to a substantial rise in the sovereign debt of most advanced economies, increasing the danger of potential high inflation. Which is why the necessity for an escape route – for methods and strategy to achieve disinflation and decreasing government debt – is addressed on a regular basis in conversations between economists and politicians. Nevertheless, the actions that the policymakers must undertake are self-evident: raise taxes, slash budget expenses, and raise interest rates.

The economic and political issues involved with such a plan are not less obvious, and they will emerge from not only the selection of an escape route, as well as from its execution. On the one side, politicians in advanced nations (mainly the United States) encourage their coworkers to keep offering budget incentive schemes on the premises that too soon a move back to fiscal conservatism may result in a breakdown to reboot the 'economic machine,' that, if the flow of cheap money is cancelled, may initiate to halt once more. Nevertheless, determining when to switch off the money printing process might be difficult at times. Furthermore, a prolonged and too liberal infusion of money into the economy would unavoidably result in high inflation rates in certain industrialized nations.

It is considerably more hard to accurately identify the economic and political variables that may obstruct the execution of a post-crisis agenda. A program of cutting spending while raising interest rates would have severe implications under any regime, but it is especially perilous in young governments — that is, in nations where people are vulnerable to populist rhetoric due to low income. There have already been cases of administrations falling to the attraction of populism in the roll to elections, even while they had previously resisted it. Politicians who can stand up to the increase of government spending are exceedingly rare.

There is obviously a risk that industrialized economies will become locked in a violent populist cycle — and that they will do so repeatedly. The method is, in reality, pretty simple – and is well understood as a result of Latin America's history during the 20th century. Government budget and monetary extension boosts the economy, but it also causes a rise in government deficit, hyperinflation, and interest rates to rise. This is accompanied by a anti-stimulation of output investment, or due to the accelerated depreciation of currency or just because investing in state securities has become the most appealing type of investment. The next phase is to tighten fiscal and monetary policy, which will result in a downturn. Recessions may be preceded by a loosening of macroeconomic policy once more, and the cycle will continue. One particularly painful effect is that such variations necessarily undermine the stability and efficiency of organizations of governmental power. In nations with poor governance, the populist economic cycle is sometimes followed by political changes, during which power is taken in shifts by populist and conventional dictatorships. Of course, the history of the 20th century is not all-encompassing, but it does give some insight on the likely trajectory of circumstances.

A further significant concern is huge nationalization, whether implied (hidden) or apparent (open), coupled by increased dirigisme in the financial plans of the worlds largest leading nations. The history of the previous four centuries demonstrates that the protection of private ownership offers the most stable foundation for contemporary economic growth — that is, development worthy of considerably raising average per capita GDP. Presently, the veracity of this claim is being questioned. Whenever the government comes to the aid of debtors and introduces money into institutions by enhancing the assurances of private depositors, it takes the risks connected with the acts of all of the major economic actors - bankers, depositors, and creditors (who can also often be the very same people or organizations). In order to combat the effects of the global crisis, the authorities of the large percentage of advanced nations frequently resort to initiatives that can discredit privately owned land and diminish one of the basic values of a market system – the personal obligation of individuals (particularly businessmen) for the consequences of an action. The polity have demonstrated their willingness to cover individual dangers. In other word, public ownership of damages inexorably goes to nationalization of dangers in the following step.

The provision of economic assistance to struggling businesses effectively results in their state ownership. Public ownership occurs in at least three ways: by the purchase of a company's credits, by recapitalization in return for a share, and through the inflation of the worth of cumulative debt instruments. States are willing to take over all of the holdings (securities) of banking firms, either through assurances or through capital inflows.

Obviously, banking industry assistance is associated with a formal or real depreciation of the worth of privately owned shares. As a result, the legitimacy of individual property rights is called into question.

Over and beyond statification (government ownership), we see the growth of dirigisme - an increase in the quantity of particular judgments made by the state organizations; they (rather than the market) determine who is innocent or guilty. The Government is constantly instructing financial institutions on which activities to provide and which things to manufacture. The failure of Lehman Brothers, on the one side, and state aid to Bear Stearns, American International Group, and CitiBank, on the other (these really are scarcely market metrics), were the outcome of judgment that mirrored the principles of a centrally controlled market.

1.2 Identity of anti-crisis management

The 2008 crisis was unprecedented in terms of its intensity, scope, and the nations impacted. Major crises, defined as conditions of severe pressure in the finance industry accompanied by large governmental measures, frequently afflict many nations at about the same period. However, in earlier, crises were mostly isolated to certain areas or kinds of regions, such as the Nordic nations in the early nineties, Latin America in the middle of 1990s, Asia at the end of 1990s, and emerging economies in the early 2000s. The latest recession has been unprecedented in its wide perspective, striking nations with a pace and ferocity not seen since the Great Depression, with large industrialized nations and those that have just joined the European Union bearing the brunt of the damage.

As a result of the collapse of the USSR in 1991, there was a fundamental reform of manufacturing in Russia. It was then followed by the establishment of a local market for foreign manufacturers whose commodities were the most advantageous when compared to local production. As a result, major reforms were made in Russian social and political development. The state was in the grip of a severe systemic crisis.

The institutions found themselves in a tough business and market condition that was difficult to deal with. As a result, the issue of widespread organizational bankruptcy gained increased importance.

The current predicament has resulted in the businesses' inability to meet their financial obligations. The institution's principal goal became the avoidance of crisis circumstances as well as the supply of a stable situation and expansion. In this regard, all international catastrophe management techniques immediately gained popularity.

Therefore, anti-crisis planning is both business administration in the context of a pre-existing crisis and management aimed at removing the business from a poor financial position as soon as possible.

Anti-crisis managing, as a distinct sort of planning, has its own topic, which consists of two elements: managerial and executive action. Anti-crisis planning has an influence on developing challenges in substantial socio - economic, severe conflicts, predicted and real components of crisis that are frightening to its presence or drastically diminishing operation performance. As a result, any socioeconomic system can be considered the target of management.

Anti-crisis managing consists of several distinct roles, each with its own set of characteristics:

1. Pre-Crisis managing.
2. Crisis management:
    a) quick problem addressing;
    b) stabilization of non-stable situations; and
    c) reducing the losses and missed chances.
3. Supervision of the crisis recovery phase.

The anti-crisis managing process is a multi-level structured form whose execution goal is to boost the efficiency of strategic planning not only on the local but also on the macro level. As a result, internally and externally anti-crisis managing systems must be allocated.

The exterior system operates at the government level and includes: government financial and as well as non-financial assistance for key industry growth, preservation of sustainable need, anti-monopoly control of the goods and financial markets, and so forth. The outside anti-crisis control system's design consists of the following components:

1. *The regulatory, legislative, and procedural foundations of anti-crisis administration.* It includes the legal elements of anti-crisis measures and its legal justification. It contains legislative acts and bylaws, the most important of which is the Federal legislation about insolvency dated.

2. *Institutional support for the anti-crisis methodology.* Institutions of arbitral proceedings supervisors, regional governing officials of debt and making sure bankruptcy proceedings of the Federal Tax Service, cross - departmental balance sheet committees, and investments of assistance for entrepreneurialism operate at the national and provincial levels.

3. *Informational assistance for the anti-crisis management procedure.* A collection of print publications and online resources.

4. *Employee help in the anti-crisis management procedure.* As per the government decisions, specialist educational institutes on staff training and recertification in the domain of anti-crisis managing.

The inner anti-crisis planning system acts at the company level, providing reproducing of capital funds, increasing quality of the product, activating research and engineering development, maintaining monetary sustainability, and so on. Inner system components include:

1. *Controlling.* The set of measurements used in strategic and operational administration to ensure the attainment of intended goals.

2. *Investment and strategic planning.* It comprises the evaluation and prediction of the institution's potential entrance into such a crisis scenario, and also the subsequent creation of an escape plan from such a circumstance, and also the formulation of a thorough program of investing strategy for the execution of anti-crisis activities.

3. *Promotion.* It entails the establishment of production decisions and the constant

selling of items in times of crisis, as well as anti-crisis advertising.

4. Management of operations. Implementation of fast and precise information transmission from upper executives to staff and vice versa, as well as the development of a specific anti-crisis group.

There is strong interrelationship and dependency among two subsystems since the creation of united restorative effects is required for the long-term rapid growth of social and economic model.

Presently, the institution's anti-crisis managing techniques contain the following:

- evaluation of the exterior environment and entity benefits for the intent of any further prediction of the economic circumstances and the selection of the appropriate strategic plan of advancement;
- preliminary study of the roots of crisis situations in the institution's economy and finance;
- complicated evaluation of the organizations financial financial and economic circumstance for the aim of setting methods of its economic security;
- corporate strategy of the entity's financial restoration.

The preceding data is accompanied by the reality that powerful anti-crisis planning at the organization should be corresponded by the following characteristics:

- a primary aim is supplying steady funding and placement on the indicator in the circumstance of constantly changing world, and the response to any adjustments ought to be very quick;
- a justification of planning is a matter of continual advancements in all sectors of deeds of the organization;
- a distinguishing characteristic is the usage of tactics.

Scientists classify crises into two sorts based on their causes: objective crises and subjective crises. The objective issue is linked to the cyclical demands for upgrading and reorganization at many stages of socio-economic systems. Subjective crisis reveals errors and misjudgements in company management, as well as situations of overwhelming power (natural and environmental caueses).

The presence of numerous internal and external hazards causes the emergence of problems at both the societal and organizational levels. As a result, according to this categorization, crises are classified as external or internal. It should be mentioned that because institution is a component of a more challenging and massive public sector, the amount of interconnectedness and interinfluence of such sorts of crises is rather great. In a macroeconomic problem, it is evident that businesses are also impacted by the downturn that is affecting the entire and more fundamental basis. Regardless of the fact that emergencies for organizations are secondary and are a result of an externally dynamic environment in this situation, the issue of if it is feasible to withdraw the organization from a critical position in the event of a major disaster stays available. In contrast to the periodic regularities of the growth of the state system, an entity with an autonomous possibility and a beat of growth has its own phases and patterns of crisis emergence. As a result, it is possible to claim that the institution is prone to a range of internal problems.

1.3 Importance of anti-crisis strategies in overcoming global economic crises

The evolution of the international enterprenourship environment from movable to fast-changing led to the formation of different management practices, whereby the term strategy implementation was coined. Organizations' domestic and global performance spoke to the necessity for a systematic approach to anti-crisis control. Long-term efficacy of anti-crisis administration would be provided by this method. As a result, strategically managing, as a required part of corporate management control, has become the foundation of anti-crisis planning, in which the institution's development strategy plays a significant role in its operation. Therefore, if the corporation fails to respond to rapidly changing outside surroundings, it will find itself in a critical situation, which may be avoided by immediately identifying the causes and developing a cautious plan for the organization's future operations. The plan will serve as the evolutionary direction for the whole anti-crisis control system.

