

# СЕКЦІЯ 1

## ЦІЛЬОВІ ОРІЄНТИРИ СТАЛОГО РОЗВИТКУ ТА МЕНЕДЖМЕНТ В УМОВАХ ВОЄННОГО СТАНУ

UDC 338

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### **EXTREME EXOGENOUS CHALLENGES FOR THE SUSTAINABLE DEVELOPMENT OF UKRAINE IN THE CONDITIONS OF RUSSIAN AGGRESSION**

Extreme exogenous challenges because of the Russian invasion of Ukraine on February 24, 2022, require examination of the reaction of organizations and development of innovative approaches for their adaptation in the conditions of war. The combination of management approaches of regional development and sustainability in Ukraine [1-2] and integrate them with the perspectives of organizational adaptation to crisis (Jonathan Bundy and Andreas König) [3-4], open innovation (Carolin Häussler) [5], and natural resource management and conservation (Christine Schmitt) [6] is relevant.

The literature analysis on the response of organizations to extreme situations of challenges and emergencies [5-6], as well as new research on the consequences of armed conflict for sustainability and regional development, in particular in Ukraine [7-8], allow us to draw some important conclusions. From the organizational point of view a crisis is an event which members of the organization and interested parties perceive as very noticeable, unexpected, acute and potentially destructive [9]. The crises are especially complex not only because of their potential seriousness of management, economic, social, and environmental consequences, but also because they are very ambiguous, undermine fundamental assumptions and require unconventional solutions. Scientists have investigated various crises, such as the NASA crisis against the backdrop of the explosion of the Challenger oil spill and the consequences of the BP Deepwater Horizon oil spill. In fact, it is about exploring how crises arise, how members of the organization and stakeholders understand the crises and their determinants. Successful anti-crisis management now is one of the most important conversations of science about management and organization. However, only a few studies have studied how organizations respond to the extremely systematic destruction of events like war.

On our opinion, in the conditions of the military situation in the country it is expedient to investigate the manifestations of the crisis of governance at the level of the state, territories, business. This makes it possible to determine the mechanisms which, as a whole, should ensure the desired economic and social stability and the preservation of the ecosystem. The assessment of the events taking place in Ukraine because of the Russian invasion testifies to the large-scale crisis in social, ecological, and economic spheres. According to the Ministry of Economy of Ukraine for 10 regions of Ukraine, where fighting is taking place, half of the GDP of the country, where key positions were occupied by the territories of Kharkiv, Kyiv regions, Mariupol. Now, total losses of

Ukraine's economy due to war, including direct losses and indirect losses (GDP reduction, investment cessation, labor force outflow, additional defense, and social support costs, etc.), vary from \$564 billion to \$600 billion. This is the destruction of the model of sustainable development of Ukraine, which the country has formed for the last decades.

Thus, we have an unprecedented crisis, the consequences of which go far beyond its borders and affect the system of international political and economic relations in general. The established mechanisms of development management of the country, which have consistently introduced Ukraine in the conditions of key directions of European integration of the country defined in the decrees of the President of Ukraine and realization of goals of sustainable development, are being changed.

In the traditional model of sustainable development there is interaction of population, state authorities and local self-government bodies, business structures and scientific institutions, public associations with the purpose of improving economic, social, and cultural conditions of life. In a military condition, the situation regarding the application of existing experience in the use of traditional mechanisms and crisis management instruments in conditions of uncertainty, is completely overcome for all stakeholders of sustainable development. The war also violates the entrepreneurial potential of organizations and communities, which requires organizations to seek innovative ways of preserving and restoring.

In this situation, organizations need to introduce integrated management methods in conjunction with behavioral approaches to strategic management, focusing not only on the economic consequences of crisis, but also on social and cognitive factors that also shape organizational results and behavior. Corporate reputation, social assessments, relations between organizations and stakeholders, quality of corporate governance remain important.

It is vital, firstly, to diagnose the crisis parameter: monitoring of external and internal environment, detection of deviations of parameters from the norm and probability of threat, ability to react quickly to changes and forecasts of possible directions and identification of factors influencing the crisis development, scale of potential losses. Secondly, develop the concept of overcoming the crisis, develop situational plans or scenarios and implement strategic guidelines in practice.

Diagnosis of crisis parameters. Establishing a procedure for determining the damage and losses caused to Ukraine because of the armed aggression of the Russian Federation (Cabinet of Ministers resolution No. 326 of 20 March 2022) is aimed at defining the procedure of assessing damages and losses, as well as the direction of it carrying out.

However, the scientific-practical and methodical approaches of its realization need to be developed. Representatives from non-governmental organizations, independent information and analysis centers and non-governmental organizations will be involved in the preparation of such methods and in the evaluation of damage and loss.

The creation of the National Council for the Restoration of Ukraine from the consequences of the War (Decree of the President of Ukraine No. 266/2022, dated April 21, 2022) will allow to assess the scale of consequences and losses of human, economic, ecological potential of Ukraine in general and its territories. Equally important is the assessment of economic losses of enterprises. This approach includes loss of all forms of ownership by enterprises because of destruction and damage of their property, as well as loss of profits from inability or interference in the conduct of economic activity. At present, certain steps are defined to assess such losses, which are completed by submitting an online claim for property damage in the electronic system "DIYA". In the future, compensation may be awarded against the recently established Government Asset and Infrastructure Restoration Fund.

But there is no assessment of the social and environmental consequences of the Russian invasion of Ukraine. Destruction of large cities of Ukraine because of military events (Kyiv, Kharkiv, Sumy, Chernihiv, Donetsk, Lugansk, Mariupol), tightly integrated into the system of resettlement of Ukraine, is accompanied by movement of a considerable number of populations,

occurrence of crisis phenomena in social and environmental spheres. According to UN data, the scale of external and internal population movements in Ukraine is estimated at 13,4 million people. This could not but have an impact on the development of organizations and their stability. Thus, as a result of hostilities, every organization in Ukraine has suffered casualties and related social and economic losses. Large-scale aggression and military operations cause great damage to the biosphere (Rogozian, etc., 2020). Studies on sociology and sustainable development management assess the impact of the war on the environment and its sustainability (Smith, 2017), and used to determine an algorithm for assessing environmental losses and readiness for changes in organizations that ensure their functioning.

Thus, the new challenges in the development of Ukraine, which is an investigation of Russian aggression, should be studied, evaluated and used for adaptation of organizations in such conditions. These approaches will provide an opportunity to justify innovative mechanisms and tools to improve the management of organizations and the challenges associated with such large-scale unpredictable crises.

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