

**MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE
UKRAINIAN-AMERICAN CONCORDIA UNIVERSITY**

School of Management and Business
Department of International Economic Relations, Business & Management

Bachelor's Qualification Work

Global financial crises: courses and consequences

(based on BMN case)

Bachelor's student of the 4th year of study

Field of Study 29 – International Economic
Relations

Specialty 292 – International Economic
Relations

Educ. program – International Economic
Relations

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Abstract

The thesis "World crises: consequences and course, based on practice at BMN" is a study of the impact of world crises, how they had their effect on countries and how states and economic institutions found a way out of such situations.

The paper analyzes different crises in different periods, such as the great depression, the great recession and other world crises. It also uses the example of the Ukrainian company BMN, which was founded close to the period of the Ukrainian war-related crisis, and gives examples of what practices the company used to become more resilient to crises. Based on this, it was analyzed what actions are effective and ineffective in a crisis situation for companies and economies in general.

Particular attention is paid to analyzing the course of crises and their dynamics, identifying key points and signs of crisis build-up, and developing strategies for companies to adapt and respond to changing market conditions during periods of crisis.

The research methodology used is a combination of qualitative and quantitative methods of analysis, including statistical data, company financial reports, as well as expert assessments and interviews with key representatives of BMN.

The research results can be used to develop recommendations on risk management, strategic planning and decision-making under conditions of economic uncertainty and variability, which makes this work relevant and practically significant for the business community.

Keywords: International crises, global security, economic consequences, economic decisions, businesses in crisis situations

Анотація

Дипломна робота «Світові кризи: наслідки та перебіг, заснована на практиці в BMN» — це дослідження впливу світових криз, як вони вплинули на країни та як держави та економічні інститути знаходили вихід із таких ситуацій.

У статті аналізуються різні кризи в різні періоди, такі як Велика депресія, Велика рецесія та інші світові кризи. У ньому також використовується приклад української компанії BMN, яка була заснована ближче до періоду кризи, пов'язаної з українською війною, і наводяться приклади того, які практики використовувала компанія, щоб стати більш стійкою до криз. На основі цього було проаналізовано, які дії ефективні та неефективні в кризовій ситуації для компаній та економіки в цілому.

Особлива увага приділяється аналізу перебігу криз та їх динаміки, визначенню ключових моментів і ознак наростання кризи, а також розробці стратегій адаптації та реагування компаній на зміну ринкових умов у періоди кризи.

Використана методологія дослідження являє собою поєднання якісних і кількісних методів аналізу, включаючи статистичні дані, фінансові звіти компаній, а також експертні оцінки та інтерв'ю з ключовими представниками BMN.

Результати дослідження можуть бути використані для розробки рекомендацій щодо управління ризиками, стратегічного планування та прийняття рішень в умовах економічної невизначеності та мінливості, що робить цю роботу актуальною та практично значущою для бізнес-спільноти.

Ключові слова: міжнародні кризи, глобальна безпека, економічні наслідки, економічні рішення, бізнес у кризових ситуаціях

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APPROVED

Head of Department

Prof. Zharova L.V.

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TASK

FOR BACHELOR’S QUALIFICATION WORK OF STUDENT

Alexandr Liushnenko

1. Topic of the bachelor’s qualification work
Global financial crises: courses and consequences (based on BMN case)

Supervisor of the bachelor’s qualification work Natalya Amalian, Ph.D. in Economics

Which was approved by Order of University from “25” September 2023 № 25-09/2023-54k

2. Deadline for bachelor’s qualification work submission **“25” April 2024.**

3. Data-out to the bachelor’s qualification work

Materials from internship received during consultation with representatives of the company. Information from open resources in the Internet, official reporting of financial and economic activities of the enterprise.

4. Contents of the explanatory note (list of issues to be developed)

There are three main topics a student should develop in this work:

- 1. Fundamentals of financial crises***
- 2. BMN as an effective means of combating the crises***

3. *Modern implications and responses to financial crises*

5. List of graphic material (with exact indication of any mandatory drawings)

Graphs and figures for analysis of economical and statistical information on the company and its development, visualization of mechanism of development, etc.

6. Date of issue of the assignment December 4, 2023

Time Schedule

No	The title of the parts of the qualification paper (work)	Deadlines	Notes
1.	I part of bachelor thesis	10.12.2023	<i>In time</i>
2.	II part of bachelor thesis	27.02.2024	<i>In time</i>
3.	Introduction, conclusions, summary	25.04.2024	<i>In time</i>
4.	Pre-defense of the thesis	30.04.2024	<i>In time</i>

Student Alexandr Liushnenko



(signature)

Supervisor



Conclusions

The bachelor qualification work was designed according to the requirements: it contains all necessary parts of scientific research with the practical recommendations. The paper was written on the basis of the analysis of specific aspects of the operations of Business Media Network. The study provides a meticulous analysis both of modern views on financial crises and the role of economic factors in crisis formation, with special focus on the Great Depression and its contemporary relevance. The practical recommendations, including critical analysis of management of crises responses at the "Business Media Network" are formulated correctly and focused on the main goal and tasks of the work. The suggested ways of reinforcing activities of the BMN in combating crises in businesses, are substantiated. Student takes active part in scientific life of the University, participating in students' conferences. In general, if successful defense, the thesis can claim to be "excellent".

Supervisor



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INTRODUCTION

The global economic crisis is an event that is often feared not only by people, but also by entire states due to its destructive power and impact on the economy as a whole.

This event challenges the financial institutions and also the ability of the countries and governments involved to take correct and clear actions to resolve the problem in revitalizing the economic flow again

A crisis tends to spread around the world like a blast wave, especially if the state undergoing the crisis is a large and significant trading partner and a support for everyone else. At its core, a financial crisis is a complex phenomenon that arises from the confluence of economic, psychological and behavioral factors.

Understanding the causes and consequences of crises is of greatest importance, first of all, for people who make decisions to correct this situation, namely: politicians, economists, business leaders and other equally significant figures, but this knowledge will be no less important for people who simply want to make the right choice in extreme conditions and the challenges of a crisis situation. And we will have the opportunity to consider this using the example of the 2007-2008 crisis, while at the same time drawing the right conclusions to prevent similar situations in the future.

Crises are not only about money, crises are also about how people manage them in a critical situation. What decisions do they make, what behavioral factors influence their decisions, and how do these decisions themselves ultimately affect the entire course of the crisis as such. Every economic decision is first and foremost a human decision, and therefore understanding psychological factors will also help us better consider the topic of this work.

Relevance of the Topic: The global financial crisis is one of the most significant events that affects all areas of our lives. With improper and illiterate management, as well as insufficient actions, it can ruin the economic development and activity of entire countries and even continents for a long time. By developing our understanding of crises, we simultaneously develop our skills in dealing with them, and also gain new tools for dealing with complex crisis situations in order to prevent similar occurrences in the future.

The Purpose of the Work: The main purpose of this work is to analyze the global financial crisis by examining the economic, psychological and behavioral factors affecting it. In addition, the work will study the methodology of the BMN company in combating crises and improving the economic situation of both the company itself and its partners. Modern response methods and practices that can be used by other companies to develop their business in times of crisis will be discussed.

Object of Research: The object of this study is the global financial crisis with an emphasis on its causes, characteristics and consequences, with a main focus on the analysis of the crisis of the Great Depression of 1930, which was one of the largest crises in US history. Using his example, it will also be examined what actions were taken by the government and society to overcome such a situation. The work will take into account economic and psychological factors in the study of these issues.

Subject of Research: The main subject of the study is the BMN company and its activities as a way to combat financial crises. The impact of BMN on business will be analyzed and its role in crisis management will be assessed. The work will examine current research on the consequences of financial crises, with an emphasis on assessing historical events such as the Great Depression and the Great Recession, as well as modern government policies and regulations as the main and main way to obtain information that will help draw the right conclusions and learn coping skills with recessions.

Research methods: to make this research I used analysis of external sources, analysis of company data and interviewing of company employees and owner.

Tasks of the Work:

1. Analyze the definition and attributes of a financial crisis to establish a fundamental understanding.
2. Analyze the role of economic factors in the formation of financial crises, considering the global financial crisis as a case study.
3. Investigate the psychological and behavioral aspects contributing to financial crises, drawing lessons from the crisis.

4. Examine the key takeaways and implications derived from the Great Recession, emphasizing the lessons learned and their subsequent impact on shaping contemporary economic policies and regulatory frameworks.
5. Assess the impact of financial crises on businesses and propose the creation of the Business Media Network as a strategic response.
6. Explore the aims and roles of the Business Media Network in fighting financial crises and supporting businesses during economic downturns.
7. Evaluate government policies and regulations as responses to financial crises and their effectiveness in crisis management.
8. Propose recommendations for improving the role of the Business Media Network in combating crises in businesses.

This paper is a comprehensive study on global financial crises. It consists of 76 pages. The list of references includes 62 sources.

CHAPTER 1: FUNDAMENTALS OF FINANCIAL CRISES

1.1. Definition and Characteristics of a Financial Crisis

A crisis is a painful phenomenon, often unexpected for the average consumer, which has devastating consequences for the entire structure of the economy. Financial assets sharply lose value, people begin to sharply sell their assets, causing prices to fall even more and panic only grows - a domino effect. The root of these crises is usually financial bubbles and speculation, in which even government agencies can sometimes take part.

«No matter how different the latest financial frenzy or crisis always appears, there are usually remarkable similarities with past experience from other countries and from history. Recognizing these analogies and precedents is an essential step toward improving our global financial system, both to reduce the risk of future crisis and to better handle catastrophes when they happen». (Reinhart and Rogoff, 2011, p. 2)

A financial crisis, even at its beginning, can quickly spread across various sectors and institutions of the economy. Initially it may be in very specific sectors: housing, banking or stock markets, but as a result of the fact that this crisis can be overlooked - it can also quickly take over other parts of the economy, creating a devastating domino effect. Institutions that were previously considered simply indestructible and “crisis-proof” are collapsing, instilling horror in the people who often invested all their savings in them. The human factor and the general destructiveness of the consequences ultimately lead to the fact that the situation is more likely to be aggravated in its initial stages than to be saved in any way. After all, first of all, people try to save themselves.

Despite the individual characteristics of different crises, from the point of view of classification, two main types can be distinguished:

those classified using strictly numerical definitions; and those that rely heavily on qualitative and evaluative analysis. Understanding these types is critical to navigating the complexities of financial markets. (Claessens and Cose, 2013, p. 11)

1. A currency crisis can usually be caused by government overspending, and as a result, rising government debt can cause investors to lose confidence and start selling their assets, causing the value of the currency to fall. - Balance of payments crisis: If a

country has a persistently high current account deficit, it may lead to a currency crisis. The country needs foreign currency to pay for imports, but earns less from exports. - Crisis of confidence: If investors lose confidence in a country's economy, they may start selling their assets, causing the value of the currency to fall.

2. Debt crises are associated with the inability of a country to pay off debts that it could have taken on for specific large projects aimed at developing the economy, but they did not work as expected, or the country has neglected the growing problem of external debt for a long time
3. A banking crisis appears due to the fact that one banking structure went bankrupt and became illiquid and this led to the decline of all banks directly associated with it, or because the existing crisis in the country also suppresses the activities of banks (for example, when depositors withdraw from banks their money and assets)

Literature (Claessens and Cose, 2013, p. 12) can clarify some of the causes of crises, but the interconnection of factors that influence their occurrence is so large that tracing the thread is a difficult task. Many theories and explanations for crises have been invented and created every day, But even though fundamental factors such as macroeconomic imbalances, internal and external shocks are often observed, this is still often not enough to understand all the possible causes of the occurrence.

There are attempts to explain financial crises and the causes of "irrational actions" caused by anxiety and panic, including chain reactions and spillovers in financial markets, restrictions on arbitrage during times of stress, credit crises, asset failures and other factors. During times of crisis, people tend to accumulate their savings instead of spending them, "after the rate of interest has fallen to a certain level, liquidity preference may become virtually absolute in the sense that almost everyone prefers holding cash rather than holding a debt (financial instrument) which yields so low a rate of interest.» (Keynes, 1936).

Such behavior entails a slowdown in economic processes, which leads to the fact that the economy simply cannot function as good further, because it works the more actively the more active the circulation of money occurs in it. In this case, a huge challenge comes for banks, because conventional incentive tools (such as lowering interest rates) may not have an effect at all due to the fact that consumers simply do not trust the same authorities and

banks, because they “failed to do their job” initially. In fact, the initial attempts by society to trust the government in difficult times and unite to overcome a common misfortune around the management of their state may equally be followed by a decrease in political trust and disappointment in individual policy and economic measures (Aassve, A. et al. 2024).

Crises can be caused by a variety of factors: speculative bubbles, imbalances in financial markets, regulatory failures or external shocks. The suddenness of such factors only leads to a worsening of the situation on the part of consumers and their responses.