In principle, a anti-criss istrategy is a long-term growth path for an organization that encompasses all areas of its internally and externally activities in order to meet the organisation’s objectives. The distinctive aspect of anti-crisis plan is its obvious focus toward the detection and avoidance of crisis causes, as well as the selection of appropriate activities to exit a crisis scenario. The capacity of the organization to avoid many key events and calm their behavior is dependent on the appropriate strategy. Essentially, a policy is a strategy of operation for a given length of time and under specified conditions that helps a business to escape essential crises and set a path for continued development, expansion, and reinforcement of its marketplace.

The below factors are included in the anti-crisis strategic approach:

1. The firm's field of operation and the key paths for its development (studying segment aspects for efficient evaluation and the possibilities of crisis prevention);
2. Activity aim (learning long-term objectives in order to develop strategic planning);
3. Goal-achievement techniques and types (description of techniques and types for future research and selection of special programs for objective accomplishment);
4. Human resource management (study of staff inner structure and degree of relationships among divisions and departments);
5. Production cycle structure (governance in regard to the institution's existing funds);
6. External and internal organization environments (study of macro levels and micro-environments as a major factor in plan formulation);
7. Marketing plan (strategies advancement of anti-crisis marketing).

The anti-crisis management strategy encompasses all adjustments in just about any economic and social program's present strategy, manufacturing techniques, design, and mentality. Consistent monitoring of significant external characteristics of the environment, and also quick identification of requirements in adjustments, become the most critical goals of the organization under crisis response settings. The suitable crisis plan is decided by the institution's senior management depending on the location where problems represent a danger to achieving objectives.

Some of the most widely used anti-crisis methods are below:

- stabilization strategy (rationalization and consolidation);
- reformation strategy;
- development strategy.

Consolidation and rationalization strategies imply a decrease and much more sensible utilization of existing resources and ways of usage. It is carried out on the basis of the firm's crisis diagnoses and comprises efforts to rectify the identified faults in operational and economic operations, corporate management, advertising, and sales revenue.

The restructuring plan entails a structural changes of the institution's current assets, governmental bodies, operations, procedures, and technologies.

The growth strategy comprises of a creative approach to the institution's potential development, competitiveness, and stability. In this scenario, a creative approach includes not only developing and implementing the greatest goods, but also the best working practices. The plan should include a proper analysis, appraisal, and selection of the firm's proposed development approach.

To resolve a crisis, it is not required to employ all three tactics. The approach is chosen based on the sizes and severity of the crisis scenario. The greater the severity of the calamity, the greater the transition should be. As a result, it may be sufficient at the outset to adopt the asset stabilisation plan. In more overlooked circumstances, not only stability but also reorganization of the firm may be necessary.

As per widely held belief, the restructuring method is among the most extreme means of change in the anti-crisis project management. The major goal of the strategy under crisis situations is to eliminate the source of the recession, which is the foundation of anti-crisis managing.

The most comprehensive explanation of this idea can be expressed as defining restructuring as basic and sophisticated adjustments based on alteration of corporate structure and concept of organization operating. It encompasses almost every element of the company's operations. The main objective is to overcome crisis events, promote better effectiveness and performance, and boost profitability.

The implementation of a restructuring approach is seen to be possible in three scenarios:

1. the firm is in a economic downturn and expects economic healing;
2. the firm's current place is acceptable, but future predictions do not cover the firm's objectives (in this situation, restructuring is a reflection to negative reforms that are yet current and should be avoided);
3. the firm is in a economic downturn and expects economic healing.

The restructuring of a corporation may be separated into three major orientations: restructuring of the corporate structure, restructuring of the firm's assets (or company variety), and restructuring of a capital structure (economic restructuring).

It is acceptable to separate two kinds of restructuring implementation based on the firm's strategies and objectives: operational format and strategically.

Operational restructuring refers to a set of measures designed to restructure the framework of a firm in order to enhance its economic restoration (if it is in a catastrophe) or bankruptcy. Based on the particular entity's challenges, the operational restructuring approach may encompass the following activities: Bankruptcy of unproductive businesses, price control of finished products, rise in excellence, reduction of superfluous staff, modification in organizational framework, and so on. The above-called anti-crisis efforts are anticipated to occur in the creation of a more visible and controlled corporation that can address concerns regarding the viability of existing operations. It's worth noting that international practice has set a 6-month turnaround time. However, this method only leads to benefits in the near short period run which causes long-term emerging of restructuring policy.

Strategic restructuring include increasing the cost of stock, conserving inter - enterprise, and doing other duties that assist to the institution's continued operation. In this situation, the future activity plan for economic recovery is made on the basis of the company's activities to quit various orientations of activity or to extend them after changing management style in portion or as a whole. The organization establishes a market behavior plan based on the chosen tactic: new positioning, operational pullback, substantial growth, and so on. The effective implementation of the plan results in increased corporate competitiveness and selling price of its stock.

Aside from the restructuring types mentioned above, there is indeed a categorization of aspects based on the extent of structural alterations. Two of strategic and operational versions might encompass the entire company system or individual components. This criteria distinguishes between complicated and incomplete reorganization. Any use of complicated forms is uncommon for 2 purposes: first, few corporations are able to execute this restructuring due to its high cost complexity, and second, sophisticated structural transformation is a lengthy process. Partial type influences one or more aspects of the business system, which frequently leads to local outcomes and might be completely ineffectual across the entire network.

The reorganization of a firm's operations necessitates the development of a comprehensive restructuring approach. The establishment of a clear and precise plan is required since even minor misjudgements might trigger the entire organization to fail. It is hard to determine the optimal algorithm for developing and implementing quite a plan currently since it is evident that the process of structural changes in business can drastically change both from the company's current internal factors and from the effect of external elements. In this respect, there are numerous phases of execution of the restructuring program at the business that are founded on plan and management concepts.

1. Identification of the aim of the reorganization. At this point, senior management must identify the difficulties that the firm is facing and evaluate the desired affect of radical changes in light of the present strategic planning. At the outset of the goal decision process, the firm should easily recognize what company it will remain, what that will dissolve, and what it will execute. The success of the firm's continued expansion as well as the destiny of the restructuring process are both dependent on the success of this phase.

2. The diagnostic process. The second level is distinguished by the execution of various studies for the identification of the problem, the firm's shortcomings and advantages, and also the possibility of its future development and corporate efficiency. The diagnostics contain the following assessments: legal assessment, tax assessment, operational analysis, trend analysis, investor attractiveness estimation, financial status, and strategy researches.

It is critical to recognize that common approaches of economic and financial analysis of a crisis-affected company sometimes misrepresent outcomes. As a result, a unique method that takes into account the characteristics of anti-crisis management is necessary. The following important assessments occur at this step: assessment of the internal factors (framework, resource, advertising, manufacturing, finance, etc.); assessment of the surrounding environment (macro and micro circumstances); assessment of internally and externally reasons for the downturn (SWOT-analysis); and evaluation of restructuring possibilities.

3. Planning and restructuring strategy development. At this phase, senior managing decides on different firm development strategies and assesses their efficacy based on diagnostic results. As a result, a restructuring program is created that includes reorganization methodologies, prediction signals, potential dangers, and the effective resource quantities.

4. Execution of reorganization in accordance with the developed plan. The gathered team of professionals works tirelessly to complete all phases of the plan on time and on budget. At this level, complete control over the execution of the specified firm development plan is required. In the event of a departure from the intended indications, the project team should adapt the plan as soon as possible.

5. Assistance for the reform programme and evaluation of its outcomes. The last part of the procedure is analyzing the results obtained during implementing the program. Controlling the implementation of targeted indications is one of the most important jobs of professionals.

CHAPTER 2. IMPLEMENTATION OF ANTI-CRISIS STRATEGIES IN ENERPRISES THROUGHOUT HISTORY

2.1 Evaluation of crisis intervention policy choices used in the world

The world's economic crisis' ramifications were causing havoc on both developing and developed Economies. The mixture of dramatically decreasing commodity and factory - made export money, remittance breakdown, reflection of private capital streams, increasing risk spreads, severe lending pressure influencing also trade finance, and asset value damage is causing a drastic economic downturn and even shrinkage in very many regions of the world.

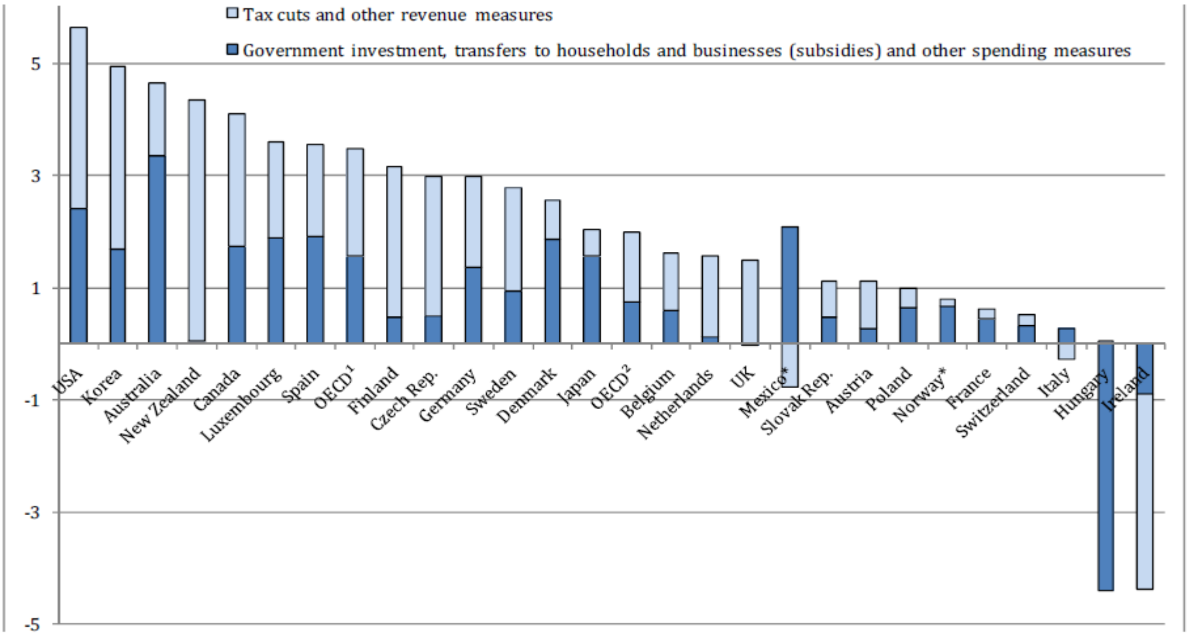
In the restructuring of the international financial system, there were two major concerns to consider. The first is about crisis prevention: how to limit their susceptibility to worldwide financial volatility and crises while maintaining enough policy autonomy in deciding the structure and extent of their inclusion into global financial markets and regulating flow of capital and currency rates. To avoid worldwide disasters, three primary causes of volatility must be addressed: policy, markets, and the existing international resources structure centered on the dollar. It clearly points for:

- Efficient intergovernmental professionalism over budgetary and exchange rate strategies in structurally advanced nations;
- The organization of a worldwide funds system that is not centered on a monetary unit or currencies; and
- Efficient monitoring and enforcement of financial markets and flows of capital.

