

## Платформа V

### Антикризове управління корпоративними фінансами

УДК 336.64

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#### *Economic Uncertainty and Company's Financial Management*

International competition intensification, strengthening of state's regulatory influence, deregulation, rapid technological changes and other factors of the changing market environment represent a short list of conditions under which Ukrainian companies operate and make managerial decisions of tactical and strategic nature, which all in all may be characterized as a state of economic uncertainty. In literature [1], uncertainty is defined as a volatility caused by unpredictable stress. It should be noted that uncertainty affects companies, yet companies in turn may also affect the state of uncertainty of their own accord.

It should be emphasized that any company at any time operates under conditions of economic uncertainty, however, the level of economic uncertainty is different – depending on exogenous and endogenous environmental conditions. Thus, a study [2] says that the level of uncertainty is different in developed and emergent economies; in particular, according to this study, the level of micro- and macro-volatility in developing countries is one third higher than in developed countries.

Researchers are constantly trying to quantify economic uncertainty. In particular, in [3] macroeconomic uncertainty is defined as a change in the level of central bank intervention in the money supply. Another approach is proposed in the study [4], where macroeconomic uncertainty is expressed in economic shocks. Researchers [5] study uncertainty through fluctuations in industrial production and

consumer inflation. Another practical development in the field of uncertainty is the Macro Uncertainty Index (Macro Uncertainty Index, Federal Reserve Bank of Philadelphia). Research [2] proposes another indicator for economic uncertainty – Global Economic Policy Uncertainty Index.

Study [6] distinguishes macroeconomic uncertainty and specific economic uncertainty at the meso- and micro-levels. In particular, the growth of specific economic uncertainty gives a competitive advantage to companies that are better informed, and these companies in turn have a different nature of action compared to competitors who are less oriented in the market situation. It should be noted that the consequences of uncertainty flow from the macro- to the micro-level with a certain delay. Research [7] speaks of a delayed response in the context of investment decisions and stocks of real sector enterprises in response to tighter monetary policy. Research [2] highlights the behavioral aspect of management decisions in the context of uncertainty, in particular, the first reaction of managers to the growth of uncertainty would be a reduction in investment in R&D, and in the long run – on the contrary, an increase in investment in R&D.

Summing up literature analysis on the subject, economic uncertainty is seen by researchers as a multifaceted phenomenon that operates permanently and affects all economic agents; economic uncertainty's strength varies depending on the condition of the macro- and micro-environment and is not constant over a long period of time; economic uncertainty affects management decisions at all levels, from the central bank's policy to real-sector financing decisions and market actions.

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**УДК 338.34.055-044.57(477)**

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## **ANALYSIS OF THE MAIN FACTORS OF REDUCTION IN THE PRODUCTION IN UKRAINE**

In recent years, Ukraine has seen a steady downward trend in production in many different industries. This problem can be observed since 2011, and for the last 6 years, there was a slight increase in the industrial production index only in 2016.[1] In all other years, there was a decrease. In 2020, the problem of reducing production in Ukraine and the world was exacerbated by the coronavirus pandemic, as many companies were forced to temporarily or permanently cease operations. Also, some consumer enterprises were closed due to the pandemic, as a result of which the