Throughout history, asset prices have experienced sharp rises, commonly referred to as bubbles, followed by sharp collapses. These phenomena often defy the predictions of standard financial models that assume perfect markets. The bubble, an extreme deviation in asset prices that defies fundamental explanation, has been a constant element of financial instability in advanced and emerging economies for centuries. Famous historical examples include the Dutch tulip mania (1634-1637), the French Mississippi bubble (1719-1720), and the South Sea bubble in the United Kingdom (1720). (Girdzijauskas et al., 2009, p 269).

Also it is found in many stock exchanges of the world that sometimes markets are not following the rules of EMH. The functioning of these stock markets deviates from the rules of EMH. These deviations are called anomalies (Latif, M., et al., 2011). The collapse of an economic system caused by a bubble can be caused by constant shocks, which in turn create a negative feedback loop. During crises, investors move as far as possible from risky investments to low-risk investments which can ultimately lead to an overestimation of risk and a lack of financing for certain businesses and a decrease in prices for its shares, which gradually leads to collapse.

Financial crises are the boiling point at which all the shortcomings of the economic system in which they occur become apparent. Generally, a crisis can occur if institutions or assets are overvalued and can be exacerbated by irrational or herd-like investor behavior. For example, a rapid string of selloffs can result in lower asset prices, prompting individuals to dump assets or make huge savings withdrawals when a bank failure is rumored. (Kenton, W., 2023)

As a result of the crisis, public trust in institutions, both public and private, may be seriously undermined. Citizens may lose faith in the ability of governments and financial institutions to protect their interests, leading to frustration and social unrest. The political landscape could change as leaders grapple with public anger and demands for accountability in the wake of economic turmoil, especially It could be seen on the example of COVID-19 crisis. (Kamińska, Katarzyna & Bielig, Andreas & Wandel, Jürgen, 2023, p. 14).

Financial crises, among other things, often do not have geographical boundaries, because the economies of different countries are connected with each other at different depths, and the fall of one player can lead to a decline in the economic processes of another. This nexus requires international cooperation and coordination between policymakers and regulators to effectively address the challenges arising from cross-border financial crises. (Brecher, 1979)

The average person suffers first of all during a crisis, because in economic crises the chance and prevalence of unemployment, poverty and little support from healthcare, education and other important government services increases significantly. Vulnerable groups of the population, small businesses and households bear the brunt of crises, since they are the least protected from major shocks financially and cannot provide themselves with adequate protection from them. Mental illness, vulnerabilities to stress, disorders and problems are worsening, and people are experiencing more stress with less ability to cope (Kilfoyle M, 2023).

Considering the problem of crises and the subtlety of this process, one can understand that in order to cope with such challenges better, both people who control economic decisions in the country (politicians, economists) and people who are ordinary participants in the economic system (workers, business owners). Effective governance, risk management and support for vulnerable groups are important key factors in the government's ability to overcome the crisis itself.

Bankruptcies, a decline in economic activity and problems with obtaining even basic needs impose a great stress effect on all participants in the economic system.

In the following subsections of this work, we will look in more detail at the economic, psychological and regulatory factors that contributed to the global financial crisis. Through

our research, we intend to gain a deeper understanding of the crisis and discover important information that will impact how we currently manage crises and maintain financial stability.

1.2 The Role of Economic Factors in Crisis Formation

Economic crises arise from the intertwining of various political decisions and economic issues accumulated over time. Excessive leverage in the financial sector is a serious economic problem contributing to the occurrence of crises. Institutions that may be subject to risks include banks and investment companies, as a significant portion of their capital is borrowed, increasing both income and risks in the event of economic process collapse. They may find themselves unable to continue their economic activities, and investors actively withdrawing funds from these institutions only exacerbate the situation.

Speculative bubbles and market imbalances also act as catalysts for crises. Investors and institutions may engage in speculation in an attempt to rapidly and efficiently increase their returns, which typically leads to an inadequate increase in asset prices. A good example of inefficient banks decisions would be Japan in 1980, when property prices were rising rapidly which allowed developers to take out large loans from banks using real estate as collateral, and banks were only too happy to make such loans because the economy was in a period of great, seemingly unstoppable growth. But when property prices collapsed in the 1990s, Japan suffered a protracted banking crisis and a “lost decade” of low economic growth and stagnation. In all similar historical episodes, the banking system was subject to the bursting of the housing bubble due to higher household default rates (Aoki, K., & Nikolov, K., 2012, p. 1)

As a result, inflated prices give investors a false sense of growth, stability, and security, as their invested assets appreciate. However, when investors realize that the asset's value is not supported by anything other than the subjective assessment of other investors, money gradually starts to be withdrawn from such economic bubbles, and those who invested in them begin to lose their funds sharply due to significant price declines.

Insufficient or weak risk management strategies and actions by financial institutions only increase the likelihood of crises occurring and worsening. When financial systems

prove to be ineffective, in the worst-case scenario, this can even lead to their complete collapse, necessitating their reformation. Financial crises can also be caused by factors such as trade deficits, budget deficits, and currency exchange rate mismatches?. If government debt is very high and the state cannot continue to service it, investor confidence along with their funds may leave businesses and institutions for a long time, leading to currency devaluation. The economy, due to the actions of an unpredictable environment created by such macroeconomic actions, makes it difficult for consumers and companies to create long-term financial plans, as there are no guarantees of system stability. (International Labour Office, 2011).

Moreover, the contagion effect, wherein financial distress in one sector or country spreads to others, is a crucial economic factor in crisis formation. Financial contagion is the spread of an economic crisis from one market or region to another and can occur at domestic and international levels. The contagion can affect goods and services, labor, and capital goods used across markets connected by monetary and financial systems (Ganti, A. 2023).

Markets in a domestic and global economy are interconnected. From the consumer side, many consumer goods are substitutes or complement one another. From the producer side, the inputs for any business can be substitutes and complements for one another, and the labor and capital that a business requires may be used in different types of industries and markets.

Economies rely on financial institutions to facilitate the flow of goods and services through the economy. Any instability that occurs in these entities can spread throughout countries via the balance sheets of financial intermediaries. Damage to the balance sheet of a bank or leveraged financial institution can trigger a selloff of assets or a recall of cross-country loans. (Ganti, A. 2023).

The emergence and development of crises are also very connected with the moral readiness of the investor to take risks. When the economic situation appears to be growing rapidly and promising (which is especially typical of an economic bubble), then an investor will be more likely to be willing to invest in riskier but promising projects. Sometimes a feeling of complete economic security can lead to thoughtless risks, in which an investor will invest only because they promise huge income in a short time. Indeed, asset bubbles

have beset the investment landscape for hundreds of years. When investment loses its economic rationale, we move into the realm of speculation only explained by human psychology (Collingburne, 2023). The financial sector also often suffers from this phenomenon, it is believed that the government or central bank will come to their aid during a difficult situation or crisis. Such carelessness can also lead to irresponsible lending as institutions lose their sense of caution and become trapped when the economy worsens.

Crises, at the same time, are acquiring new characteristics and features with the advent of globalization and economic integration. Economic globalization refers to the increasing interdependence of world economies as a result of the growing scale of cross-border trade of commodities and services, flow of international capital and wide and rapid spread of technologies. It reflects the continuing expansion and mutual integration of market frontiers, and is an irreversible trend for the economic development in the whole world at the turn of the millennium. The rapid growing significance of information in all types of productive activities and marketization are the two major driving forces for economic globalization. (Gao S., 2000, p. 1)

Although globalization provides opportunities for economic development for a large number of countries, at the same time it means that as soon as things go badly for one country, they will also go worse for the rest, because from now on, with the advent of globalization, many economies have acquired a close relationship between themselves, and from the same, dependence on each other. This is why such a close interdependence of consequences requires close cooperation between countries that want to achieve economic stability and avoid future crises.

The role of economic policy in such relations is paramount. The decisions of central banks in adjusting interest rates and cash flow, as well as taxation policies and control of government spending, have a direct impact on the economic environment. The untimeliness or irrelevance of decisions made, in turn, can only lead to a worsening of the situation. Excessively low interest rates may encourage consumers to borrow to develop their projects and the economy as a whole, but at the same time they increase inflation, which, if used carelessly, can lead to currency depreciation. (Bank of Canada, 2023)

Financial innovation can also sometimes be a useful tool to overcome certain crisis or pre-crisis situations. Some financial solutions may be very different from conventional practices and suddenly work if they can actually work effectively in areas that need improvement. But the obvious problem with this approach is that innovation is a risk, and when the situation is already in crisis, any risk can be fatal for the economy. (Borowiecki, R., & Dziura, M., 2010, p. 205)

The impact of financial innovation and the creation of innovative financial instruments, including “securitization,” cannot be ignored. Although this innovation carries with it many potential economic opportunities for leveling up the economic situation, it also in turn carries with it the typical risk of innovation, namely unpredictability.

Securitization is the process in which certain types of assets are pooled so that they can be repackaged into interest-bearing securities. The interest and principal payments from the assets are passed through to the purchasers of the securities. There are two steps in securitization process. In step one, a company with loans or other income producing assets identifies the assets it wants to remove from its balance sheet and pools them into what is called the reference portfolio. It then sells this asset pool to an issuer, such as a special purpose vehicle (SPV) an entity set up to purchase the assets and realize their off-balance-sheet treatment. In step two, the issuer finances the acquisition of the pooled assets by issuing tradable, interest-bearing securities that are sold to capital market investors. The investors receive fixed or floating rate payments from a trustee account funded by the cash flows generated by the reference portfolio. (International Monetary Fund, 2008). This method became especially common before the 2008 global financial crisis.

But in addition to its positive aspects, such as increasing the availability of loans, and liquidity, at the same time securitization creates potential risks for investors. One of the main problems along the way is the lack of transparency of such an instrument; the complexity of the system itself makes it difficult for investors and institutions to analyze it financially and to assess the risks and potential income from such an operation, which ultimately becomes a problem during a crisis, as seen in the example of the 2008 crisis.

The 2008 crisis showed that the securitization of assets can simply lead to the opposite result than what was desired. But although it played an indirect role in the 2008 crisis, it is

not its main cause. The main reason for the crisis in the US was that lenders focused on loan guarantees rather than the financial status of borrowers. In addition, the incorrect assessment of the amount of collateral played a very large role in the malfunctioning of this financial instrument. This error arose due to the fact that banks predicted a continued increase in real estate prices, which led to a revaluation of this type of asset. As expected, at one point the real estate began to lose its price, and then the value of the collateral that the bank was supposed to receive. The main reason for this situation was an increase in the supply of real estate and a decrease in demand for it.

Several other reasons for the crisis were the lack of loan insurance obligations, risky repayment options - deferred payment on a fixed capital deposit, promotional interest rates for the first 2-3 years, variable interest. Judging by the actions and decisions of creditors, the picture becomes clear that they simply did not take into account the large-scale increase in interest rates on loans and the rising cost of living of debtors (including a significant increase in energy prices). In addition, loose credit policies, credit theft and credit circumvention procedures have increased the insolvency rate, which has only worsened the problem. (Szabłowska, E., 2010)

The problem of complex financial instruments and the collapse of the mortgage market in a combination of instruments led to a wave of defaults and led to the collapse of the securities market, the devaluation of which had a cascading effect

This information about the recent global crisis can help future and current policymakers and financial institutions make better decisions about the implementation of regulatory financial laws, monitoring and screening of risks, and improving the way international communication is done for being able to build a strong financial base that helps support further economic growth.

1.3 Psychological and Behavioral Aspects in Financial Crises

Man is a key figure in the movement and formation of any economy, but his imperfection leads to the fact that some economic decisions of individuals and even entire governments can be made under the influence of destructive psychological distortions. Cognitive bias (CDI) is one aspect of human behavior that is subdivided into heuristic, biased, framing effects. Distortions are prevalent on the physical and psycho-emotional state

of a person constantly or during decision-making. These are usually automatic perception errors that occur especially often under conditions of severe stress. This phenomenon is seen as chaotic and almost always automatic thoughts that seem authentic, but in fact carry a lot of mistakes that as a result can lead to a person simply harming himself through a wrong decision (Abdallah, Mohamed, 2020, p. 3). Deep understanding of this phenomenon can potentially help policymakers to make the right decisions to get rid of as many distortions as possible and to calm public panic in a crisis situation.

One of the key psychological factors behind financial crises is investor sentiment, whether positive or negative towards certain companies or countries.

The existence of optimism or pessimism in general is part of our uncertain world, because we cannot know what is going to happen tomorrow, so we make decisions with hope for the best for ourselves, and we end up with a result that may work to our advantage or vice versa, make things worse for us. The same applies to investors, because they are still people (Hey, John, 1984, p. 182)

The actions of many people are often caused by herd thinking: when a person relies on the assessment of the situation by society and adjusts his behavior based on what he has seen or heard from conventional wisdom. This is particularly fatal in times of crisis, as panic tends to spread very quickly and infect the minds not only of consumers, but also of investors and politicians.

The Bayesian game (Banerjee, A. V. 1992) is a game in which agents have inaccurate information about how other players will behave, and based on this incomplete information, agents maximize the expected benefits of their actions. In such a model, there is one right investment that will give a positive result to its investor, and the rest will simply burn. All the agents in this model want to make the right investments and enjoy the returns, but none of them knows which investments are right.