Almost every country has implemented unilateral initiatives in reaction to the crisis, albeit the emergency stimulus programs are only one of several repercussions on state taxes and expenditure. Depending on a strong commitment to packages determination, the magnitude of fiscal package enacted as an immediate reaction to the recession and evaluated by their cumulative effects on fiscal balancing throughout the period 2008-2010 equates to around 3,5 percent of 2008 GDP. The emergency fiscal infusion was often predicted to be greatest in 2009, however this varies by country. Nevertheless, the amount of programs varies significantly among nations, representing the intensity of the financial downturn, the budgetary situation prior to the commencement of the downturn, and the scale of automatic regulators.

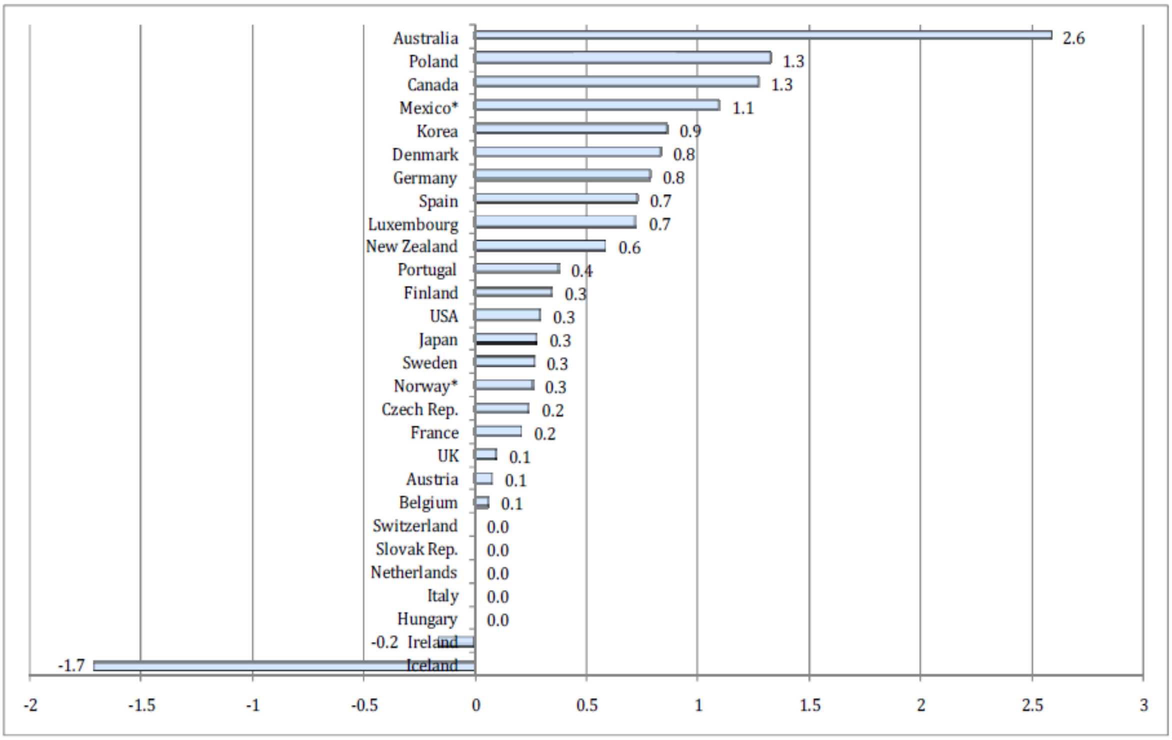
Most governments have implemented broad-based incentive programs, modifying multiple taxation and spending programs at the same time. The majority of nations have prioritized tax reduction above increased spending. Many nations have begun and/or advanced public investment programs in terms of budget. Contributions to households have frequently been extended more fair, especially for those with poor earnings. A few nations have also offered bigger corporate subsidies.

Figure 1:The volume of fiscal packages, income and expense measures (2008-2010, as percentage of 2008 GDP)



Source: World Bank data

Figure 2: State investment in stimulus packages during 2008-2010 period (as percentage of 2008 GDP)

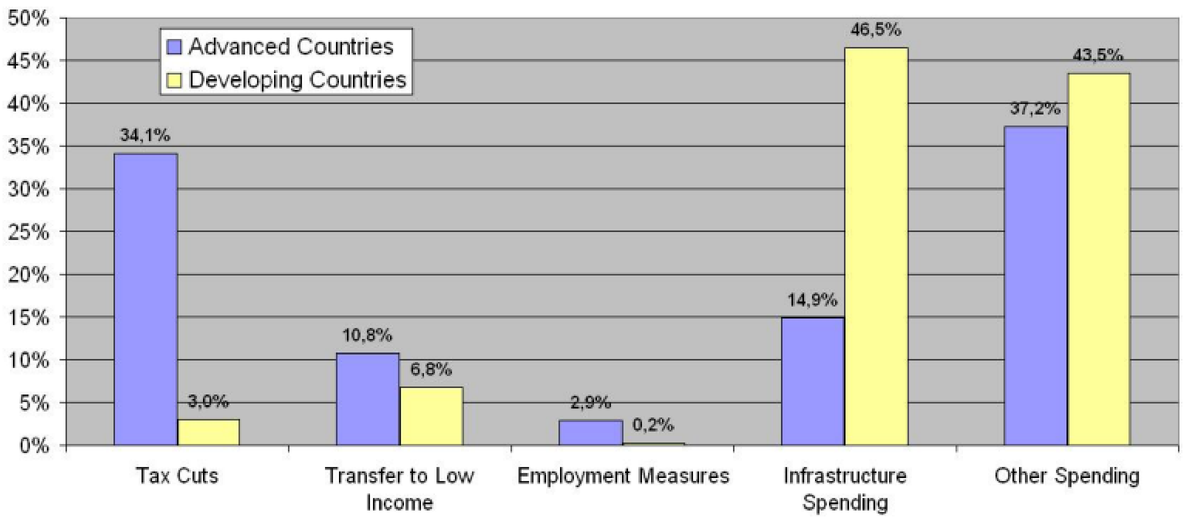


Source: World Bank data

But the more important factor rather than the amount of stimulus packages is the orientation of this supports. The actions taken identify the success or failure of this government assistance in fact. These actions can be classified into some categories, such as tax deductions, state expenditure, transfers to households, investment on infrastructure and others. Other spendings can include both indirect and directs transfers to organizations, indirect flows to consumers, and extra financing for health and education sector.

In this term, Khatiwada (2009) investigates stimulus packages of different countries. Figure 3 summarizes the findings. The author demonstrates that packages differ significantly in terms of the proportions of tax reductions and state expenditure. State expenditure comprises around 90% of stimulus programs in emerging economies, but only around 50% of stimulus programs in developed economies.

Figure 3: The structure of stimulus packages



Source: Khatiwada (2009)

The existence of tax reductions, which take a portion of around one-third in industrialized nations but are minimal in underdeveloped ones, explains the majority of this discrepancy.

In the United States there was a distinct preference for tax reductions above direct expenditure initiatives, because the most of US residents believe that local taxpayers are the strongest critics of expenditure. Nevertheless, analysts see no real opportunity for tax reductions in relatively smaller developing countries.

Governments have established a crisis intervention strategy that focuses on two core areas: finance, competition, and governance; as well as rebuilding long-term development. The financial downturn heightens the necessity and necessity of the country's Strategic Plan. As complement of this field of study, authorities are determining the tactics used by partner nations to support development and long-term progress in the parts of their economic responses listed earlier.

Other measures to Improve Liquidity and the Central Bank. Serious financing problems occurred pretty early on as a result of capital losses. Failures on securitized assets swiftly surfaced on banks' balance sheets, indicating default concerns and worsening financial climate (traded assets are usually marked to market or booked at future value). Throughout 2007–2008, price decreases and ratings declines of securitized assets rapidly damaged enterprises' capital via valuations losses. Starting from the end of 2007, structured products and securitized holdings accounted for more than 70% of bank losses. Since many institutions were forced to move formerly off-balance-sheet liabilities on corporate books due to branding and reputational hazards, liquidity requirements increased dramatically. Due to the obvious dependency on commercial finance, liquidity requirements increased substantially in several markets, and interbank sector margins expanded substantially. Asset values and financial stability situations both declined significantly.

Central banks reacted immediately, providing additional liquidity on a larger and more extensive extent than those in previous crises (Stone, 2011). They increased the length of liquidity arrangements while loosening competitor and collateral criteria. To address liquidity shortages in various markets, infrastructure improvements were developed. Substantial asset acquisitions and other innovative, quantitative actions supported or preceded liquidity improvement to financial companies. Massive volumes of securities were acquired by the Federal Reserve System and the Bank of England. The European Central Bank launched a covered-bond project. Later came organized measurement responses, which were extraordinary in many aspects, involving central bank swap mechanisms. Overall, central banks' balance sheets increased significantly more than in previous recessions, and assistance was much more adaptable.

Financing constraints forced the issue of guarantees, such as those expanded to shadow banks, however in a more customized manner rather than in previous recessions, while they encompassed a broad range of obligations and were largely in the shape of blanket guarantees. Official guarantees were mostly provided to individual institutions (including Northern Rock) or fresh debt production in latest happenings. Governments that actually had deposit insurance plans in operation soon extended the insurance levels, under certain circumstances significantly.

Fiscal and monetary measures that are accommodating. Expansionary monetary strategies were crucial in sustaining banks and markets in the time of the previous shocks. Monetary policy was dramatically softened immediately on by immediately lowering short-term interest rates to record lows, with leading central banks working in cooperation.

Getting the benefit of national reserve currency position, numerous central banks pledged, at minimum temporarily, to keeping interest rates minimal for extended periods of time. These initiatives ran counter to central banks' measures in previous emergencies when nominal rates were held higher and even hiked to stabilize currencies. During the previous crises, bankers were able to maintain their financial intermediary margins despite increasing expenses of alternative financing thanks to inadequate policy interest rate and sufficient liquidity. Monetary policy that is accommodating likewise helps to sustain total asset values, reduces the likelihood of a negative debt-deflation cycle, and reduces loan defaults, at minimum first, safeguarding several of the banks' income flows and balance sheets notwithstanding impairments on marketed instruments.

Fiscal measures that were accommodating were vital in preserving asset prices and aggregate demand, so ultimately sustaining financial institutions. Improved beginning circumstances permitted higher budget deficits than in previous crises; majority governments chose to let automatic stabilizers run, yet many implemented contractionary fiscal actions. Fiscal intervention helps lower predicted failures on bank loans by stimulating aggregate demand. Fiscal intervention has a bigger influence on enterprises which are disproportionately reliant on international finance and therefore decreased institutions' recapitalization needs (Aghion, 2009; Laeven and Valencia, 2011). This strategy also varied from previous crises, in which tax policy was frequently contractionary. Moreover, tax strategy responses were better organized throughout nations than in the before, assisting countries even deeper.

Capital Support. In the previous shocks, the private industry (such as private wealth agencies) played a significant role in recapitalizing banking firms, although to differing levels among territories. Private capital inflows for European, US and Asian banks totaled 78%, 71%, and 94% of declared loss, accordingly (IMF, 2008), and significantly relieved balance sheet tensions throughout that time. In addition, global banks that controlled economies provided recapitalization in certain little nations. Private investors provided a significant amount of money, around 61%, over the entire 2007–2009 economic crisis, although more notably in the United States than those in the eurozone (about 86% versus 47%).