In this game, players received signals about "correct investments", only the signal could be false, and the probability of a signal indicating the correct investment of the investor is evenly distributed among the values. Players were able to see other "investors in the game" making decisions, but they could not be sure that the player had received the signal at all. Each player in this game will make a decision based on the information encoded

in his personal signal and the choices made by previous players, and when all the players have made their final decisions, the winners who invested the money correctly will be revealed.

Banerjee's model shows that herd behavior can cause agents to follow not their personal information, which may be correct, but what others do and what decisions they make in situations of extreme environmental uncertainty. This model also shows a curious result, when the ability of players to observe how others behave can lead to less than - not more - optimal results. Moreover, if players did not have the opportunity to observe others, but made decisions based on their logic, they would likely get even better results. Thus, in the context of the financial market, it is generally accepted that investors' attempts to suppress their own domestic signals and follow the crowd in the end lead to an inevitable increase in market volatility and the strength of its ups and downs (Chang, S. R. 2021). It was clear how these behavioral and psychological factors related to the Great Depression. The widespread anxiety and panic among investors exacerbated the economic collapse by causing large falls in the stock market. Similar to this, a generalized fear of loss and risk caused people and companies to hoard money, which decreased investment and spending and widened the crisis.

The behavioral economist (Shiller, R. J., 2016) identifies the phenomenon of "irrational exuberance," which can explain the housing market bubble. Investors begin to make positive forecasts based on the continuous rise in housing prices influenced by what the author termed "the social contagion of boom thinking." As asset growth was highly active, it gave investors a sense that a new, previously unseen era of economic progress had arrived, in which there would no longer be consecutive declines. Consequently, the herd behavior of consumers taking out housing loans, and bankers who saw profit in issuing them, led to the crash. Psychological and behavioral explanations of herd behavior extend to the behavior of interest rates, policymakers, and regulators in determining the risk of financial instruments (Grosse, 2017). Influenced by a general sense of abundance and optimism, the ability of these stakeholders to analyze risks and identify unstable investments was limited. The belief that "the growth will continue" prompted various stakeholders to act

not in accordance with their own signals but to follow what the herd was doing, contributing to the creation of unstable price growth and ultimately, the bursting of the bubble.

Table 1.1 Understanding Psychological and Behavioral Factors in Financial Crises

Psychological Factors	Description	Impact on Financial Markets	Examples	Mitigation Strategies
Investor Sentiment	Positive sentiment leads to market optimism and bubbles; negative sentiment causes panic selling and price declines	Market volatility intensifies; asset prices fluctuate significantly	During booms, investors excessively buy, inflating prices; during crashes, mass selling occurs	Promote investor education; enhance transparency to reduce misinformation
Cognitive Biases	Overconfidence, confirmation, and loss aversion biases affect decision-making	Overestimation of abilities leads to high-risk behavior; selective focus on positive information; preference for avoiding losses impacts selling decisions	Overconfidence encourages excessive risk-taking; confirmation bias reinforces existing beliefs; loss aversion prompts rapid selling	Implement behavioral economics principles in financial education; encourage diverse perspectives in decision-making
Fear and Greed	Fear of losses leads to risk aversion; greed fuels speculative behavior	Fear triggers market exits and hoarding; greed encourages speculative trading and excessive risk-taking	Fear prompts cash hoarding and reduced investments; greed leads to inflated asset values and overleveraging	Promote long-term investment strategies; establish clear risk management guidelines

Herd Behavior	Individuals mimic the actions of others, following market trends	Collective behavior drives market movements, amplifying bubbles or crashes	Imitation of influential investors or market participants; following trends without fundamental analysis	Increase market transparency; discourage excessive reliance on peer behavior
Information Cascades	Individuals rely on others' actions as signals for their own decisions	Sequential actions based on others' behavior intensify market movements	Following trades or investments made by prominent investors; reacting to others without independent analysis	Enhance public awareness of informational sources; encourage critical analysis of market information

Source: Created by the author

Table 1.2 provides an overview of the factors influencing the economy during shocks or economic growth: investor sentiment, cognitive bias, fear and greed, herd behaviour and information cascades. Each factor is described in terms of its impact on financial markets, illustrated by examples.

CHAPTER 2. Business Media Network as an effective means of combatting the crisis

2.1 Impact of financial crises on Businesses

Global crises around the world primarily affect businesses and small companies in each country. To better understand how the organization BMN copes with the challenges of a crisis environment, we need to examine historical parallels with the Great Depression and its impact on the world and the economy.

The nadir for many Americans during the Depression was 1932 (see Bauman and Coode, 1988, for a more extensive review). Although the Great Depression left some people unscathed or only mildly harmed, and some who remained employed on fixed salaries flourished during the deflation of the Depression, this article focuses on the disruption to the marketing system and the subsequent trauma experienced by many consumers. The ability of people to purchase goods significantly decreased, which consequently affected the success of businesses in the country that produced those goods. For example, to survive, many Americans changed their eating habits and consumed less meat, fresh fruits, and milk, replacing them with eggs, beans, cornbread, and pasta (Poppendieck, 1986).

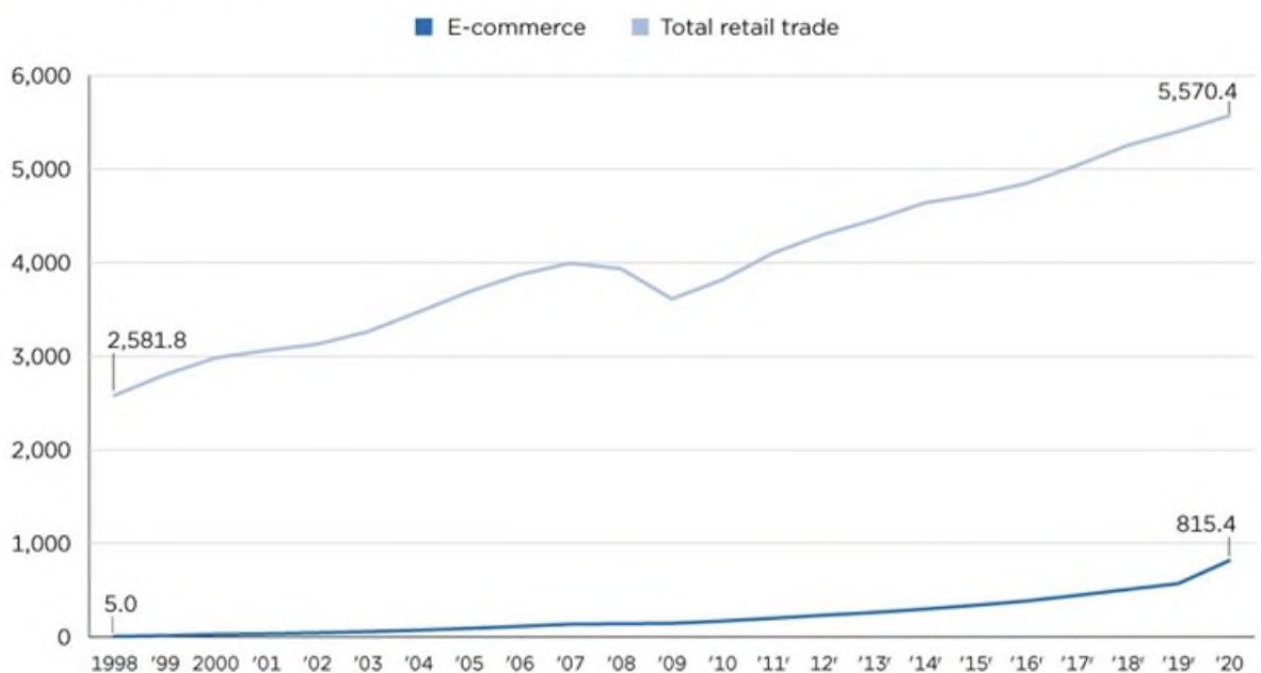
By March 4, 1933, one-third of all able-bodied Americans were unemployed and had no income to support themselves, while those with jobs were paid wages so low that even nutritious food was in serious question. Meanwhile, financial institutions were denying thousands of housing, farm, and corporate loans every day. Many people left the US during that time, especially compared to the number of people who came there, and migrants who originally came to the US in search of great opportunities now had no hope of finding any shelter. Thirty-eight states closed their banks, the New York Stock Exchange and the Chicago Board of Trade closed their doors indefinitely, and nine million savings accounts were lost (New Republic, February 22, 1933).

Crises in the long term affect businesses that fall under their influence not only in the short term but also in the long term, even after the crisis itself subsides. Rodriguez and Jantunen (2007) state that there are three common elements defining crises: threats to organizations, elements of surprise, and short-term decisions, while crisis management deals with threats that have already occurred. The ability of companies to rescue themselves

during crises and potentially succeed is associated with the skills of their owners to apply their best skills to adapt to new conditions and make the most of the worst situations.

Innovation and progress have a way of saving the day when the economy is in chaos. One common tool for scanning the surroundings and preventing crises is the Internet. Thomsen (1995) pointed out that businesses should use online databases to transition from reactive to proactive communication messaging when looking at new technologies from an issues-management perspective. As an illustration, during the COVID-19 E-commerce sales rose by \$244.2 billion, or 43%, in 2020, the first year of the pandemic, from \$571.2 billion in 2019 to \$815.4 billion in 2020, according to the most current 2020 ARTS release. This is an example of the above, this further illustrates the ability of many businesses to successfully adjust to new, unanticipated operational conditions once they have occurred.

Estimated Annual U.S. Retail Trade Sales—Total and E-commerce: 1998-2020
(In billions of dollars)



Source: 2020 Annual Retail Trade Survey (ARTS).

The actions that the government takes to regulate and improve the economy have a direct impact on the economy itself, since politicians and large investors have the greatest leverage over the economy - power and money. F. Roosevelt's New Deal can teach us many

important lessons about how best to manage the economy during periods of instability. During this time, many important changes and support for citizens were undertaken. For example, a package of budget incentives was implemented, which had the goal of improving the economic situation, as well as introducing them into decision-making in monetary policy. The synchronicity of the adoption and consistent implementation of political decisions is also a key factor in the success of such actions.

When the crisis pattern is repeated too often, the question also arises about the availability and usefulness of the credit policy, because credit is necessary for business, it is a key element of rapid growth and gives the business the opportunity to maintain rapid growth through the purchase of new equipment, marketing and further sales of its services for higher price. This makes access to credit an important component for businesses. It is for this reason that the issue of lending should be taken seriously by regulatory authorities, since the unavailability of loans for business can lead to the fact that such a business will develop very slowly or will not be able to develop at all due to low access to resources and, therefore, greater vulnerability to their competitors who have already occupied a certain place in the market. The reliability of financial institutions is an important factor in overcoming crises by businesses and ordinary consumers.

An assessment of the potential success of a business in overcoming crisis situations should be based on the company's risk management. The Great Depression forced many financial institutions to reconsider their tactics and approaches to risk management and financial forecasting. According to (González-Páramo, J.M. 2011), central banks, since they are responsible for setting policy during a crisis, often observe the so-called "principle of inertia", which advises against using risk management measures that can exacerbate the financial markets' cyclical behavior. This idea obviously applies to monetary policy operations, where central banks have traditionally taken on more risk during a crisis, but it also somewhat extends to investment activity.

For example, according to Karp, B. (2018) one important lesson that we've learned is proactive risk management. Put simply, the accepted wisdom holds that "dramatic failures of corporate governance and risk management" were a major contributing factor to the financial crisis, which was sparked by hazards that were lying in wait. To successfully

navigate the heightened scrutiny that characterizes the post-crisis business, regulatory and enforcement environment, the board must provide the same rigorous and effective risk oversight and accountability to the CEO and senior management to better understand its next steps. In the wake of the crisis, financial institutions and other organizations are now responsible for actively managing all risks inherent in their business by regulators, investors, consumers, political leaders and the public. Reputational risk is one such risk. People who have a lot of concentrated power and money should be responsible for all decisions that could potentially lead to a worsening situation in the economy, and should also be responsible for decisions made on risk management.

A crisis also tends to change those fundamentals of doing business that were previously considered unchanged, which generally leads to changes in certain areas of the functioning of businesses and their interactions with each other. One of the important factors in maintaining a successful business primarily lies in the role of management, which makes decisions to change the direction of the business and its activities. Anti-Crisis Management is the actions of managers who come to power in troubled times, which arise from a malfunction of production, lack of raw materials, lack of quality, marketing, etc. (Gultekin, 2002) In other words, crisis management requires systematic decision-making and the creation of a group to apply these decisions and to be able to take new decisions to achieve practical results quickly. (Ace, 1996). Leaders who are able to maintain foresight and flexibility in situations not only of crisis, but also of successful ones, is a very important factor that determines the flexibility and adaptability of the company, because ultimately all activities still come down to the company's management, and the risks that it can take on so that in the future this will bear fruit in the form of stable growth of the company and subsequently the economy as a whole. An example of such adaptive leadership comes from the Great Depression, when auto executives shifted their focus to more fuel-efficient production models to meet changing consumer desires and continue to operate successfully. Innovativeness, adaptability and proactivity are important key factors for any business to move through the "dark times" of stagnation and crisis. This type of leadership is necessary for companies that want to not only survive, but also grow several heads above their competitors.