Accountancy and assessment procedures improvements additionally helped to relieve capital strains. It was feared that fair-value bookkeeping would lead to a fire asset sale, worsening liquidity and solvency issues. Accounting principles committees permitted banks to categorize some assets, particularly complicated constructed instruments, as held-to-maturity in 2008, allowing them to be presented on a retrospective or amortized cost foundation. Furthermore, corporations may depend more according to their personal estimates and algorithms when evaluating assets, particularly mortgage-backed securities when the market is illiquid or inactive. This versatility in asset valuation consequently reduced the requirement to obtain fresh money (Huizinga and Laeven, 2009).

Public recapitalizations were far weaker in percentage than in previous crisis. In addition to accommodative measures that maintained asset prices and kept damages in check, the swift and huge private recapitalization indicated that public recapitalizations occurred at a time where banks liquidity was significantly greater than in previous crises.

Throughout the crisis, local banks and governments have pursued a variety of ways coping with illiquid assets on balance sheets of banks and institutions who need recapitalization. Via the Troubled Assets Relief Program (TARP), United States authorities put aside $700 billion in public funds in October 2008 for the acquisition of troubled assets. Nevertheless, a basic problem quickly surfaced in evaluating illiquid troubled assets for acquisition. Most institutions were hesitant to dispose because asset values have repeatedly dropped under balance-sheet assessments. TARP was soon transformed into a mechanism for government-funded bank recapitalizations. A revamped version of TARP was begun in 2009, featuring combined private and public acquisitions of failing assets, although it seemed that comparable issues persist in determining a reasonable price at which to sell (Hoshi and Kashyap, 2009; Ryan, 2009).

Restructuring of Assets. In a conventional recession, bad loans climb sharply well before the emergency begins, as institutions anticipate a worsening in business and consumer payback capabilities. Whereas the past crises had many of the symptoms of a conventional boom-to-bust breakdown (for example, Dooley and Frankel in 2003; Lindgren in 1996; Reinhart and Rogoff in 2009; Dooley and Frankel in 2003), the growth in nonperforming credit was far less apparent. Write-downs of damaged assets appeared slowly and have been smaller than those in previous crises. This was attributable, in particular, to the assets engaged, with the collapse in the worth of securitized loans beginning before than in previous crises, well before conclusion of the period. Real bankruptcies occurred only once the recession had spread to the economic structure and business sector, and consumer situations had deteriorated. Moreover, business industries were not heavily indebted in overall.

Asset reorganization has been significantly more constrained in economic crisis, attributable to these factors. There are two types of reorganization. First, assessing the worth of a bank's lendings and investments, declaring the worth of its own securities at market values but instead of purchase price, preparing for and writing down (partial of) underpaying debts, and maybe disposing off loans and securities, and also the deleveraging of the organization. Secondly, to ensure that debtors' economic circumstances are stable, and their trustworthiness is reestablished. This usually entails both economic reorganization (stretching loan maturities, lowering interest rates, as well as cutting the level owing) and operational reorganization (disposal of assets, decreasing labor and admin expenditures and the like).

Numerous nations used asset reorganization on a specific instance approach in previous events, with state assistance supplied mostly via assurances against a major drop in asset prices; the usage of failing banks has become less common in earlier crises. Unlike acquiring defective assets at a significant discount, asset guarantees demand minimal immediate financing and do not necessitate prompt deficit identification or recapitalization. Considering the volume and composition of non - performing assets, as well as the numerous securitized mortgages and portfolios that needed to be reorganized were frequently the one and only, or at worst the preferable, alternative. Furthermore, large levels of public borrowing in the some nations may very well have hampered asset exchanges. Although guarantees minimize volatility for financial companies and aid in financing, the state bears more dependent expenses.

In contrast to most previous cases, including the Nordic and Asian economic crises, less assets had been taken off balance sheets of banking institutions by government asset management firms and even other initiatives in times of the latest crisis. Ireland is a notable example, whereby troubled loans that have book value equal to 44% of GDP were handed to a public asset management company. Other asset-focused initiatives, such as the United States' Public Private Investment Program (PPIP), accounted for barely 0.1% of GDP. Whereas the Federal Reserve and world's other central banks did buy considerable quantities of private securities to bolster market segments, their purchases were not clearly directed at asset rearrangement.

2.2 Policy responses to the economic crisis from an innovation and long-term growth perspective

Policy responses in recent economic crises were originally comparable to all those in previous crises, although they differed throughout duration. Prior crisis responses commonly included three stages: firstof all, containment, which implicated dealing with temporary liquidity pressure and stabilizing financial obligations; second, resolution and balance sheet transformation, which implicated deleting bankrupt financial firms from the structure and recapitalizing sustainable ones; and ultimately, operational reorganizations to reestablish the economic healthiness and revenue growth of sustainable firms and asset tracking to renovate loan defaults. The latest crises followed that path throughout the first step but resulting policy measures have been a little less decisive, at minimum for the large nations.

Main goals and targets of governments' budgetary stimulation measures in 2009:

Australia. Major infrastructure investments; taxation measures; construction industry aid; financial assistance to pensions, workforce, families, home owners, and also many others; assistance to small businesses and training support.

Austria. Infrastructure; tax incentives; assistance to small and medium businesses; regional labor initiative; increased R&D expenditure; and day-care initiatives.

Canada. Investments in infrastructure and public transportation, and also drinkable water and knowledge infrastructure and health sector; investments in the remodeling and refitting of social housing, and also assistance for property ownership and the housing industry; individual and commercial tax reductions; availability to funding and assistance.

Czech Republic. Increased government spending; decreased taxes, social insurance supporting, and direct support to homeowners; and enhancing quality of insurance system efficiency.

France. Investing primarily in public sector enterprises, defense, investments on strategic areas; incentive to invest for regional and domestic governments; assistance for recruitment, accomodation, organization funding, health, and some environmental interventions. Special initiatives aimed at the automobile industry.

Germany. Infrastructure (especially schools and academic institutions); initiatives to assist households and businesses in retaining work opportunities and overcoming the recession; training and improving subsidies; encouraging innovation and R&D; green energy technologies and especially the automobile industry.

Hungary. Speeding up nationally important construction projects; simplifying construction regulation; economic policy measures to relieve funding of small companies; relieving company administrative burdens; and R&D and innovative technology support.

Iceland. In spite of the severity of the recession, the comprehensive automatic stabilizers' function is assured; initiatives for the jobless and self-employed; enhancing household economic potential, mortgage payment modification for house owners; payment modifications for enterprises (such as VAT postponement); and initiatives to encourage work opportunities, as well as the acceleration of labor-intensive transportation financing initiatives.

Italy. Boosting infrastructure and investigation investments; assisting low-income families (tax reductions for relatively poor households and pensioners); lowering the tax burden for small and medium enterprises; focusing on going green the automobile industry and the acquisition of environmentally friendly vehicles.

Japan. Assistance for consumer spending; mortgage tax cuts; dependent-person advantages; healthcare spending cuts; the formation of new public service jobs in nursing, retirement communities as well as employment associated to environmental safety; increasing food sufficiency; prioritizing investigations in innovative technologies and similar investigations; and tax cuts for eco-friendly automobiles.

Portugal. Government funding for education (school modernization); energy; and innovative technologies; advancement of economic operations and job opportunities; and reinforcing of social protection systems, contributions to R&D and automobile industry.

Turkey. Tax reduction; other income and fiscal initiatives; loan services and guarantee programs for small and medium businesses; payments to pension funds; efforts to decrease unemployment; medical support; and efforts to boost economic competitiveness.

United Kingdom. Reducing value-added taxation; quickening of capital investment programs (possibly including some academic infrastructure); loan line and loan assurances; and anti-unemployment initiatives.

United States. Straightforward relaxation for working and middle-income households (tax reliefs, expanded unemployment compensation, government fiscal reliefs, and so on); big infrastructure investments; safeguarding residents' medical coverage and modernizing the healthcare system; extra spending for crucial scholarly and engineering organizations; classroom, library and laboratory modernization; support on sustainable energy producing.

The timing and variety of policy responses in previous crises differs significantly from others in current crises. Liquidity injections and guarantees were used in the initial stages, just like in previous emergencies, but to a greater extent compared to GDP. Nevertheless, unlike to previous shocks, this was accompanied more quickly in the present downturn with recapitalization throughout the spectrum in so many nations, which minimized the true consequences of the emergencies. Following these broad involvement, governmental responses in subsequent crises have been less powerful than those in the before. Progress on substantial operational and asset reorganization, in fact, has been sluggish.

Nevertheless, in several of the states impacted by the 2007 crisis, such as Iceland, Ukraine and Ireland, the chain of events and category of reactions closely resembles those of previous emergencies, such as due dedication of credit institutions validity and asset reliability, government recapitalization, abolishment of nonperforming assets, operational reorganizations, and adaptation of IMF projects. The specifics of strategy combinations differed due to changes in the reasons and intensity of each country's crisis, including if it entailed a currency or national debt problem, the sorts of dead assets included, and politics and economics factors. For Iceland, and to a smaller extent for Ukraine, wherever currency exchange commitments were high, wholesale financing rushes and withdrawals of overseas funds triggered catastrophes and place stress on currencies, reducing debtors' payback capabilities. In Ireland, the difficulties were mostly property related, affecting primarily commercial banks.

It is widely acknowledged that, regardless of the measures put in place to promote better stability, crises having global repercussions will continue to occur. The extent and severity of the harm they do to the global economy will be determined by policy responses at the national and international levels. The crisis demonstrated the need for more enhanced global cooperation and control to guarantee that government policy measures consider their influence on other nations and to prevent adverse global spillovers and beggar-my-neighbor strategies. Far more critically, global involvement in developing and emerged economies balance-of-payments, currency, and credit crisis must be improved. This necessitates, among other things, a comprehensive overhaul of the mission, activities, and financing of the IMF.

Reactions to crisis period have generally focused on accommodating fiscal and monetary policy to limit possible spillover effects to the real economy. Concerned nations were primarily mature economies with the capacity to accomplish contractionary fiscal and monetary policy without being overly worried about the effect on their interest rates, currency rates, or levels of public debt (at minimum at first time). The affiliative initiatives encapsulated the emergency by preventing strong rises in interest rates and hug currency write-downs (in several situations, currencies even gratefully received), both of which can deteriorate debtors' solvency and rise bank failures, and thus by intrinsically and extrinsically bolstering bank asset performance and value systems.

Nonetheless, this policy combination may have shifted the liabilities to the future times in the shape of larger government debt and probably a delayed economic revival. Whereas the complication may have warranted a greater focus on restoring trust and less comprehensive reorganization initially on, it prevented individual banks from doing extensive due diligence and might even today restrict efforts to reorganize assets. Rather than a strategy of aimed, diagnosis-based resolving and initial asset reorganization, the existing position is a haphazard method that postpones dealing with unsuitable banks and nonperforming assets through a combination of bookkeeping and regulation forbearance, assurances, and (implied) government support. Even while implementing accommodating general measures, the assumption should remain in favor of severe reorganization earlier.