Corporate governance is one of the ways to regulate businesses, including in times of crisis. Creating effective systems to oversee the safety and openness of all processes is one of the main factors in restoring and maintaining trust in the business environment, ensuring that investors and clients can draw conclusions about the effectiveness of management, the company, and the relevance of the decisions that the company makes at different times and economic periods. This helps to minimize risks and avoid financial manipulations that would benefit only the company's management and not, for example, investors.

Good corporate governance structures help to effectively identify and manage risks. These include financial risks, operational risks and strategic risks. With proper risk management mechanisms in place, companies can better navigate market disruptions and economic challenges through the benefits that such an approach provides.

Clarity of decision-making is one of the advantages, since when all processes are transparent and understandable, then decision-making based on such information will be easier and more relevant, also increasing the overall stability of the company in the face of crises, in which decisions must not only be correct, but also timely.

Communication between stakeholders becomes simpler and easier with sufficient levels of transparency that good corporate governance provides. All this affects the reputation of the company as such, and as we discussed earlier, the reputation of the company is one of the most important factors in how exactly a potential investor will treat this company and whether he will be able to trust it with his money even if it seems that the whole world is going down.

2.2 Aim of Business Media Network creation

The creation of the Business Media Network (BMN) is an important and correct step in the current business environment, especially against the background of financial problems that resulted in a full-scale invasion of Ukraine in 2022. During my time as an intern at BMN, I noticed that the firm operates as a startup and generates less than a hundred thousand dollars of monthly income.

The incentive for the creation of this network was the desire of the creator of BMN to make an important contribution to the development of the Ukrainian economy by

introducing a marketplace (see economy of trust marketplace <https://marketplace.eotua.com/>) for companies that want their business to be displayed on the main website.

The main task of BMN was to help Ukrainian businesses get the necessary publicity and attention with the help of a united network in which you could see the businesses of each city, as well as helping businesses to pass the volatile and difficult economic situations, providing them with the information they need to continue to function successfully.

The International Association of Business Analytics (2023) shows us the importance of making decisions based on the analysis of all available data by the company and also such benefits it may gain in the process as avoiding inefficient management approaches, improved overall results and accurate assessment of the situation, even in volatile periods of history. Objective of the Business Management Network (BMN) is the use of these approaches using accurate selection and analysis of information in order to ultimately enable the business partners of the company to make the right decisions and choose the best approaches to solving their existing problems, which in turn increases the business's chances of surviving the crisis.

When a company has a financial crisis, it is imperative that they fully revamp their operational models. The mission of BMN is to provide a platform (see BMN Catalogue of cities of Ukraine) that streamlines the process of knowledge exchange and collaboration, so enabling enterprises to gain useful insights from approaches that are effective in adapting to changing circumstances. According to the findings of a study that was carried out by Deloitte in the year 2020, businesses that foster an environment that encourages the exchange of information are more likely to be able to innovate and adapt. The goal of BMN is to establish a community in which individuals may discuss their experiences and the most effective methods. The purpose of this initiative is to encourage innovative ideas and to offer businesses direction on how to not only recover from economic crises but also to thrive in the face of them.

BMN also recognizes the enormous influence of the digital environment on the formation and regulation of the economy and relies on it as the main tool of interaction with companies, promotion of their services and also receipt, analysis and transfer of information

in its global network developed specifically for businesses in Ukraine. At the moment, promoting the idea of telecommuting is extremely relevant, as after the COVID-19 pandemic, this approach has shown its important advantages, such as the ability to work safely from anywhere in the world without disrupting work processes, clarity and comprehensibility of all work responsibilities and the avoidance of costly rental of office space for staff. BMN understands the advantages of this approach and therefore this approach is the main for this company.

One of the most important aspects of BMN's mission is to increase the influence of small and medium-sized enterprises, recognizing the value of these enterprises as drivers of economic growth and innovation. Although small and medium-sized enterprises play an important role in the world economy, they often face problems in acquiring resources and strengthening their market presence.

The main mission of BMN is to increase the chances of small and medium-sized companies and businesses in Ukraine to survive and further develop into something bigger thanks to a number of its tools. When it comes to acquiring resources and consolidating their position in the market - small and medium-sized businesses face the greatest pressure. Because not only do they need to find ways to make their product or service decent, but also find a way to show the customer reasons to trust themselves more than the business that has been on the market for a long time.

According to information provided by the World Bank (2021), SMEs accounted for 90 per cent of all enterprises and accounted for more than 50 per cent of jobs worldwide. The aim of BMN is to bridge this gap by providing a platform that not only enhances the visibility of SMEs, but also makes it easier for them to reach out to potential business partners, investors and customers.

BMN is a small company that manages its limited resources, yet it uses them well and finds quality approaches to end up overcoming certain obvious problems. So for example, the company involved in its activities people who initially received payments only in shares of the company, this allowed not only to use the saved money for marketing, but in the future, by involving foreign investors, to start paying decent wages to workers in cash. This shows the adaptability of the company and its skills to survive in an unstable and fragile

environment of the host economy of Ukraine, showing by example that even in crisis situations successful start-ups are possible and while helping other companies to grow and get more income, going through the difficult trials of war and decline in consumer capacity in Ukraine (see Deloitte, 2022 for more information). BMN aims not just to transfer information between one business and another directly, BMN creates a whole network of businesses in which each of them can interact with each other directly and maintain a constant level of information, enabling small businesses to make the right strategic decisions.

Promoting talented businesses and employees, promoting equitable economic growth, using data analysis, using artificial intelligence and cybersecurity are among the most important aspects of BMN, a company that intends to become an important ally for businesses not only in Ukraine, but also worldwide.

Over the previous four years, Business Media Network's financial performance has grown significantly. The revenue increased between 2020 and 2023, which shows success of financial decisions of the company. Revenue increased from \$40,000 in 2020 to \$95,000 in 2023, demonstrating a stable and steady financial trajectory.

Table 2.1 Business Media Network Revenue (in USD)

Year	Revenue
2020	40,000
2021	65,000
2022	80,000
2023	95,000

Source: created by author

On table 2.1 we can see that the company despite all problems and crises in Ukraine shows stable and active growth, which proves my point about effectiveness of BMN anticrisis measures.

The positive personnel dynamics of Business Media Network are displayed in Table 2.2., revealing great HR work performance and a positive work atmosphere. That shows that company grows and it needs more workforce with time.

Table 2.2. Talent Acquisition and Retention

Year	New Hires	Retention Rate (%)
2020	5	80
2021	8	85
2022	10	88
2023	12	90

Source: Created by Author

Since BMN is a digital company, it has increased its protection against cyber attacks and possible sabotage. Table 2.3. shows a gradual increased strongly with years. Despite a slight increase in the number of cyber incidents, the company's strategic investments demonstrate a proactive position to protect its digital infrastructure which shows that the company is protected more in case of crises.

Table 2.3. Cybersecurity Metrics

Year	Cybersecurity Budget (USD)	Number of Cyber Incidents
2020	10,000	3
2021	12,000	5
2022	15,000	2
2023	18,000	4

Source: Created by Author

Table 2.4. shows BMN's investment in digital transformation, indicating a balanced and sustainable approach to technological evolution in the organization. This makes organisation stronger in terms of digitalization and ease of

Table 2.4. Digital Transformation Metrics

Year	Investment in Digital Transformation (USD)	% of Revenue Allocated
2020	5,000	12
2021	8,000	15
2022	10,000	12.5
2023	12,000	12.6

Source: Created by Author

In this table (2.5) we can look at the company's data processing performance using artificial intelligence. Data analytics costs have increased, from \$3,000 in 2020 to \$9,000 in 2023, a significant increase, especially important for a company that relies heavily on data analysis and use to benefit companies' partners, At the same time, the level of AI integration is steadily increasing and reached 50% in 2023, which indicates the adaptability of the company and the ability to use advanced technologies in the company's activities.

Table 2.5. Data Analytics and AI Utilization

Year	Data Analytics Expenditure (USD)	AI Integration Level (%)
2020	3,000	20
2021	5,000	30
2022	7,000	40
2023	9,000	50

Source: Created by Author

2.3. Management of crises responses at the “Business Media Network”

I had a great chance to get acquainted with the internal processes of this company (BMN) during the internship. I had the opportunity to communicate with his management, perform the basic tasks of information collection and use, internal processes and rules that are guided by BMN. The data that I’ve provided here is intended to show the basic concept of the company and its functioning rather than provide accurate information about all the statistics that we did not have access to. Business Media Network (BMN) is a new company and focuses on the introduction of anti-crisis methods to help companies and exchange information. The company was founded in 2020 and quickly became very successful in what it does, and it also showed many methods of operating the company that could potentially help other companies in a crisis environment.

Mission and vision: The aim of the company is to create a large network that can help to share the experience and skills of the companies of the world for common overcoming difficult situations, as well as possible collaborations and mutually beneficial deals in business.

Services and Offers: BNN provides a platform where companies can promote their products or communicate with other companies for profit

Digital platforms: a site that provides a coherent network of graphs and tools through which you can track the state of your business in local economic variables city or country

Predictive Analytics: BMN provides forecasting services to companies of their potential successes or possible challenges that can and should be avoided

Blockchain Inspection Services: BMN applies blockchain technology to confirm business-to-business transactions to avoid data leakage to potential competitors or possible security issues with transactions

Partnership on the basis of cooperation: BMS actively maintains partnership relations with many businesses in Ukraine that in one way or another need support or are simply interested in better planning their future decisions

Business model: BMN provides subscription services for the provision of information services, as well as charging for direct contracts with companies to provide a large amount of information

Experience with the company: during my time at BMW I worked with such duties as data analysis, content development and team projects. All activities were carried out remotely and with regular communication with my colleagues

Plans for the future: BMN plans to expand its services not only by placing its information services on an increasing number of cities in Ukraine, but also further expansion to international markets through the help of investors and profit from the current market

Thanks to its adaptability, proactiveness and strategy, Business Media Network (BMN) is potentially one of the key businesses positioned to help overcome the crisis and help others create a sustainable business environment. The methods that BMN uses are proven, effective, and some of the methods are extremely innovative.

When it comes to helping businesses overcome the severe impacts of financial crises, BMN plays a critical role by providing them with timely and accurate information. Information technology becomes a strategic tool in increasing competitive advantage in the knowledge economy paradigm according to (Hermawan, Iwan & Suharnomo, Suharnomo, 2020, p 243). Many studies show that information and information technology are a major advantage given how easy it is to copy, distribute and the competitive power it gives companies (Mithas & Krishnan, 2008). A company that owns a large amount of information about the market, usually with its correct application, can overtake all its competitors and achieve stability and growth in times of crisis.

When a company focuses on forming relationships and alliances, the business will benefit in the long run. According to research published in the 2019 issue of the Academy of Management Perspectives, collaboration networks are an important factor in facilitating innovation and growth, by Improving short-term finances, Eliminating barriers to entry, Gaining better business insights and Innovating beyond current capabilities (Kenton, W. 2024). Companies that cooperate with BMN experience these benefits to the same extent. And for successful growth, and not just survival, partnerships are one of the key factors.

Also an important role in the fight against crisis factors is the recruitment of high-quality and qualified personnel capable of delivering their best results at times when the company needs it most. The Global Human Capital Trends study published by Deloitte in 2021 highlights that the most important factor in making that preparedness shift is unleashing worker potential through a new focus on capabilities. Almost three-quarters of executives in the world and two-thirds (63%) in Ukraine identified “the ability of their people to adapt, reskill and assume new roles” as a priority for navigating future disruptions (Deloitte, 2021). By adapting to market conditions through the recruitment of qualified personnel, BMN shows that it is a crisis-resistant company and can serve as a true example for other companies.

BMN is actively involved in the fight against cyber threats that can worsen the situation of companies during a crisis.

National University (2024) tells us that any problems with cybersecurity and introductions into the system can lead to large financial losses for the company, leakage of important data, which leads to loss of competitive advantage, as well as reputational damage. It is for this reason that BMN’s commitment to maintaining the correct level of cybersecurity is an important aspect of the company’s functioning, which receives a lot of attention.

BMN can now become a leader in the fight against crises through the implementation of digital transformation technologies. BMN actively invests in research and improvement of its cyber defense systems, and demonstrates the importance of these actions. BMN is an innovator company that actively invests in the development of new technologies for business. Thanks to BMN's assistance to small and medium-sized businesses, enterprises and the economy that directly depends on them can continue to develop and grow.

The company's commitment to safety, collaboration, love of innovation and adaptability to new conditions make the company a great example for other businesses in its industry and beyond, and helps businesses cope and grow in times of crisis.

Table 2.6: Digital Transformation Adoption Rates

Year	Number of Businesses Adopting Digital Solutions	Digital Literacy Programs Implemented
2020	20	2
2021	30	4
2022	40	6
2023	50	8

Source: created by author

In Table 2.6 we can see the pace of adoption of digital transformation by enterprises in the period from 2020 to 2023. It shows the number of enterprises that have decided to improve their digital transformation program.

The table 2.6 shows us that companies over time begin to understand the importance of digital transformation technologies for their business and also use them more and more actively due to the competitive advantages that this approach provides and that BMN decision to take such an approach was correct.

Table 2.7: Data Analytics Impact

Year	ROI from Data Analytics Investments (%)	Number of Data-Driven Decisions Made
2020	15	100
2021	20	150
2022	25	200
2023	30	250

Source: created by author

Table 2.7 provides information on the impact of data analytics over the years, as measured by return on investment (ROI) from data analytics investments and the number of data-driven decisions made. Data analysis is becoming more and more important every year for businesses to make decisions not just based on assumptions, but also on clear facts, which allows them to better assess the potential market and client, so the growth of this trend will only continue over time.

Table 2.8: SMEs Economic Contribution

Year	Number of SMEs Supported	Economic Impact on SMEs (USD)
2020	30	50,000
2021	40	70,000
2022	50	90,000
2023	60	120,000

Source: created by author

Table 2.8 presents the economic contribution of small and medium-sized enterprises (SMEs) over the years, indicating the number of SMEs supported and their corresponding economic impact in US dollars.

These data can tell us about the growing importance of supporting medium and small businesses in the world and that the measures taken by institutions around the world are increasing so that medium and small businesses can remain relevant in their environment even despite globalization

Table 2.9: Inclusive Economic Growth Metrics

Year	Jobs Created	Impact on Local Communities (USD)
2020	100	200,000
2021	150	250,000
2022	200	300,000
2023	250	350,000

Source: created by author

Table 2.9 provides metrics on inclusive economic growth over the years, focusing on the number of jobs created and the impact on local communities in USD.

The data indicates a progressive increase in both job creation and the positive economic impact on local communities, reflecting a commitment to fostering inclusive economic growth over the specified four-year period.

Table 2.10: Community Engagement Initiatives

Year	Number of Community Events Organized	Participation Rate (%)
2020	5	70
2021	8	80
2022	10	85
2023	12	90

Source: Created by author

Table 2.10 shows us dedication to community engagement across a span of four years. A meticulous examination of the data reveals a pronounced upward trajectory, both in the frequency of community events organized and the corresponding levels of participation therein. This compelling trend unequivocally underscores the company's unwavering resolve to cultivate a harmonious and interconnected community ecosystem.

Through its proactive outreach efforts, the company endeavors to foster a sense of unity and cohesion among community members, thereby nurturing a resilient social fabric conducive to mutual support and collaboration. By facilitating meaningful interactions and shared experiences, the company not only strengthens its ties with the community but also lays the foundation for enduring relationships built on trust and reciprocity.

Such concerted efforts in community engagement not only enhance the company's brand reputation but also serve as a powerful catalyst for driving positive social change and sustainable development. In essence, the data presented in Table 2.10 attests to the company's enduring commitment to being a responsible corporate citizen, dedicated to enriching the lives of individuals and fostering thriving communities for generations to come.

In addition to improving the company's reputation, these coordinated community involvement initiatives act as a potent catalyst for promoting sustainable development and constructive social change. All of the information in Table 2.10 basically confirms the company's long-term dedication to being a good corporate citizen, committed to improving people's lives and creating vibrant communities for future generations.

Table 2.11: Employee Satisfaction and Well-being

Year	Employee Satisfaction Rate (%)	Wellness Programs Implemented
2020	75	2
2021	80	3
2022	85	4
2023	90	5

Source: Created by author

Table 2.11 reveals the company's clear preference for designing wellness initiatives that are specifically customized for its valued staff members. The related measure of employee satisfaction obtained from these priceless offerings further emphasizes our dedication to promoting employee well-being. This kind of information sheds light on the company's unwavering commitment to fostering an environment at work that puts its employees' overall well-being and satisfaction first. In addition to creating a peaceful and encouraging work atmosphere, this intentional emphasis acts as a strong catalyst for enabling staff members to make strategic decisions with unshakable clarity and discernment. As a result, the business is well-positioned to capitalize on the combined abilities of its personnel, strengthening its operational flexibility and solidifying its standing as a pioneer in the field dedicated to quality.

Table 2.12: Technological Innovation Metrics

Year	Investment in Research and Development (USD)	Number of Patents Granted
2020	5,000	2
2021	8,000	4
2022	10,000	6
2023	12,000	8

Source: created by author

The provided data in Table 2.12 showcases the investment in research and development (R&D) along with the corresponding number of patents granted over a four-year period. These numbers show us that the BMN respect and support innovations by not only obtaining them, but also in creating those. They are respectful to their R&D investments and increase them over time, which proves that RnD is one of the most significant departments when it comes to going through the crises with newest solutions and innovative products.

Year	Training Expenditure per Employee (USD)	Skill Enhancement Programs Implemented
2020	500	3
2021	600	4
2022	700	5
2023	800	6

Table 2.13: Training and Development Impact

Source: created by author

Table 2.13 provides insights into the impact of training and development initiatives over the years, showcasing the training expenditure per employee in USD and the corresponding number of skill enhancement programs implemented. BMN shows us by its action that trained employees are your greatest asset which will help you deal with crises, and they prove it by constantly increasing the training expenditure per employee, increasing their success and skills to make the company stronger and more resilient.

CHAPTER 3. Modern Implications and Responses to Financial Crises

3.1. Analysis of the Great Depression and its Contemporary Relevance

The Great Depression of the 1930's was one of those crises that went not just through the US, but also much of the globe, becoming a major turning point for many businesses and individuals. When we talk about the Great Depression, it is important not to forget the impact it still has on our economy, and do not forget that the echoes are sometimes heard in different sectors of the world economy, changing the usual processes. The collapse of the stock market, which was already a huge bubble at the time, was the decisive factor that led to this disastrous outcome. Excessive optimism underpinned by nothing but the hopes for an ideal future for investors and the constant engagement of people who could not even analyze the market led to the result that can only be expected from such a way of thinking. Massive cuts in production, consumption, unemployment, and hunger are the most common factors that occurred at the time of the Great Depression, because the crisis was impactful and powerful, but most importantly: It was unexpected, destroying the dreams of those who had seen the future only great overnight.

During the Great Depression, banking structures suffered a major setback and consumer confidence in them declined quickly as customers began to withdraw money from structures, amplifying the consequences and thereby stifling economic movement, which could potentially alleviate the crisis. The lessons we must learn from these crises remain relevant today, because the mechanism of crises from the historical perspective has never been very different, there were only different elements on which the consumer focused, but the differences still existed, and one of them is the degree of globalism of such an event. Because in the past, the crisis could subside in a single country or continent without affecting other countries much, but in this time of globalization, crises in any influential country will inevitably lead to a decline in economic activity in neighboring countries.

And so, making the right decisions and taking proactive action to prevent a crisis is a key factor and an element of the survival of our economy as such, we cannot allow crises to be frequent and normal, because with global globalization, the stakes have become too high.

After all, the main trend of the pre-crisis period on the part of the state was total non-interference and lack of critical analysis of the situation in the market, which is unacceptable and fatal for any industry, and especially such complex as the economy and political system supported by it. It is important to emphasize the need for active and precisely calibrated measures in fiscal and monetary policy.

And in order to navigate how well or poorly the economy is coping with the various complex challenges of crises, you can look at various metrics that measurably show the success of the economy as a whole. One of these objective metrics that many economists and professionals rely on to assess the situation is the unemployment rate. For example, at the height of the Great Depression, the unemployment rate in the United States reached a record high of 24.9% (FDR Presidential Library and Museum, 2016), which corresponded to the problematic situation of those times. Recent crises, like the crisis of 2008 and Covid 2020, were no longer so destructive, which may indicate that gradually the tools and our knowledge about crises and their overcoming are improving compared to the pure naivety of past decades.

The agricultural collapse of the 1930s is also one of the factors that directly contributed to the deterioration of the economy due to a series of dust storms that destroyed crops. At the moment, unfortunately, agriculture, as a very important part of our global economy, is exposed to no less danger. Currently, climate change poses a threat comparable to that of agriculture, as it is responsible for the occurrence of extreme weather events that cause damage and hamper food production. This is one of the reasons why the general demand among voting people has increased for environmental protection and environmental care. For example a survey of 10,281 global consumers showed that 78% agree that environmental sustainability is important (Ruiz, A., 2023).

By studying the Great Depression and its impact on the global economy, one can gain a better understanding of how it interacts with globalization. During the Depression, the Smoot-Hawley Tariff Act was signed into law, which increased tariffs on imported goods; total imports into the United States at that time fell by 66% from \$4.4 billion in 1929 to \$1.5 billion in 1933, and US exports fell by 61% from 5.4 to 2.1 billion USD (U.S. Department

of State, 2009), which severely hit the country's GDP and practically destroyed the chances of a quick recovery from the US crisis.

In light of the recent escalation of geopolitical tensions and growing support for protectionist measures, it is important to learn from the events that occurred in the 1930s and be mindful of the adverse consequences that could arise from withdrawing from international economic cooperation. The Great Depression as a crisis still has a relevant influence on our time because some time ago it formed and aggravated inequality in society between rich and poor, gradually influencing the erasure of such a concept as the "middle class". Economic downturns have hit hard those who already had little money, leaving them almost on the cliff, which shows us that inclusive policies and economic solutions have a big role to play in avoiding inequality and social conflict.

The lessons of the Great Depression can show us how vulnerable our societies can sometimes be to crises and what actions should and should not be taken when we try to cope with them. Without history there is no future, and this phrase exists for a reason, because in order to avoid the mistakes of the past and go through a painful cycle again and again, we can simply learn the mistakes of our ancestors and not allow them in decisions about our current economy, especially in times of crisis situations, when every wrong action can end in the collapse of everything. Global cooperation, greater government engagement with the economy, and an emphasis on a green future must be our top priorities today if we truly want to live as a society with more equality and less disruption in the world.

In order to make the right decisions about crisis situations in our time, it is not always enough to know the history of what happened before; it is also very important for us to understand the dynamics of the development of the current society and the trends that are happening now. Sociopolitical subtleties, inclinations and views must be taken into account when we want to clearly and intelligibly convey to people the correctness of our position and decision on this or that subject that affects the outcome of the crisis.

To understand the Great Depression, it is necessary to acknowledge the harsh reality of the economic deterioration that occurred during that time. The recession that hit gross domestic product (GDP) in the early 1930s was severe: the United States Real GDP fell

29% from 1929 to 1933 (Federal Reserve Bank of St. Louis, 2020). The unemployment rate reached a peak of 25% in 1933.

Consumer prices fell 25%, wholesale prices plummeted 32%, and 7,000 banks, nearly a third of the banking system, failed between 1930 and 1933.

However, the impact of this crisis could have been even worse had it not been for the social programs of the New Deal, still perhaps the most ambitious reform package in US history. The New Deal may have mitigated some of the negative effects of the Great Depression (Center for Retirement Research at Boston College, 2023).

Thanks to this lesson, for example, understanding the New Deal programs of the 1930s, the US Congress, during the 2008 and 2020 Covid-19 crises, passed large-scale programs to help fight recessions and soften the overall blow to the economy. For example, benefits were offered for the most vulnerable parts of the population: the unemployed, single parents, and low-income people. (Center for Retirement Research at Boston College, 2023) Suggests that such actions helped reduce the impact of the crisis on the future population and also prevent future adverse consequences for the economy.

We can dwell in more detail on the issue of unemployment as a key consequence and, at the same time, the cause of the worsening crisis during the Great Depression. At that time, the US experienced a significant increase in the unemployment rate, which reached 24.9%, which led to the loss of job opportunities for millions of people.

So why is this such an important question? According to the (US Bureau of Labor Statistics, BLS), the problem of unemployment is not only a problem for the unemployed themselves, but also for the economy as such. Workers without a way to make a profit do not create economic turnover through their purchases or investments, which in turn hinders the development of businesses that rely on them to purchase products, and when a business sits idle, it eventually closes due to the inability to pay its loans or even just taxes. This creates an undesirable cascade effect, which, spreading throughout the economy, worsens the situation even for those who are actively working and earning money for their living.

Unfortunately, without state regulation of this issue, companies, in order to reduce costs during crises, may consider dismissing their employees as a good option to get through a crisis situation, but unfortunately they do not take into account that in the long term, when

there will be more and more such companies, and unemployment will rise, there will be no one else to buy their goods and services, which will lead to the opposite effect, large expenses or even ruin due to the absence of buyers. Those who do remain at work are usually subject to very great pressure, not only from the general fear of dismissal, as was done with their colleagues, but also from the greater amount of work that they will now have due to the fact that its performer has already been fired. General tension, an atmosphere of fear and overload simply lead to employee burnout and their subsequent inability to make meaningful decisions for company profit or even fulfill their increased responsibilities.