Whereas most states decided to impose constraints on executive and stockholders' remuneration, more overbearing initiatives, such as cutting costs, shrinking, organizational changes, and compelled write-downs of value for shareholders, have already been used less frequently in recent years, other than in situations where states took largest group possession or completely nationalized organizations. Instead, banks were obligated to continue providing assistance to the real economy. Less invasive policies represented organizations' increased soundness and maintained overall private ownership, which differed from previous bankruptcies. However, it also represented the reality that the swift and wide-ranging public supporting was primarily focused on economic stability and reducing negative short-term consequences.

Further constraints were put on state assistance initiatives in EU nations, while in the US, both preliminary and continuing constraints linked to state support were relatively restricted. Government warranties on obligations imposed constraints on balance-sheet expansion, dividends, and staff remuneration for EU organizations that joined. Important balance sheet and operation limitations (for example, limitations on purchases, concentrate on core operations, restructurings of companies and assets) were introduced for competing strategic reasons for organizations gaining benefit ffrom recapitalization and asset alleviation. Capital support in the United States mandated that organizations be sufficiently capitalised. As a consequence, the only restrictions placed on such banks were caps on CEO remuneration and previous approval from the US Treasury for just any rise in dividend paying.

Even though the reforms eased circumstances at so many banking firms and supported macroeconomic activities, they might just have diminished the projects for banks to restructure their asset part of their balance sheets. Asset quality is still a concern in very many economies. Pricing for different economic assets have risen in response to state stimulus efforts, although they stay weak in many regions. Partial or doubtful asset quality reporting, partly caused by accountancy reforms, impede market clarity and liquidity. Despite the task's difficulty, asset reform is less advanced nowadays than it was at similar phases in previous emergencies. During the Asian and Nordic crises, government assets management companies and problematic banks were employed to eliminate non-performing loans, particularly property loans, from the balance sheets of institutions taken over by the government, resulting in massive taxpayer outlays. Asset reconstruction has generally been left to financial institutions alone in most big industrialised economies throughout this recession, demonstrating the low governmental engagement in banks.

Though loss reporting was not usually change in previous crises, bankers dispose of their troubled assets relatively more quickly than in past crises. The restricted usage of asset management companies in previous crises underscores the complicated structure of the assets entailed, that do not lend themselves to simple consolidated reform. However, the other approach chosen—capital infusion into banks and non - performing loan remaining on bank balance sheets – risks sustained losses, undermining profitability of the bank and consuming managerial resources. It also might encourage defiance of official restrictions by expanding the governmental security net and therefore impeding a complete recovery in faith. The examples of Sweden and Japan in 2008 crises highlight these contrasting pathways - sale of toxic assets vs capital infusions using state funding and postponement of clean-up. Sweden swiftly adopted a systematic method to coping with troubled assets (mainly commercial property). Japan, on the other hand, shown that certain lags may entail tremendous costs by taking far greater.

Most of those organizational features that led to the accumulation of systematic hazards in financial industries remain in operation nowadays, and additionally, moral hazard has risen. The framework of the financial sector has altered slightly in most nations. In reality, when major banks purchased failed firms, concentrations grew, worsening settlement attempts on averaged. The massive governmental assistance granted to organizations and markets—a prospective obligation similar to 25% of GDP at the zenith of the emergency reinforced notions of too big to fail (Goldstein and Veron, 2011). Failed businesses can be addressed in a variety of methods, although few lenders were required to write down claims in crisis period due to the danger of spread. Creditor protection recovered trust more rapidly, although at the expense of increased moral hazard and the continuance of the too-important-to-fail dilemma.

2.3 Anti-crisis management efficiency in Azerbaijan

According to global institutions, the recent economic crisis has morphed into a bigger financial downturn that would affect every country on earth. The latest global financial catastrophe has put not just banks and businesses on the verge of failure, but also a number of governments. According to the timeline of the crisis's evolution, it had already shifted from the banking sector of the industry to the actual and social sectors, and it was followed by a manufacturing slowdown, a consumers trust problem, a loss of employment, and a fall in the citizenry's living standards. Social cataclysmic events were overtaking the globe. The post-Soviet nations of Russia, Kazakhstan, and Ukraine had suffered the heaviest from the global downturn.

Because Azerbaijan's economy had become interconnected into the global economy, the activities happening in global markets, based on the degree of interconnection in accordance with the principle of communication channels of a particular market into the global market, had an impact on Azerbaijan to a certain level. Economic enhancement of Azerbaijan remained limited by negative environmental circumstances in the second period of 2008. Nonetheless, as to IMF, World Bank, as well as other global institutions' experts, the Azerbaijani economy is among the finest and most crisis-resistant worldwide. There are various causes for this, including:

For beginning, Azerbaijan is not quite reliant on the global financial system. The securities sector is underdeveloped, and this section is still to be properly connected into the global market.

Secondly, there is the conservative, but also quite proper government policy, as well as the exceptionally careful policy of Azerbaijan's financial sector. The financial industry in Azerbaijan was well organized for the recession. Azerbaijan's banks received loans worth around 2.5 billion dollars from overseas financial markets. This equates to 25% of total banking liabilities.

Third, the government's position as the primary purchaser of private-sector services had expanded. Domestic investments in Azerbaijan's economic sector had surpassed international investments years after the crisis.

Fourth, oil earnings and the Central Bank of Azerbaijan's significant reserves have created a dependable cushion of 18 billion US dollars. In addition, on the brink of the global financial crisis, Azerbaijan achieved the greatest amount of profitability from oil income collections underneath the plan for upgrading the Azeri-Chirag-Gunashli complex of oil reserves in the Azerbaijani region of the Caspian Sea. This contributed to a rise in SOFAR earnings and, as a result, the state 's significant foreign currency reserves.

Fifth, Azerbaijan's foreign and domestic debts were just under 10% of GDP, far stronger than equivalent indexes in post-Soviet nations. Meanwhile the number of foreign reserves in Russia trailed the overall international loans at the conclusion of 2008, significant foreign currency reserves in Azerbaijan were twice as large.

To know the consequences of the international economic meltdown on Azerbaijan's industry, it is needed to examine at Azerbaijan's macroeconomic past during the previous decades - since liberation. We may categorize the advancements into three groups. The first one is the 1991-1994 era, the next is the 1995-2000 phase, and the third is the period that starts in the year 2000.

During the first stage, Azerbaijan focused entirely on transitioning from a socialism to a capitalist economy. Price levels had become more liberal, commerce grew more open, privatization was implemented, and government expenditure was reduced. These endeavors were mostly failed because of a shortage of systematic and organizational framework, as well as the conflict with Armenia. With the breakdown of communism, severe financial slowdown and significant inflation happened during the transition era. Azerbaijan's GDP decreased nearly 60% between the years of 1991 and 1995.

The era from 1995 to 2000 was can be called as one of moderate stability era. Throughout the transformation, shock measures were discarded, and the administration used a step-by-step strategy to dealing with the shift. The primary objective was to boost output while containing inflation in order to attain some sort of economic stability. To maintain a cash flow, the oil sector was fostered, stringent monetary policies were implemented, privatization was pursued, and from 1996 ahead, a steady development level was reached.

Similar programs to the second stage were implemented in the third period. Nevertheless, with the surge in oil pricing beginning in 2003, both GDP and government expenditure grew considerably. Infrastructure, services, and farming have benefited from increasing revenues. During this time, GDP jumped by 9 times, but government spending rose by 1.5 times.

Azerbaijan has been adopting a growth concept reliant on oil money, and in order to properly handle this revenue, the State Oil Fund was formed independently from the government's standard budget. As a result, the fund's usage for normal state spending was prevented. Alternatively, transfers were made in accordance with the requirements of the nation. In 2003, the moved money totaled just $150 million, but later years, the figure has risen to $5 billion. After taxation, it is the biggest budget element. This fund was utilized for supporting government investment, hence preventing wasteful spending in the sector.

Azerbaijan is among the top countries of the world that succeeded to draw foreign direct investment centered on the oil sector throughout the brief transitional stage. This not simply alleviated the economy's foreign exchange crisis, but it also aided output development.

Conservatism was one of the most crucial aspects that helped to Azerbaijan's economic prosperity throughout the economic recession era. Azerbaijan has taken a cautious and gradual approach to integration into global financial markets. Because of the international cash flow into the country as a result of oil money, it is simpler to remain cautious in the financial markets.

The second aspect is the delayed and supervised privatization that occurred under intense push in the post-Soviet years. The non-privatization of organizations as like the Azerbaijan Airlines and State Oil Company was a wise decision. While these firms are viewed as unproductive, they are much more resilient to the detrimental consequences of global economic crises.

CHAPTER 3. POTENTIAL IMPROVEMENT ASPECTS OF DEVELOPING ANTI-CRISIS STRATEGY

3.1 Preliminary lessons on crisis prevention

Much has been written about the 2008 financial catastrophe, and much more is to be written because the world has not yet fully healed from all this. The enormity of its hit was comparable to a major change in the international economy, and governments were left perplexed in the face of quite an unstoppable chain effect, and in the spur of the occasion, both answers and criticism were proposed. Years later, the world must scrutinize and evaluate every aspect of the great mechanism that is global economics, with less emotional impact than in the early days of the recession, in the framework of a continuously interdependent world.

In the contemporary era of resolving the outcomes of the international economic meltdown, a severe trouble continues to exist in developing the preferences of national financial strategy and adapting the economic and financial operation of companies to these preferences, which will make a contribution to sustained economic development in all industry-specific and regional components.

This part of the study provides preliminary learnings and recommendations for future policy changes concerning the policy series and combination in crisis prevention and response; financial organization diagnosis; operational reconstruction of insufficient organizations; asset reorganization, reforms on particularly household debt; and solutions to reestablish appropriate rewards and market practice.

First lessons of global economic crisis can be gathered in below subheadings:

An Overall Accommodative Strategy Mix Should Not Exclude Deep Reform. Solutions to crisis period have generally focused on accommodating fiscal and monetary policy to limit possible spillover effects towards the real economy. Involved nations were primarily developed countries with the potential to undertake countercyclical fiscal and monetary policy without (at least in the beginning) being concerned about the effect on interest rates, currency rates, or government debt. The accommodative strategies encapsulated the recession by preventing substantial rise in interest rates and huge currency depreciations (in certain situations, currencies sometimes even appreciated), that can also deteriorate borrowers' economic viability and rise bank damages, and thereby by directly and indirectly supporting bank asset reliability and values.

Nevertheless, this policy combination may have shifted the consequences towards the future in the shape of larger government debt and probably a delayed financial restoration. Whereas the complication may have allowed a greater focus on restoring trust and less comprehensive reorganization initially on, it prevented individual institutions from doing extensive due investigation and may today restrict motivation to reform assets. Rather than a strategy of aimed, diagnosis-based settlement and initial asset reorganizations, the existing position is an unorganized technique that postpones dealing with nonviable financial institutions and nonperforming assets via the a combination of bookkeeping and governmental forbearance, assurances, and (underlying) government assistance. Even while implementing accommodating overall measures, the assumption should stay in favor of severe transformation early on.