In order for us to prevent problems associated with unemployment, we need to pay more attention to general unemployment as a factor affecting the economy, provide unemployed with more support from the state, keep records and statistics that would help us understand the correctness of previously made decisions and their effectiveness in combating unemployment, as well as making informed decisions based on the collected data with their preliminary correct interpretation. This is a large set of skills that a person who is going to stand at the helm of the economy and who wants to claim the opportunity to take the right step in solving an existing or potential crisis in the future must have.

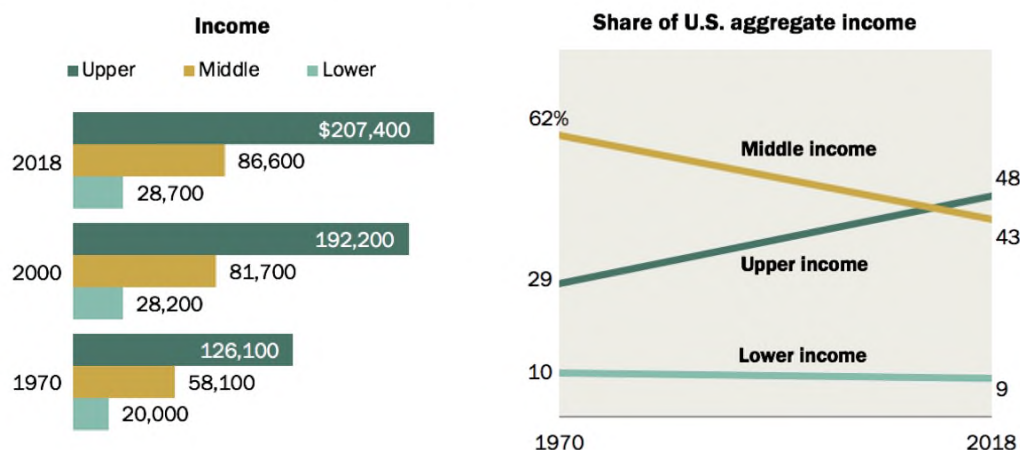
One can gain insight into the evolution of economic policy by studying the response to the Great Depression. President Franklin D. Roosevelt's New Deal was a set of ambitious economic policies that were launched with the intention of mitigating the socioeconomic consequences of the current situation. An illustration of this can be seen in the United States' response to the financial crisis in 2008, when the Federal Reserve increased economically fragile population's financial support to stimulate economic growth. This strategy was also used during the COVID-19 outbreak, but during implementation was sometimes jokingly called "helicopter money" among people.

The most popular trend after the Great Depression was a complete re-evaluation of the economic standards and systems that societies and political systems adhered to. Such a shock forced people to think about the appropriateness of many of their actions and economic activities. This also greatly concerns economic inequality in society. Even to this day, the problem of inequality remains a pressing problem in our society, and this can be especially noticeable in the US economy.

In graph 3.3, this trend can be very noticeable, since here we see a growing difference between higher income households, middle-income and lower-income classes, which shows that gradually such a concept as the middle class is disappearing into oblivion and an influential class with high earnings remains low, which is a direct sequence of crises and their impact on the economic situation. The decline in the middle-class share is not a total sign of regression. From 1971 to 2019, the share of adults in the upper-income tier increased from 14% to 20%. Meanwhile, the share in the lower-income tier increased from 25% to 29%. On balance, there was more movement up the income ladder than down the income ladder, while middle-class incomes have not grown at the rate of upper-tier incomes. (Pew Research Center, 2020)

Table 3.1.1 Median household income in 2018 dollars and share of U.S. aggregate household income by income tier

Median household income, in 2018 dollars, and share of U.S. aggregate household income, by income tier



Source: Pew Research Center

One of the ways that significantly helped overcome the Great Depression at that time was the presence of social programs that enabled society to reassess the importance of each person inherent in it and his role and influence on the overall picture of the economy. During the Great Depression, social support programs began to be actively implemented, which involved helping people who could not help themselves due to the problems of the economic

crisis (for example, the same farmers who lost their jobs due to a ten-year drought). In our time, it is also possible to trace how widely such measures are used in all countries of the world to provide for their unprotected citizens.

Also, the recent crises of Covid-19 and 2008 have forced society to think that existing financial institutions and the global monetary system need global changes if they continue to remain resistant to crises. The consequence of such requests was the formation of the global economic organization G-20, which shows how important it is for society to be prepared for future challenges and prevent crises.

The G-20 is a global, important meeting between the world's 19 leading economies to discuss the economic challenges they face today and find ways to jointly alleviate them. In general, understanding how important unity is to solve one's problems is a trend that can be traced back to the end of the First World War, when the League of Nations was created. So now, solving problems not individually, but in consultation with other states, it is possible to correlate one's actions to the current situation more effectively and produce policies that actually produce results in improving the world economy.

Former CFR fellow Stewart Patrick said the group “rescued a global financial system in free fall.” In 2008 and 2009, G20 nations agreed to spending measures worth \$4 trillion to revive their economies, rejected trade barriers, and implemented far-reaching reforms of the financial system. (McBride, J., Siripurapu, A., & Berman, N, 2023). On this example we can clearly see how important it is to form relations and act in cooperation when the world economies are all dependent on one another and there is no other way around. We can consider the increased tendency to cooperation between nations as a good result and lesson learned from the great depression

Based on the experience of the Great Depression, we must remember and realize the importance of adapting our decisions to the current picture of the world, the importance of innovation in decision-making and the ability to understand and adapt to the current situation in time in order to get the best result in the end.

The process of recovery from the Great Depression can be analogized to any crisis today. Because in many respects at the moment, states rely on economic stimulation of the economy as an effective tool for rescuing the crisis from the brink of the abyss. An example is the American Recovery and Reinvestment Act of 2008, which helped the United States government inject about \$831 billion into the economy in 2009. During the Covid-19 crisis, governments around the world have devoted unprecedented resources to social support. Thus, according to the International Monetary Fund (IMF), by mid-2021, total global fiscal measures will reach approximately fifteen and a half trillion dollars.

When it comes to an economy's response to crises, we must always take into account its ability to make decisions based on the experience of the government of a given economy, its awareness of past experiences of crises that have occurred before, and its development in this matter can be measured by how successful it has been actions for crisis prevention and also subsequent recording of their new knowledge and practices applied in such a difficult matter. For example, after the Great Depression, many people realized the hugely significant role of the state in solving problems with regulating and preventing economic problems.

And thanks to such shifts in public consciousness earlier, we can see the results even in the 2008 crisis, when central banks around the world sharply lowered interest rates to prevent worsening crises, and governments passed large economic stimulus packages. So we can understand that the lessons of past days are bearing fruit today, and thanks to cooperation and general coordination, all economies of the world can unite to counteract the crisis, acting in each other's interests.

We can consider experience and knowledge as a key element of decision-making in moments of crisis using the example of covid-19, when as a response to the deteriorating situation in the world. When the world faced a new global challenge that was stopping all economic processes, a number of fiscal response measures and monetary policies aimed at mitigating the difficult situation were introduced as a response. For example

At its meetings on March 3 and March 15, 2020, the Fed cut its target for the federal funds rate, the rate banks pay to borrow overnight from each other, by a total of 1.5 percentage points. These cuts brought the funds rate down to a certain range. From 0% to

0.25%. The federal funds rate serves as a benchmark for other short-term rates and also influences long-term rates, so the move was aimed at supporting spending by lowering borrowing costs for households and businesses.

The Fed began purchasing very large amounts of debt securities and covenants as an important tool it was used during its fight against the Great Recession. Since the outbreak of Covid-19, the Fed's actions have been aimed at restoring the constant operation of such markets to improve the economic situation, which has borne fruit as credit flows into the broader economy as more sources of liquidity. On March 15, 2020, the Fed shifted its quantitative easing goal to support the economy. It said it would buy at least \$500 billion in Treasury securities and \$200 billion in government-guaranteed mortgage-backed securities in the "coming months." (Milstein, E., & Wessel, D, 2024)

Based on all the experience we had earlier and everything we understood during the times of the Great Depression, Covid 19, and the crises of 2008, we can draw conclusions that our overall resistance to crises is improving due to the correct lessons that we gradually learned from our own bitter experience. Thus, when we clearly realized the importance of interaction, we began to make full use of such an invaluable tool, which has repeatedly given us a huge advantage in overcoming even global challenges and crises, such as Covid-19, in comparison with our ancestors. We are now very much aware of how crises can actually have a painful impact on all economies, and that the big problems of one state are potentially also the big problems of the state that is linked to it economically and politically. The ability to unite, make the right decisions together, support the wealthy class, small and medium-sized businesses, and each other have become our main trump cards in the fight against crises, and we have learned all this from the crises of past days, the main and most significant of which is the great depression, which showed us that we have a huge number of vulnerabilities that come with excessive optimism, uncontrolled investments in bubbles and the absence of any government regulation of economic processes and development.

Table 3.1.2. Key Lessons from the 2008 Global Financial Crisis

Lesson	Key Insight
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<p>Fragility of Financial Institutions</p>	<p>The crisis showed us how vulnerable our financial institutions were and how deeply connected they are to each other in all processes and their challenges. This showed us how important it is to have and maintain the right regulatory framework for regulating the processes of economic institutions, identifying common potential risks, and improving our potential response to them.</p>
<p>Transparent Risk Management</p>	<p>Financial instruments that lacked transparency and certainty ultimately led to collapse, as exemplified by financial bubbles. Improving our transparency and understandability of the tools we use to regulate the economic situation will ultimately lead to our ability to respond faster and easier to emerging crises.</p>
<p>Role of Government Intervention</p>	<p>State measures to competently and timely intervene in economic processes helped direct them in the right direction and prevent a possible collapse. This showed us that the economy rests not only on economic structures such as banks, investments and finance, but also on political ones, those who make regulatory laws to control and improve the economy as such, while balancing between the right amount of intervention and excessive government support that will only make the situation worse.</p>

Necessity of International Cooperation	Crises have shown us the importance and magnitude of the contribution of international interactions and helping each other in solving situations related to crises or preventing them in the future. It also highlighted the importance of sharing information about the crises we are facing. Sharing practical information to overcome problematic situations has become one of our ways to be more resilient and stronger in the face of global economic changes. The interconnected nature of financial markets transcends national boundaries, requiring collaborative efforts and the key roles played by institutions such as the International Monetary Fund (IMF) and the G20.
Reevaluation of Neoliberal Ideologies	The crisis prompted a paradigm shift in economic thought, challenging prevailing neoliberal ideologies. Faith in self-regulating markets and unfettered capitalism faced scrutiny, leading to a renewed emphasis on the role of government in maintaining economic stability and addressing social inequalities.

3.2. Government Policies and Regulations

A recent example of the importance of such government regulation is the different responses to the crisis in the United States and the European Union. After the introduction of economic assistance measures in the US (such as tax and budget incentives, tax changes), employment began to recover (Kapeller, J., Landesmann, M., Mohr, F. X., & Schmay, B. May 2016). The European response to the crisis was less active, they imposed more restrictive policies on the fiscal issue, which led to Europe's current economic stagnation, and countries like Greece's are experiencing severe crises on the European periphery, which demonstrates in great detail the importance of adopting timely and faithful policies by politicians who want to save their economy and set it in motion.

In October 2008, the United States introduced the Troubled Assets Assistance Program (TARP), the first government policy to address the effects of the financial crises. For example, the program provides economic entities with a variety of tools through which they can effectively influence the success of economic sectors and mitigate the impact of the crisis by buying and restructuring existing assets. The program has invested 475 billion dollars and stabilized the financial sectors through the purchase and insurance of troubled assets and the purchase of shares in financial institutions. So the program was able to use the funds to stabilize the automotive industry by buying their shares, and the program has helped many families in the US by making changes to the loan to reduce its monthly payments to a level acceptable to the family, so that the flow of finance would continue to support the country's economy and the banks would not lose in profit by the fact that families were going broke trying to repay debts.

As we can see from this example, state policy in the economy and making correct decisions based on outcomes can lead to positive economic development, discovering new perfect opportunities for growth and also stagnation of the current situation, which is essential for the continued growth not only of individual households but of the world as a whole. So the state has a certain number of policies that it can adopt to improve the situation in the economy as a whole: fiscal policy, monetary policy, regulatory policy, trade policy, industrial policy and social policy.

Fiscal policy is the policy whose decisions relate to how the government spends money and regulates taxation policies, which directly affects supply and demand in the economy. During crises, the relevant application of such policies would be to increase spending on public goods and services to stabilize and improve the situation of low-income citizens and support job creation by investing in infrastructure, schools, and health care, thereby also increasing the overall turnover of money and household consumption, which helps businesses develop and continue their activities through increasing income from consumption. An example of such a policy was the response to the COVID-19 epidemic when the International Monetary Fund (IMF) predicted that fiscal measures around the world would rise to more than \$14.6 trillion by mid-2021, which ultimately helped stabilize the global economic situation. Regulation of the banking system is part of monetary policy

and drives the lending system for businesses and individuals. The practice of changing interest rates during crises began with the Great Depression, which showed the importance and effectiveness of such policies. Subsequent crises have already had a constant interaction between changes in interest rates and the use of unconventional monetary measures to defeat the crisis.