Financial Organizations' Diagnosis Should Come Before Recapitalization. In recent crises, comprehensive, unbiased assessments were routinely done to examine asset prices and the stability of financial organizations in order to determine the suitability of recapitalization. Economically unviable organizations would've been dissolved, or viable portions would've been auctioned off, and the remainder of the organization would've been liquidated. Following the determination of the extent of the damages, recapitalization strategies for viable organizations would've been declared and executed. In the situation of Indonesia, the state offered a blanket assurance in 1998 January, started inspections in 1998 August, and conducted recapitalizations in 1999 March.

During the global financial crises, authorities in the main developed economies prioritized minimizing systemic effects, and so frequently chose to provide immediate assistance to all organizations, even weak and presumably nonviable institutions. States were confronted with unprecedented complication and were hindered by a lack of knowledge and instruments to resolve systematic and cross-border issues. As a result, they acted quickly, initially special and later more systematically, to halt the spread of contagion and reestablish economic stability. Special support was offered to organizations that posed significant counterparty concerns.

Coping With Bankrupt Organizations Demands Operational Transformation. Whereas most nations imposed boundaries on executive and stockholder reimbursement, more intrusive initiatives, such as cutting costs, downsizing, modifications in management, and obligated write-downs of stockholder worth, have been utilized less frequently than in the previous periods, apart from in situations where policymakers took large proportion of ownership or completely nationalized organizations. Instead, institutions were obligated to resume providing assistance to the real sector. Less intrusive policies represented organizations' increased solvency and remained major part of private ownership, which differed from previous crises. However, it also represented the obvious truth that the quick and wide ranging state funding was primarily aimed at ensuring economic steadiness and restricting negative short-term consequences.

Financial institution solvency has gotten better in most of the regions adversely effected by the recent recession, but primarily as a result of balance-sheet reform, which would include recapitalization; the public support of unusually decreased interest rates, that boost lending and investing revenues; and massive fiscal stimulation, that also directly supports loan effectiveness. These circumstances, nevertheless, cannot be anticipated to last. While many financial institutions currently overburdened and facing new regulation needs in the years ahead, profitability would be under threat. For organizations with poor possibilities, the present incentive systems and revenue rivalry may encourage risky activity once more. Lack of certainty regarding potential future losses, as well as a scarcity of cash, may prevent the other ones from lending to mostly to the real economy, causing it to simply continue to deleverage. Although it is challenging to differentiate between demand and supply impacts in loan provision, statistics (Laeven and Valencia, 2011) shows that recapitalization enhances the pace and long term sustainability of recovery process.

Having limited state mechanisms to operate, operational transformation in the main countries of the world will be primarily determined by market forces. major restructuring measures for institutions with a strong government ownership interest will be substantially dependent on state initiatives. And, ultimately, the state investment will have to be sold. Market forces will push many of the other organizations, such as ones that have benefitted from state assistance, to recover balance sheets and reform activities. Regulation measures that address shortages and weaknesses can assist to accelerate this procedure. However, the difficulties are enormous and complicated, market circumstances are bleak, and the developed nations' financial recovery remains sluggish. These difficulties highlight the significance of setting adequate incentives for bank management and shareholders, as well as inspectors and markets to oversee institutions and maintain good administration.

Working With Troubled Borrowers Is Still Frequently Delayed. Even though the reforms eased circumstances at so many banking firms and supported economic growth, they may well have diminished the incentives for banks to restructure their asset part of their balance sheets. Asset quality is still a concern in so many economies. Prices for different financial assets had risen in response to state stimulus efforts, although they stay stable across many markets. Insufficient or doubtful asset quality reports, partly caused by accounting reforms, limit market liquidity and transparency. Despite the task's difficulty, asset reform is just less advanced nowadays than it was at equivalent phases in previous crises. Public Asset Management Companies and problematic financial institutions were used to get rid of non-performing loans throughout the Asian and Nordic crises, particularly real estate credits, from the balance sheets of financial institutions taken over by the government, resulting in substantial taxpayer expenditures. Asset rearrangement has generally been left to banking firms alone in major big developed nations throughout this recession, demonstrating the low governmental engagement in organizations.

Despite loss identification was not usually quick in previous crises, financial institutions dispose of their troubled assets more quickly than in past economic recession. The minimal usage of Asset Management Companies in previous economic recession illustrates the complicated structure of the assets implicated, that do not lend themselves to simple centralized reformation. However, the alternative approach chosen, which are capital injection into financial institutions and bad loans remaining on banks' balance sheets, risks continued damages, undermining banks' profitability and consuming managerial resources. It can also encourage defiance of official restrictions by expanding the governmental security net and therefore impeding a complete remission in self assurance.

More Initiatives Are Needed to Reduce Systemic Risks and Eliminate Moral Hazard. Most of those structural features that helped the accumulation of systematic hazards in financial industries remain in force nowadays, and moreover, moral hazard has risen. The framework of the economic sector has modified slightly throughout most nations. In reality, when major financial institutions purchased failed firms, concentration expanded complicating settlement attempts on average. The massive governmental assistance supplied to banks and markets has compounded concerns of too big to fail (Goldstein and Veron, 2011). Struggling businesses can be addressed in a variety of techniques, however in crisis period, few lenders were required to write off claims due to the danger of spreading. Lender protection reestablished trust more rapidly, although at the expense of increased moral hazard and the continuance of the too-big-to-fail dilemma.

Governments must take steps to limit moral hazard and the likelihood of a further systemic breakdown, as well as the consequences of such a breakdown. States must immediately discourage banking institutions implicit government assistance, reduce deposit protection systems, and reestablish creditor control. Longer ahead, they should start immediately, by legislation and regulatory measures, to limit motivations for complication in order to enable reorganization during a downturn and minimize anticipation of bailouts and even their own negative consequences. Interventions must be well planned and targeted, internationally connected, and adaptable quite to account for local variables. Examples involve: wills to live and to heal and settlement initiatives; constraints on the different kinds of action conducted (for instance, in the United States, the Volcker principle, where it restricts proprietary transactions); an equity cost or levy on organizations fully consistent with the systemic risk they generate; and restricting governmental assistance to banking institutions that are systemically significant, along with through cleverly engineered and supervised wholly dependent equity or bail-in tools with straightforward prompts, so that damages are mitigated. Authorities will require to be aware of potential unexpected outcomes, in part because many policies have yet to be tried.

3.2 Methods for improving crisis management in companies

The demand for safety is the most important for business units, because it is regarded as being one of the fundamental aspects of the creation, operation, and growth of almost any financial as well as other structures. If this demand is not met, there would be difficulties including shortage of resources, decreased productivity, and an exacerbation of socioeconomic tensions amongst all economic units. At the very same moment, it is important to keep in mind that the prospect, and often the necessity, of a recession in the context of cyclical economic operations enables you to distinguish and utilize development reserves, as well as upgrade the advancement plan of businesses on the brink of collapse due to a lack of willingness to fit in continuously changing market environments. In such circumstances, anti-crisis managing, which focuses on reducing or eradicating risks and dangers via the use of existing instruments and abilities of contemporary management, enables businesses to sustain the operations of economically and socially hopeful financial organizations.

In the present social and financial environment, there is a risk of a breakdown occurring in the growth and operation of any company, and its repercussions might impact the organization's commercial operations at various levels. Any company's administration should be anti-crisis for recognizing and averting a catastrophe scenario in a timely manner. In anti-crisis administration, the corporation's approach is critical. It enables both being ready for the emergence of a catastrophe and defining the future direction of the corporation's commercial operations for disaster minimization in the event of a crisis's occurrence.

The primary goals of reformation are economic development for the firm and the avoidance of a pre-bankruptcy situation. Because the intricacy of the reformation procedure impacts all parts of the institution's commercial operation, its execution is linked to the completion of the below tasks:

- to analyze the business's financial and monetary operations, as well as indicators of the business's present situation;
- to create a reform conception and perform a strategic evaluation of the organization, examining the corporation's market position and the chances of implementing a reform plan;
- to create a reform program.

Small, medium, and large-sized businesses are the targeting category in the these following industries: transportation, manufacturing, retail commerce, and energy. Nevertheless, major corporations will become the primary targeted consumer.

Upon the identification of a appropriate and intended consumer, the business's reorganisation efforts take the below series of activities:

1. An statistical assessment of the market's biggest suppliers;
2. Examine the strategies, circumstances, and rules of collaboration of the partners;
3. Researching the goods and services of suppliers;
4. The selection of appropriate different supplier choices and actual items that are both more desirable to the organization and answer market investigations (according to criterias such as pricing, qualification, availability);
5. Suppliers' partnership agreements conclusion;
6. Recruitment of qualified staff;

7. Workforce training and professional workplace preparedness.

There is a tremendous demand for greater study in the domain of worldwide crisis managing as a route for ongoing studies. According to our evaluation, which focused on compared global crisis investigation and challenges connected to crisis administration at transnational corporations, relatively few investigations has been performed in the field, notwithstanding the topic's relevance to both the commercial and scholarly spheres. Recommendation for the future study are provided following.

Pre-crisis stage. Risk evaluation and identifying crisis weaknesses is a critical aspect of crisis control, and there is lots of data to be investigated in the wider perspective. Among the many intriguing problems are the bellow:

a) Risk evaluation - As previously said, risk evaluation is the cornerstone of strategic planning. As a result, changes in the way of risk evaluation is understood and conducted might have ramifications for strategic planning. Among the potential study topics are: Do management and stakeholders view risk uniquely throughout societies? Do management adopt notably differing methods to risk evaluation and put various importance on it throughout societies? What sociocultural variables contribute to these variations? The idea of ambiguity minimization may be essential in risk evaluation.

b) Crisis management programs - The key instrument for crisis managers is the crisis management strategy. Crisis management strategies in Western nations are often brief papers that function as basic recommendations to conduct instead of just step-by-step activities, to follow throughout a global crisis. Exception of circumstances while there are standardized operation processes for dealing with a certain sort of recession, crisis mitigation strategies are supposed to be adaptable. Among the prospective areas of research are: Do recession management strategies for analogous crises vary across regions of the world? If so, why? Do economic crisis management professionals vary from strategies to a greater or lesser extent in various nations? If so, why? Is there a variation in how comprehensive crisis management programs are in various nations for analogous crises? If so, why? The idea of authority distance may be essential in sticking to regulations and processes.

The crisis period. The crisis stage is often the one that attracts the greatest emphasis from scholars. Nevertheless, there are indeed numerous areas that are poorly researched in the worldwide context. Among the many intriguing subjects are the bellow:

a) The Impact of Corporate Reputation Amid a Global Recession - A typical factor in crisis studies is reputations. In global crisis study, reputation has indeed been studied as both a trigger and a result. Prior reputation, as a predecessor, can influence how shareholders understand a global crisis and how management handle a global crisis. As a result, global crisis study frequently studies the impact of a global crisis on a company 's reputation. Among the probable investigation fields are: In a world recession, which function does business reputation perform? What effect does a solid business reputation have amid a worldwide recession? Is it greater or less successful in different cross-cultural settings? How can a global crisis affect business reputation? Is it greater or less damaging in particular parts of the world? Which sociocultural influences determine the severity of reputational damage?

b) Apologies and Reimbursement in the International Perspective - As reactions to an economic crisis, apologies and reimbursement are two typical possibilities. Both the crisis reaction methods are seen as acceptable since they meet the needs of the crisis sufferers (Coombs, 2007). Nevertheless, there is a significant distinction between the two crisis reaction methods: the genuine acknowledgment of responsibility. Management recognizes responsibility for the issue in an apology, and the company accepts financial liability for the disaster. With reimbursement, shareholders assume the business is accepting responsibility, but this is hardly ever mentioned, therefore there is no financial obligation. We must keep in mind that any economic crisis reaction plan will only have the intended result if shareholder recognize it as a legitimate crisis reaction approach (Coombs, 2007). Some relevant study topics involve: Are there cultural variations in how organizations actually accept apologies throughout an economic crisis? Are shareholders in some nations more inclined than others to easily forgive a corporation for an economic crisis? Are alternative degrees of reimbursement for a catastrophe greater or less probable to be accepted by customers? In other simple words, would Chinese customers be more accepting of greater levels of remuneration paid by an automobile manufacturer in the event of a product recalling in the United States? Could this be connected to energy distance volumes? Variations in economic improvement in the crisis-affected regions?

The post-crisis period. According to the period after the crisis has the highest demand for investigation. This is hardly unexpected given that the post-crisis period is typically the poorest studied aspect of economic crisis administration in overall. Corporate education after the disaster is a critical issue. Are workers in various nations greater or less responsive to crisis-related training and responsive to organizational transformation? What cultural elements assist company reform in the aftermath of a global recession?

The utilization of post-crisis evaluations is an important learning aspect since the procedure has been shown to improve company learning. An important question to investigate in the global setting is whether corporations in various nations also are more amenable to post-crisis assessments than others. Which cultural elements could impact post-crisis evaluations' appreciation?

Analyzing the function of grief and monuments is another interesting issue as well for the post-crisis period. When crises resulted in victims, there is a demand for sorrow, which raises the chance of unexpected monuments. Management must determine whether as well as how the company will participate in the grief and remembrance procedure. How do grief and remembrance vary across cultures, and what consequences do these differences have for economic crises that create victims in diverse regions?

Generally, crisis control for a corporation that functions in just one country is a difficult position even in the best of circumstances. Controlling an economic crisis in numerous nations adds significant complications that provide huge hurdles for global corporations. What works in the native country for crisis control might not even function effectively in other locations in which the multinational has activities. Management must deal with shareholders that hold opposing views, work in locations with distinct media networks, and confront criticism from historically unidentified non-governmental entities. Throughout the pre-crisis stage, for instance, how can the organization interact with its shareholders to lessen the danger of a recession? What language should go on the labeling of a new prescribed medicine to reduce the potential of mishandling? Would particular sorts of communications be more successful in one nation than other ones? What third-party approvals should a corporation seek while communicating its message during the crisis stage? Faith in organizations in various nations may have had a factor in the choice. Ultimately, what steps should a multinational undertake to encourage learning afterwards a crisis? Do all these activities vary in the nations where the global crisis occurred? Or are these activities alike one another?

Regrettably, depending on the present crisis administration literature, there are no wide range of answers to these essential concerns, as well as numerous others that would substantially help organizations confronting worldwide financial crises. With rising popularity in crisis administration throughout the decades, especially special issues in major business publications, it is hoped that greater emphasis will be given to international challenges in the long term.

In general, the policy proposals can be summarized as below:

1. Initial immediate anti-crisis policy reaction

a. Governments should not bear an excessive responsibility in responding to the repercussions of a crisis for which they have no responsibility.

b. Developing countries suffering payment limits must not be refused the opportunity to utilize legitimate trade actions to minimize the crisis's effect on employment, revenue, and poverty. Such initiatives must not be lumped together with import limitations and subsidy implemented in sophisticated countries that do not face such limitations.

c. Governments should be supported to implement temporary capital account limitations and debt freezes to stop substantial and prolonged capital outflows. They should be financed by the IMF, if required, through outstanding loans.

d. Any extra finance that nations may require in ability to answer favorably to crisis waves should be unrestricted, debt-free, or at lower cost.

2. Crisis avoidance: Multilateral policymaking supervision.

a. The efficacy, fairness, and quality of IMF supervision over economic, budgetary, and currency exchange rate programs must be greatly improved. This is required to provide more international regulation over strategies in strategically significant nations and to improve financial and trade coordination in this regard. Developments are also required to offer prompt awareness of economic and financial destabilization concerns.

b. Achieving these goals is heavily reliant on fixing the IMF's governing problems. Existing rules have a problem of interests in that Executive Directors make decisions on monitoring the programs of the states they govern. A legal division of supervision from lending activities, committed to an sovereign authority, might be one answer.

3. Crisis Management: The International Reserve System

a. The existing multi-currency reserve arrangement, which is centered on the dollar, is very volatile. It is extremely expensive for governments who are forced to keep substantial quantities of reserves as assurance at the direct expense of development and progress. It should be substituted by a mechanism that does not rely on local currencies.

b. A reserve system that is based on Special Drawing Rights (SDR) looks to be the most practical choice. This necessitates major modifications in the present procedures for allocating and utilizing SDRs.

c. This might be reinforced by a structure that allows present reserve currency deposits to be substituted with SDRs while not triggering currency market disturbances. This could be accomplished using the IMF's replacement accounts, which was widely explored during two earlier periods of considerable dollar weakening at the beginning of 1970s and 1980s.

d. Nevertheless, caution should be used in continuing this path, specifically to guarantee that the IMF does not carry all the risk of exchange rate, specifically its poor affiliates, and also that the SDR can not be a new speculative tool.

4. Crisis avoidance: Global financial market governance

a. The concept that might instruct states' approaches to regulating financial organizations, markets, and tools might be to maintain adequate local policy independence while attempting to decrease their vulnerability to uncertainty and crises via government intervention and monitoring of multinational players with cross-border operations.

b. It is neither practicable nor preferable to have a supreme global organization with complete supervisory and regulatory authority. This is especially true for recreating the World Trade Organization in the financial sector, with binding international commitments on norms and regulations to be followed by local authorities, as well as sanctions for violation.

c. Such an approach might result in significant loss of independence and cause a one-size-fits-all approach. Furthermore, there is indeed a threat that the procedure intended to increase the range of international regulation over finance sector would wind up expanding the worldwide reaching of global financial markets, pushing governments to allow broader market accessibility in financial services sector is necessary.

5. Intervention and settlement of crises

a. Where supplying global liquidity, the IMF must not apply systemic constraints or demand macroeconomic strategy modifications while payment mismatches are caused by temporary outside disruptions further than the borrowing government's power.

b. IMF bailouts to foreign creditors and investors in economies experiencing fast capital outflows weaken market discipline, promote unsafe lending, transfer the cost to borrowers, and risk the Fund's economic soundness. The IMF must not support massive and continuous capital outflows, but rather support private lenders and investors to participate in the settlement of developing nations' balance-of-payments and indebtedness problems.

c. Governments facing massive and continuous capital outflows must be allowed the ability to impose temporary debt freezes and currency restrictions, as well as legal safety in the shape of a holding on litigation.

d. To the greatest degree practicable, national debt reform should be focused on agreements with private lenders, supported by the insertion of rollover and collaborative intervention elements in loan instruments. To handle sovereign debt issues, however, a worldwide mechanism of unbiased arbitration is required.

e. In formal debt reform efforts, stability evaluations must be taken from the Fund and handed to an unbiased committee of specialists. Attention should be paid to instituting arbitration for the reform of governments' public debt.

6. Additional IMF reformation domains.

a. Some of the above-mentioned approaches for minimizing the possibility of international financial crisis and guaranteeing stronger crisis response necessitate significant reforms at the IMF. Further changes, notably in its administration and mission, are likewise required in order to improve its efficacy and usefulness.

b. There has been much discussion over the Fund's management inadequacies in various areas, such as the appointment of its head, the allocation of right to vote, openness, and responsibility, and no more comments are required here. Nevertheless, this should be underlined that improvements in at minimum two of the above-mentioned categories may result in much larger enhancement in the Fund's administration than improvements in domains stressed in public discussion:

- Removing the IMF's reliance on its stakeholders for finance via quotas and multilateral lending by transforming it to become an SDR-based agency;
- Distancing program lending from supervision and delegating the work to officials who are autonomous of their states and are not engaged in loan choices.

c. The Fund must concentrate on its primary task of ensuring global monetary and economic sustainability. As a result:

- It must not be involved in developing finance, legislation, or poverty reduction. This is an inappropriate distraction from the work of international development institutions. While the Fund's growth and long-term financing operations come to a conclusion, all resources established for this goal must be handed to the World Bank;

- It must also avoid from engaging in trade policy. Its efforts to encourage unilateral commercial liberalization in nations that use its resources weaken those governments' negotiating leverage in international trade discussions. Its primary responsibility in this field is to assist establish steady payments systems and currency rates, so ensuring a fairly predictable international trade climate.

3.3 Possible development ways of anti-crisis management in Azerbaijan

The World Economic Forum's Davos specialists declared in their study The Prospect of the Global Financial System that the fast progress of the last 20 years has is over. Global financial performance is slowing, and government involvement is increasing. This will fundamentally alter the conventional view of the global economics. The evolution of the globe's financial sector over the next years will be guided by one of possible conditions:

1. As per the financial regionalism scenario, advanced nations' economic progress would remain to decelerate, while emerging nations will start to swiftly match up with developed and industrialized nations. The problem of energy safety will take precedence, and the U.S. dollar and euro will keep losing their prestige as the sole deposit currencies.
2. Under to the most gloomy possibility of fragmented protectionism, the crisis would impact all nations with no exception, forcing them to separate from one another and focus only on their individual concerns.
3. The re-engineered Western centrism scenario predicts that the Western economies would maintain their dominance and that developing countries will take a lot of time to heal from the global downturn.
4. The most hopeful possibility, named rebalanced multilateralism, predicts that the global economy would gradually acquire traction and that participants of the global community will start to integrate. The importance of the worldwide controller of the economy will expand.

The impact of the world recession on economy of Azerbaijan will be determined in part by which of these predictions is implemented. The major global organizations' short-term predictions of global economic progress remain difficult. Private demand has been declining globally because the global recession morphed into a wider economic catastrophe. Under these circumstances, next years became challenging years for economy of Azerbaijan. Falling oil prices, poor environment in global financial markets, a drop in the inflows of international investments, challenging entry to cheap credits, and other factors will cause financial growth to decelerate. As a result, we believe the global economic downturn may have more severe implications in the following circumstances:

1. If the oil price would keep falling for a longer period of time.
2. If the global financial crisis would last for an extended period of time.
3. If the value of the country's currency, the manat, would fall or increase suddenly.
4. If the state 's anti policy would be implemented too gradually or in an ineffective manner.