(Boissay, F., Collard, F., Galí, J., & Manea, C., 2023, p. 4) tell us that monetary policy affects the probability of a crisis not only in the short run through its usual effects on output and inflation, but also in the medium run through its effects on capital accumulation. So a policy that aims to reduce overall fluctuations during the crisis does indeed lead to an overall decrease in the number of crashes. Lowering the savings rate leads to the accumulation of excess capital, limits the fall in the rate of return and helps prevent financial crises.

In addition to addressing crisis situations, government decisions have a direct impact on the resources it will be able to use in the future, and the ability of government policies to adapt to an ever-changing world also shows the level of its potential effectiveness in decision-making and dealing with emerging situations. When it comes to maintaining a balance between integration into the economy and avoiding political interference, it is important for the system to be flexible and adaptive, able to accurately assess the emerging situation considering market atmosphere, trends, and general public sentiments. Due to the complexity of the issue, there are still differences that do not provide a definitive answer as to when specific integration into economic processes saves the economy, and when it simply makes it more dependent on the state or hinders certain processes. To address such matters, a proper evaluation of the historical experience of overcoming crises by leading political forces of past years is crucial.

Each crisis carries a powerful transformative force in changing the approach to addressing economic issues, improving the current system, and also revealing all the weaknesses that have not been previously taken into account but require attention to themselves. The crisis is always an important lesson for the government of the country in which it occurred and for countries that are in a period of prosperity in order to avoid the mistakes made by its neighbours. Not only theoretical knowledge, but also practical

experience is important for the government to take control of the situation and always remain capable of quickly and correctly adapting to new circumstances.

Speaking of the economic decision-making center, we will have to mention the Federal Reserve (Fed) and the European Central Bank (ECB) which are two of the largest central banks whose economic plans are largely based on the use of quantitative easing (QE) as a monetary policy tool. Quantitative easing (QE) is a form of monetary policy in which a central bank, like the U.S. Federal Reserve, purchases securities from the open market to reduce interest rates and increase the money supply. Quantitative easing creates new bank reserves, providing banks with more liquidity and encouraging lending and investment.

This chapter addresses the complex aspects of quantitative easing, first outlines its core elements, and then examines the different approaches adopted by the ECB and the Fed. Quantitative easing as a tool used by central banks as a non-traditional approach, or a method that is applied after traditional methods, such as interest rate change, are already considered ineffective in the situation faced by the bank and will only further aggravate the situation without making it better. The main objective of this economic instrument is to encourage borrowing, expenditure and investment, potentially changing the landscape of the economic situation and improving it, allowing the economy to work again as it should. QE now discontinued.

The European Central Bank periodically applies such a strategy in order to improve the economic situation and to be able to emerge from crisis situations. State bonds and securities can be purchased to safeguard the financial system. Many economists believe that such a tool helped to get out of the 2008 crisis, but because of its overall complexity of the economic system and the constant interconnectedness of all processes it was difficult to determine its real impact on the overall situation.

One of the working tools of quantitative easing can also be a negative interest rate as a way to encourage borrowers to borrow, such a strategy becomes especially relevant in deflation, when depositors prefer, rather than putting money further into the economy - keep it to themselves, because the currency value is constantly rising, being a kind of investment. In parallel, the ECB has taken the course of improved communication and greater openness

in its growth trajectory so that citizens, as well as international partners, can understand what to expect from such a system, and consequently have greater confidence in it as such.

It is easy to see the effect of quantitative easing on the practice of Great Recession, when the U.S. Federal Reserve ran a quantitatively easing program from 2009-2014. The Federal Reserve's balance sheet increased with bonds, mortgages, and other assets. U.S. bank reserves grew to over \$4 trillion by 2017 providing liquidity to lend those reserves and stimulate overall economic growth. However, banks held \$2.8 trillion in excess reserves, an unexpected outcome of the Federal Reserve's QE program (CRS Reports, 2018). The Fed then had the opportunity to successfully apply this type of instrument and improve the situation. And to measure the success of its policy and adjust exchange rate, the Fed uses inflation and interest-rate targets. At the same time, the main focus is to maintain prices in a stable position and the labor market actively busy. In response to the COVID-19 crisis, the Fed made significant purchases of treasury securities to increase market liquidity.

In conclusion, the effectiveness of an instrument such as QE is not entirely measurable, but still a very important way of tackling crises and the volatile conditions of economic challenges. Its importance is underlined by the use of the world's leading banks to lower interest rates, boost economic activity, and improve the overall economic situation, showing how valuable and adaptive the instrument can be in the right hands.

3.3. Ways of Reinforcing Activities of the Business Media Network in Combating Crises in Businesses

The role of Business Media Network (BMN) in the economic situation of Ukraine is significant, because this organization is able to help other organizations to grow together. BMN is a company that is led by results-oriented professionals, and is able to learn all the lessons of past years that we have considered earlier in order to apply them effectively in the fight against the crises of today, the challenges of the economic crisis caused by the war in Ukraine, which has put the survival of many Ukrainian companies at risk because of the strong outflow of capital and effective professionals from the country.

The shadow of impending crises is ubiquitous in companies and economies; it is a phenomenon that is recognized by all but fully comprehended and avoided by a minority.

In the face of constant uncertainty and unpredictability, Business Management Network (BMN) stands out as a source of resilience and strategic vision, ready to influence outcomes in the fight against adversity rather than just respond to it. In order to effectively address crises, BMN utilizes a multimodal strategy based on flexibility, teamwork, and the shrewd distribution of real-time information.

The development of a profound and sophisticated comprehension of the nuances of crises is fundamental to BMN's approach, which is based on the tenet "know your enemy intimately." Top-tier managers at BMN are able to foresee future disruptions and identify developing patterns in addition to having a thorough understanding of past issues thanks to their careful examination and analysis of crisis history. This historical perspective acts as a compass, directing decision-making procedures and empowering BMN to skillfully and gracefully negotiate the choppy waves of unpredictability.

In addition, BMN's interaction with regional management structures acts as a bridge for communication and cooperation, promoting the sharing of knowledge and the development of unified tactics targeted at group development and resilience. Through the establishment of strategic alliances with governmental entities, trade associations, and educational establishments, BMN utilizes the combined knowledge and assets to create customized solutions that tackle the distinct obstacles that confront businesses and economies.

The prompt release of real-time data is a key component of BMN's arsenal and a safeguard against the unpredictable nature of emergencies. In a time when change happens at a rapid pace, being able to provide accurate and timely information is essential.

Utilizing the greatest technology and data analytics, BMN keeps an eye on market trends, spots any threats, and gives stakeholders useful information to guide decision-making. Businesses can increase their resilience and adaptability in the face of adversity by using this proactive approach, which enables them to foresee and minimize possible dangers.

The dynamic environment of BMN attracts a wide range of partners and corporations that are committed to the common goal of resilience, operating as a crucible for collaboration. By means of strong communication channels and guided dialogue, BMN

cultivates an environment that is favorable for the sharing of strategic insights and the collaborative development of inventive solutions.

Furthermore, via cultivating an environment of transparency and inclusiveness, BMN enables its employees to make significant contributions to the group project, guaranteeing that choices are based on a thorough comprehension of various viewpoints.

By taking use of social networks' broad appeal, BMN expands its influence and reaches professionals who are willing to participate and work together. Through the utilization of digital platforms, BMN enables the smooth sharing of ideas and knowledge, providing participants with an abundance of hands-on experiences and skill sets. This lively discussion strengthens BMN's standing as a catalyst for revolutionary change in addition to enhancing its stature as a thought leader.

In conclusion, BMN is at the forefront of crisis management and resilience-building initiatives thanks to its strategic design, which is defined by flexibility, teamwork, and a dedication to innovation. BMN represents a new paradigm characterized by resilience, adaptation, and sustainable growth in the face of unpredictability through its proactive involvement and visionary leadership. With the world economy constantly changing and new difficulties popping up, BMN is prepared to negotiate these new and complicated times and steer the world toward a more resilient and prosperous future.

BMN thus spreads its influence and trust, which will potentially lead to greater investment in the company and a strong improvement in the overall economic strength of the company in the market. By forming strategic relationships with industry experts, government bodies and academic institutions, BMN is becoming stronger and more resilient in the context of the crisis in Ukraine and also shows its lessons of resilience to other companies.

BMN takes information from the most proven sources of the World Bank and other world economic organizations in order to create its own strategy for overcoming the general crisis, formatting strategic relationships and, as a result, making the most important innovations in the economy of Ukraine and, in the future, the world, innovations which have the potential to greatly change the picture of doing business in the world as well as

strengthen the resilience and adaptability to crises by all companies in the context of globalization.

The implementation of training programmes for its employees is a very important part of the functioning of BMN as an integrated structure. A well-educated and well-trained staff can provide a company with the best performance of the skills necessary for the proper functioning of the company, which gives a great advantage in times of crisis when the economic climate becomes unpredictable. Staff training can be carried out through practical webinars, skills improvement meetings, immersive training programmes, and seminars to enhance staff skills.

There is an important component, which includes encouraging companies to participate actively in crisis management initiatives. Implementation of programmes of recognition, certification or awards for exceptional disaster resilience can be an incentive for to actively use the tools provided by BMN. Useful knowledge of related psychological dynamics is provided by research published in the *Journal of Organizational Behavior*. These studies highlight the impact of recognition on employee motivation and productivity.

Qualified employees are about improved productivity: overall quality of work and reduced cost of production (FasterCapital, 2024). The overall amount of experience of employees guarantees their increased productivity by the fact that they will be able to easily perform more tasks in a short period of time thanks to their experience and skills that they have acquired previously at work or in training. The quality of the work of such employees will also be much higher for the same reasons, they are more likely to know how to satisfy a potential customer and to make the product or service of the highest quality, which gives a huge advantage over competitors who do not have such qualifications leading to potentially more sales and better earnings, which ensures stability in conditions of crisis.

The value of skilled people in today's dynamic economic environment surpasses their immediate expenses, signaling a paradigm shift away from the old cost-benefit approach. Hiring an experienced worker may seem like a big financial commitment at first, but the benefits they provide over time far surpass the cost. These seasoned pros not only make fewer mistakes, but they also have the know-how to come up with creative, economical answers to problems that have been there for a while.

As a result, the combined effect of their experience results in fewer expensive repairs caused by errors made by the company and lower costs associated with ineffective procedures. Aware of the benefits that come with this strategy, Business Management Network (BMN) is unwavering in its dedication to developing a workforce that possesses the abilities and know-how needed to successfully negotiate the intricacies of today's business environment.

BMN's human capital strategy is centered on providing its staff with timely and effective training in all required skill sets. By utilizing cutting-edge educational resources like virtual reality (VR) technology, BMN aims to maximize the efficacy and efficiency of its training initiatives. Virtual reality (VR) and augmented reality (AR) are state-of-the-art technology innovations that BMN uses to imitate crisis situations, giving staff members a risk-free setting to practice making decisions. Participants are forced to negotiate difficult crises through realistic VR simulations, strengthening their capacity for stress management and crisis resolution.

Furthermore, by incorporating VR technology into its organizational framework, BMN improves its capacity for crisis management and readiness. VR simulations provide a realistic and immersive training environment for employees to practice for a variety of crisis scenarios, such as natural disasters or cybersecurity attacks. This proactive strategy creates a readiness culture within the firm and gives staff the tools they need to prevent possible disasters.

The incorporation of virtual reality technology into BMN's organizational framework has the potential to significantly improve its fundamental competencies in a multitude of fields. One such use is in training and development, where VR enables scalable and affordable immersive learning and skill development. Through the use of VR simulations, BMN can provide its employees with the chance to participate in realistic scenarios that mimic real-world problems, encouraging a culture of ongoing learning and development.

Moreover, virtual reality technology facilitates worldwide cooperation and correspondence among the dispersed employees of BMN. Employees located all over the world can easily engage and share knowledge by using virtual collaboration spaces, which

eliminate time and location barriers. This promotes more inclusivity and involvement among team members in addition to cutting down on travel expenses and meeting time.

BMN can use virtual reality (VR) for virtual product sales and demos in addition to training and collaboration. This will improve client engagement and help with well-informed decision-making. Customers can investigate goods and services in a virtual setting through immersive virtual reality experiences, learning more about their capabilities and possible uses. In addition to increasing the effectiveness of marketing and sales initiatives, this interactive strategy develops stronger client relationships based on openness and trust.

Additionally, the logistical challenges connected with traditional meetings are eliminated by the natural flexibility and accessibility of VR technology, providing a seamless substitute for client engagements and negotiations. VR gives BMN the unmatched ease and efficiency to hold meetings and consultations with clients and partners by overcoming physical constraints. By freeing up time for other important duties, this not only enhances productivity but also streamlines communication processes.

To sum up, the incorporation of virtual reality technology into BMN's organizational structure is a revolutionary step that opens up new opportunities for customer interaction, crisis preparedness, training, and teamwork. In the face of changing difficulties, BMN confirms its commitment to quality and resilience by embracing innovation and utilizing state-of-the-art technologies. VR has the ability to completely change business processes and industry norms as it develops and matures, putting BMN at the forefront of this revolutionary wave.