To mitigate the effect of macroeconomic fragility components and lay the groundwork for prospective high growth rates, the Azerbaijani authorities has developed a series of financial policy initiatives as part of its anti-crisis package. The key themes of the anti-crisis plan were expressed in President of the Azerbaijan Republic Ilham Aliev's statement on the outcomes of 2008 to the state's Cabinet of Ministers on 2009, January the 16th. He outlined the goal for the anti-crisis bundle, which was to decrease to a minimum level the impact of the global economic downturn on Azerbaijan and avoid this impact from expanding in all sectors. The anti-crisis project was divided into two sections: the first one concentrates on sustaining and enhancing past actions, while the second one concentrates on implementing new policies directly related to the emergency.

The president's list of anti-crisis initiatives essentially includes the components mentioned below:

1. Enhancing supervision over the retail market to avoid false price increases.
2. Increasing anti-monopoly efforts and removing unethical competitiveness.
3. Limiting the government from interfering illegally.

4. Putting part of the foreign currency reserves held overseas in the most trustworthy and powerful local financial institutions and employing these funds primarily in the real sphere of the economy through the institutions. Ensure consistent government control over the investment of such resources in the economy's real sphere.
5. Develop a priority timeline for fulfilling the Government Investment Program.
6. Adherence to economic concepts in the implementation of the Government Investment Program.
7. Improving state supervision over the expenditure of budgetary resources.
8. Expanding aid to export-oriented businesses.
9. Expanding the number of privileged credit available to enterprise owners.
10. Expanding government assistance for agriculture.

The Government of Azerbaijan and the Central Bank of Azerbaijan had effectively implemented initiatives under their anti-crisis system to minimize the impact of the global financial recession on the nation's economy, preventing it from expanding throughout all orientations and laying the groundwork for prospective greater rates of growth. Such policies enabled the country to face the recession with a well-balanced government budget, minimal domestic and foreign debt, as well as a considerable amount of foreign currency reserves. This all demonstrates the state's adequate anti-crisis program. The key to victory in the state 's anti-crisis operations, however, would almost certainly be a sufficient evaluation of and response to the dangers of the world recession, as well as prompt, structural, constant, and efficient application of the anti-crisis plan, on the one side, and highly skilled cooperation of the behavior of the state and private institutions (like banks, businesses, and so on) and community, on the other. The following should indeed be paid special consideration in the anti-crisis plan:

1. In order to enhance economic productivity and spur quicker progress of the non-oil sectors of the country, taxation, notably profit tax and value added tax, must have been reduced. In the prevailing environment, a reduction in VAT might operate as an effective tool, guaranteeing not only faster growth but mainly higher

efficiency. Whereas (as with any reduction in taxes) it would then make sure extra demand and, in consequence, financial advancement, the primary beneficiaries of the value added tax decrease would be divisions with elevated added worth, making them the moving forces behind these improvement, thereby changing the core of gravity away from principal products divisions and toward divisions with a greater volume of processing.

2. Starting in October 2008, the Central Bank of Azerbaijan altered its monetary policy to sustain liquidity structures in the state's economy in the face of the worldwide crisis. Significant initiatives had been implemented to exclude profit taxation from commercai banks land cut the discount rate. The Central Bank's discount rate had been steadily reduced from 15 percent to 5 percent. If the state's inflation keeps falling and there is no rise in stress on the rate of exchange, the steady decline in the discount rate should remain and be harmonized with current global dynamics.

3. In terms of the manat exchange rate, the government and Central Bank of Azerbaijan are in a difficult economic quandary. In times of financial turbulence, the stability of Azerbaijan's country's currency, the manat, stands as an essential foundation for the nation's economy. However, as the data reveals, if the exchange rate of Azerbaijan's primary trading partners' currencies falls, imports increase and Azerbaijani manufacturers' competitiveness falls. At the moment, it is preferable to retain the manat's large steadiness. However, when the oil price falls, so do oil income and the volume of money in Azerbaijan. In these circumstances, artificial manat preservation may be beneficial in the short run. At around the same time, given that the non-oil sector accounted for only 3 percent of export volume of Azerbaijan (and also that the financial recession has reduced this sector's export opportunities while increasing imports), it is prudent to strike a balance among ensuring the consistency of the manat rate of exchange and devaluing it to some degree in order to regain the competitive strength of commodities in the non-oil sectors of the industry.

4. As a consequence of the exacerbated crisis, the downturn has extended in

many nations from the business to the social, such as population. The first step called for reduced investments, the second for reduced pay, and the third for reduced employment. Furthermore, the state's anti program's top aims were to reduce the unemployment rate and create new workplaces. Due to severe economic circumstances, trends suggest that a reduction in job opportunities in the construction as well as other sectors were likely. It would be difficult to halt this trend entirely. As a result, it was vital to counterbalance this trend by increasing employment, particularly by expanding assistance for small and medium-sized firms. To ameliorate the layoff scenario, proper strategies must also be implemented.

5. The economic background and socioeconomic characteristics of Azerbaijan demonstrate that monetary and fiscal policy instruments solely will not suffice to address the scenario. The contemporary scenario necessitates a qualitative regeneration of economic connections, rearrangement of the economy into something like a new network, and comprehensive organizational and administrative adjustments. Public assistance depending on the market standards should be directed at promoting economic variety and modernizing, as well as boosting agricultural, processing, and science based industries. Oil output income must be devoted to the development of reprocessing, the petrochemical and gas business, the textile and food sector, accomodation and transportation, building, and service sectors, which include the resort and tourism business, in order to create a multi-vector, competitive, and self-sufficient economic system. Particular regional economic should indeed be created with the most favorable circumstances for both domestic and international investments. The importance of the human component and creativity should be emphasized, and efficient steps should be implemented to provide Azerbaijan's economic sectors with a sufficient number of extremely skilled personnel and cutting-edge technologies. This will allow Azerbaijan to upgrade its economy and become less reliant on fluctuations in global oil prices.

6. Multiple legislative modifications and practical adjustments in recent decades have resulted in an enhancement in several indexes of Azerbaijan's economic environment. This is likewise apparent in the Report of the World Bank, wherein

Azerbaijan is credited with spearheading transformations. Simultaneously, investigative analyses conducted by numerous global institutes on the economic liberty index reveal that a transition to a fresh phase of financial policies is required in order to accomplish a drastic change in the economic environment and an expansion in economic liberties.

7. In the present environment, inflation must be controlled not simply by monetary measures, as well as by strengthening the state's anti activities, boosting current societal sustainable demand, and encouraging local large and reasonable commodity manufacturing.

Advancing the execution of anti-crisis policies demands maximal collaboration among governmental organizations, along with open collaboration between the government, private sector, as well as community. The above-mentioned steps, if implemented in a systematic and continuous manner, can mitigate the adverse effects of the global recession on Azerbaijan's economy and guarantee the expected rate of economic development. Through with this, exacerbating anti-monopolistic initiatives would then increase enterprise operation, which is critical for mitigating the impact of the worldwide financial downturn on Azerbaijan, maintaining high economic growth rates, and, eventually, trying to recover from the recession with a greater, restored, and competitive economic system.

An evaluation of Azerbaijan's economic patterns in the context of the global economic meltdown reveals that the country's economy will remain unaffected by the initial phases of the international economic meltdown. Falling oil prices, poor conditions in worldwide economic markets, a decrease in the inflows of international investments, difficulty obtaining inexpensive loans, and other factors could all contribute to a delay in economic growth. The intensity of the financial and social difficulties would be determined mostly by the length of the global recession and the level of oil prices.

To alleviate and remove the effects of the global economic disaster on economy of Azerbaijan, the state's anti-crisis policy must be implemented in a prompt and complete manner. To accomplish stable prosperity, the government must enter a new phase of structural reforms in which, in addition to monetary policy interventions, notable focus must be given on systemic and organizational transformations. Depending on these changes, the state should move to an innovation route of growth, upgrading the economy, rise in competitiveness, and enhancement in the quality of life.

CONCLUSION AND RECOMMENDATIONS

As anti-crisis management is a crucial part of management in companies and crisis directly affects their existency, poor anti-crisis management would harm the companies considerably. In this study, significant suggestions towards improving these management strategies have been made.

At the end of the research, after-crisis learnings have been collected, which include: Deep reform should be core of the policies in companies; Before recapitalization, organizations should implement comprehensive analysis; Operational reform is a fundamental need for managing insolvent businesses; Asset reform in financial institutions has not been paid enough attention; Systematic risk and Moral hazard should be one of the primary reform aspects.

Consequently, conclusions have been made according to these preliminary lessons. In order to reduce the effects of any global economic crisis, a company should analyze its financial operations sufficiently. After this, the organization's evaluation should be made in terms of its place in the market. These analysis include assesment of other partners and suppliers in the market, their goods and services, workforce and their professional preparedness. And finally, the company should establish reform strategies based on these diagnosis.

Recommendations have been made on future analysis areas have been grouped into three phases. In the very first phase of pre-crisis period, it is recommended to study risk evaluation and crisis management programs. Secondly, for the crisis phase, corporate reputation and compensation should be the main topics of researches. And the last phase is post-crisis period, which is the most important study phase, it is recommended to analyze corporate learning such as cultural elements, status of employees, grief period after the crisis and so on.

In general, legitimate trade restructions should be implemented in order to limit adverse effect of crisis on unemployment and poverty. The states should apply temporary capital account limitations, currency restrictions and debt freezes for minimizing capital outflow. The Fund must not support massive and continuous capital outflows. The IMF should improve the quality of supervision and control on new reform programs' implementation. The debt reform should be centralized on agreements with private lenders and collaborative intervention elements in credit tools. Assitionally, to achieve this, the regulatory conflicts of IMF should be alleviated.

As for the crisis management, a reserve system that is based on Special Drawing Rights should be constructed. Another great solution could be creating a global supervision organization for controlling all these reforms and compliance to regulations, as well as sanctions.

When it comes to Azerbaijan, several aspects have been suggested for improving anti-crisis strategy of the country, such as tax burden, especially profit tax and value added tax should be decreased. In case of falling oil prices, it would be beneficial to artificially preservation of manat's value in the short-run. Proper strategies should be applied in order to reduce unemployment in that situation. Non-oil sector should be especially advanced: state funding should be focused on improving economic diversity and bringing economy up to date; apart from oil sector, gas and petrochemical business should be developed; oil income should be used to improve food and textile, transportation, service, construction and other sectors; also new technology should be applied in all of these sectors and importance of Azerbaijani professionals in various fields should be represented. Moreover, inflation should be controlled with monetary and other operations. Finally, economic growth should be paid attention by implementing legal changes and accepting new financial policies.

To summarize, global crisis can seriously damage economies of countries and their businesses if proper anti-crisis strategies have not been developed. These policies will protect financial organizations from economic downturns or at least, will reduce their adverse effects. Developing anti-crisis policies require a total complex of economic, political, legal and social reforms in almost all spheres. Anti-crisis strategies should consist of detailed plans and direct mitigations, and the implementation of them is a process that demands consistency and agility.

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