From the topics we have covered so far in this work, we can understand the obvious importance of education and training programs working together to achieve their goals. My personal experience of working and interacting with the BMN company showed me how professionally and competently this company operates with the resources it has, simultaneously growing further and acquiring new resources. The employee training techniques that this company uses include practical real-life examples, webinars and meetings for professional development.

As a result, this variation in approaches and skills to learning helped me integrate much better into the company and perform my key tasks, as well as perform them

competently and professionally. Concordia Ukrainian-American University has played a significant role in helping students gain this opportunity by providing student internships to help its students gain such valuable experience in the global job market. UACU competently creates and maintains relationships with various companies that are ready to provide students with the opportunity to gain new knowledge through direct interaction with companies, and this is a great advantage for those who plan to find work in similar fields in the future. This increases the chances of students becoming successful professionals in their field, ready for the challenges of the new world of economics and the labor market in it.

Any organization's capacity to foresee, evaluate, and address the effects of its policies and activities is essential to its management success. In order to help with this, our organization has created a novel Key Performance Indicator (KPI) tool that acts as a multifunctional compass for evaluating the effectiveness of different projects across a range of operational areas. The Crisis Mitigation Index is the most crucial of these KPIs. This index is useful for assessing how well a program lessens or avoids the negative effects of crises. It provides a detailed evaluation that takes into account variables including response time, prediction accuracy, and performance both before and after the crisis. Such a KPI is indispensable for bolstering the stability and adaptability of BMN during times of financial turmoil, whether at the national or corporate level, ensuring resilience in the face of uncertainty and disruption. In order to provide resilience in the face of uncertainty and disruption, such a KPI is essential for supporting BMN's stability and adaptation during times of financial crisis, whether at the national or company level.

Simultaneously, blockchain technology provides a unique cornerstone that BMN can leverage to strengthen its operational integrity and resilience against disruptions. KPIs are utilized to assess blockchain solutions' efficacy, and the management of the organization carefully reviews and approves each deployment before it is put into action. BMN improves the integrity and confidentiality of its data assets by utilizing blockchain's built-in security features. This reduces the danger of data breaches and guarantees the dependability of important information sources. These metrics are essential for strengthening the organization's defenses and maintaining its standing as a reliable guardian of sensitive data in a time of disinformation and cyberattacks.

One of the most important KPIs is customer satisfaction, which provides important information about how well the business interacts with its stakeholders and customers. BMN obtains a comprehensive grasp of client preferences, pain spots, and changing expectations by closely monitoring feedback and doing sentiment analysis. This comprehensive approach to client interaction includes proactive participation on social media sites, anonymous reviews, and direct consultations in addition to standard surveys. BMN builds long-lasting relationships with its clientele by encouraging candid communication and promptly attending to consumer problems. This increases customer loyalty and promotes long-term value generation.

Another key performance indicator (KPI) that requires careful consideration is effective partnership, which demonstrates the organization's dedication to developing cooperative partnerships that benefit both parties. Through the use of KPIs to assess partnership effectiveness, BMN is able to provide practical insights into resource allocation, communication dynamics, and performance measures in relation to joint ventures. As a result, the business is able to pinpoint areas in need of development, allocate resources as efficiently as possible, and foster an environment of openness and trust with its partners, all of which improve operational effectiveness and open up new growth prospects.

KPIs are essential for optimizing user happiness and maintaining a strong subscriber base in the context of strategic planning. BMN consistently improves its products and services to satisfy changing consumer needs and preferences through the use of extensive performance data and user feedback systems. Furthermore, KPI systems are used to carefully assess the effectiveness of projects utilizing cutting-edge technologies like augmented reality (AR) and virtual reality (VR). By evaluating the effects of VR and AR technologies on worker performance, training results, and operational efficiency, these solutions combine qualitative and quantitative data to help BMN make well-informed decisions and allocate resources.

KPIs are, all things considered, invaluable instruments that help BMN achieve its strategic goals, build resilience in the face of hardship, cultivate successful collaborations, and provide unmatched value to all parties involved. By adopting a data-driven approach to performance management, BMN is better equipped to handle the intricacies of the modern

business environment with assurance and dexterity, guaranteeing long-term growth and prosperity. This indicates that BMN is making use of the best strategies to stay ahead of the curve in terms of growing its company in times of crisis and presenting us with the best options for handling such circumstances.

To summarize, we can say for sure that the company is making great efforts to introduce, maintain and improve technologies that in one way or another help improve ordinary projects, changing the approaches that were used by most companies previously, and helping to overcome the crisis not only for themselves, but also for others small businesses by creating a common information exchange network and using only the most effective methods of work and interaction. BMN is a leading company in development, innovation and adaptation to the new reality of our economic situation, and working with this company has brought me a lot of new and valuable knowledge that will help me become a better professional in the future.

CONCLUSIONS AND PROPOSALS

Thanks to what we have already learned earlier in this work, we can understand that the BMN company is an important key to overcoming crises not only in Ukraine, but throughout the world, using its communication skills with other companies BMN shows how it really ready for changes and innovations that will help us further overcome the challenges that stand in the way of economic growth and a better world.

BMN has the ability and tendency to draw up a clear and workable plan for its development, showing the importance of competent leadership, the value of qualified personnel capable of taking responsibility for important processes within the company, technological adaptability and innovation, which take on the role of a driving mechanism in global crises , allowing us to cope with challenges in ways that were previously considered not so effective or were not used at all, and BMN also shows us how important and valuable it is to apply the experience of past years in order to make the right decisions to create a bright economic future in which companies can overcome crises through common effort, cooperation, and innovation that will help improve the economic situation for all business owners and consumers living in the economic ecosystem driven by these businesses and enterprises.

Also, one of the conclusions of this work can be that public management of the economy is key in solving crises, because many banks, enterprises and consumers exist in a political and economic system, on which they directly depend and to which they also try to adapt as effectively as possible. The government and financial institutions in this case act as catalysts for change. Empirical evidence, based on personal experience and supported by studies such as the McKinsey Global Crisis Management Study, demonstrates that enterprises that have pre-established crisis management mechanisms have outstanding ability to overcome various types of difficult situations.

By incorporating BMN resources into these structures, businesses are strengthened and better equipped to withstand the disruptive effects of crises.

BMN utilizes fresh ideas of blockchain, VR technologies and KPI systems to adapt to new environment improving its company management. The company has a possibility to explore new ways of business processes improvements and be first company to do so, what

gives it a huge competitive advantage over other companies due to its willingness to take possible risk related to grand changes, and also harvest the great rewards in better income and global company influence over the world.

The blockchain technologies characteristics have the potential to completely transform the process of tracking and confirming information related to crises. With the help of blockchain technology, BMN is able to improve the authenticity and dependability of the information that it disseminates, which in turn helps to cultivate a higher level of confidence among businesses in such a tender process of information exchange.

We also looked at how the formation of joint projects and cooperation with the government and businesses greatly helps in improving the overall situation of the crisis, thanks to projects such as supporting the low-income population, interest rate regulation, and the introduction of government projects to improve the situation of business in the economy plays the most important role in the economy had the opportunity to recover from global turmoil and a difficult economic situation.

We have learned that unemployment is a very important issue in the discussion when we talk about improving the economic situation, because now we better understand that the economic problems of many consumers in the market leads to the gradual inability of businesses, and as a result the economy, to function at all, because the main driving force of any economy is the circulation of funds and active consumption, and when its processes are stopped by the majority of the population, the economy of a given country or even the world begins to suffer from severe losses, increasing economic inequality and losses for the low-income population.

We stand at an important fork in history, because the potential challenges of the crises of modern times are gradually opening up and becoming more obvious to us. Wars, inflation and the loss of influence and control by certain states ultimately open up vulnerabilities in our economy, and in order to survive in such unstable conditions, we simply must learn our lessons from the past and apply cooperation, interaction and mutual support as the most valuable tools for improving the situation.

The crises is by itself scary and impactful phenomenon which is ususally caused by human activity in economy, wrong descisions and bad politics implementing. It shows us

that importance of each and every participant in economy matters and that it is necessary for us to learn how to deal with crises and how to not only strive to survive and wait until it solves itself, but also to be innovative, active and strong porcreators to develop better solutions and make world economy better together.

My experience working at BMN shows that this company, using new methods of better cooperation and interaction with other businesses, can bring improvements and opportunities for the economy of Ukraine and the world in the future, because this company is one of the main innovators in Ukraine in terms of crisis management and competent interaction with society and the state. BMN practices and our dedication can lead to the most important changes and results, opening us a window to a better economic future.

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ANNEXES

Annex A

10 biggest worldwide crises

1. **Great Depression (1929-1939):** Originating in the United States with the stock market crash of 1929, the Great Depression had a profound global impact, leading to widespread unemployment, economic downturns, and financial instability.
2. **Asian Financial Crisis (1997-1998):** Triggered by currency devaluations in several Asian countries, including Thailand, Indonesia, and South Korea, this crisis resulted in widespread economic turmoil, bankruptcies, and the need for international financial assistance.
3. **Global Financial Crisis (2007-2008):** Stemming from the collapse of the U.S. housing market, the crisis spread globally, leading to the failure of major financial institutions, government bailouts, and a severe recession in many parts of the world.
4. **Latin American Debt Crisis (1982):** Fueled by a combination of high-interest rates and excessive borrowing, several Latin American countries faced a debt crisis, requiring international intervention and economic restructuring.
5. **Dot-Com Bubble (2000-2002):** The burst of the dot-com bubble resulted from the collapse of overvalued technology stocks, leading to a significant market correction and the loss of trillions of dollars in market value.
6. **European Sovereign Debt Crisis (2010-2012):** Triggered by high levels of government debt in several Eurozone countries, this crisis led to concerns about the stability of the euro, requiring financial assistance and austerity measures.
7. **Oil Crisis (1973):** The sudden increase in oil prices, primarily due to geopolitical events in the Middle East, resulted in economic downturns and high inflation in many countries, impacting global trade and finances.
8. **Japanese Asset Price Bubble (1986-1991):** Driven by speculative real estate and stock market investments, the burst of the Japanese asset price bubble resulted in a prolonged period of economic stagnation known as the "Lost Decade.»
9. **Russian Financial Crisis (1998):** Triggered by a combination of economic

mismanagement, falling oil prices, and the devaluation of the ruble, this crisis led to the default on Russian government debt and significant economic contraction.

10.1970s Stagflation: The combination of high inflation and stagnant economic growth during the 1970s, partially fueled by the oil crisis, posed significant challenges for policymakers and central banks worldwide.

List of interview questions

1. How does the impact of financial crises on businesses unfold, particularly drawing insights from the Great Depression case?
2. What are the key factors influencing the resilience of businesses during global financial crises?
3. How has the role of media evolved in crisis management, considering the experiences shared from the Business Media Network?
4. Can you elaborate on the aim of creating the Business Media Network and its significance, especially in the context of a startup with a monthly income not exceeding \$100,000?
5. What strategies does the Business Media Network employ to combat crises in businesses, and how effective have they been based on available data?
6. In what ways does the Business Media Network contribute to crisis management, taking into account the proposals presented for its future development?
7. How can predictive analytics be integrated into the Business Media Network's initiatives to enhance businesses' preparedness for future crises?
8. What are the potential benefits and challenges associated with leveraging blockchain technology for crisis-related information verification, as proposed for the Business Media Network?
9. How does collaboration with educational institutions and industry associations enhance the effectiveness of crisis management initiatives, as suggested for the Business Media Network?
10. What statistics or data support the proposal to diversify the Business Media Network's content delivery across online publications, podcasts, and video platforms?
11. Can you provide examples of successful collaborative initiatives between businesses and media networks in crisis management, drawing from real-world experiences?
12. How has the use of artificial intelligence been explored in the context of crisis management, as mentioned in the proposals for the Business Media Network's future development?
13. What evidence supports the proposal to customize crisis management content based

on industry-specific data trends, as recommended for the Business Media Network?

14. In the analysis of the Great Depression and its contemporary relevance, how do real-world experiences align with statistical data on economic challenges and business resilience?

15. How can businesses reinforce their activities in combating crises through the collaborative efforts of the Business Media Network, as proposed in the strategic recommendations?

16. What are the potential implications of the integration of digital media in crisis communication, considering the empirical evidence provided in the materials?

17. How do personalized storytelling and effective communication contribute to business resilience, based on insights shared in the proposals for the Business Media Network?

18. What initiatives can governments take to formulate effective policies and regulations for businesses in times of crises, as discussed in the materials?

19. How does the Business Media Network propose to reinforce its activities in combating crises, considering the role of collaborative partnerships and technological innovations?

20. Can you provide examples of successful crisis simulations using virtual reality, as mentioned in the proposals for the Business Media Network's future initiatives?

21. What are the key components of effective recognition programs for employee motivation, and how do they contribute to business resilience during crises?

22. How do global economic trends and industry-specific data impact the business ecosystem's ability to navigate uncertainties, as highlighted in the materials?