

## Effectiveness of management in public administration in complex and crises situations

*Efectividad de la gestión en la administración pública en situaciones complejas y de crisis*

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### Abstract

The solvency crisis of 2020, exacerbated by the Covid-19 pandemic, necessitates a study of the effectiveness and relationship of crisis management in public administration. This study is based on the concepts of neo-institutionalism, attribution and organized legitimacy. The article confirms the importance of using the principles of these theories based on statistical analysis using the Granger test and a regression model based on panel data from transition economies. First of all we will review The Worldwide Governance Indicators (WGI) of transition economies for 1996-2018 and explore the relationship between public governance indicators and the effectiveness of crisis management. Next, it will be the features of the current solvency crisis on a global scale are considered. The next stage of the research is to study the tendency of public administration, the policy of counteracting crisis phenomena, to identify the main problems of inefficiency of anti-crisis management on the example of developed countries. The article proves that the legitimacy of the government is a prerequisite for trust in public administration, the perception of strategies, tactics that help to overcome the crisis as a positive process in society. The absence of this precondition in transition economies leads to a sharp economic downturn and reinforces political instability.

**Keywords:** Legitimacy, Efficiency of Public Administration, Anti-Crisis Management, Public Administration Bodies, Legitimacy and Economic Growth.

### Resumen

La crisis de solvencia de 2020, agravada por la pandemia Covid-19, requiere un estudio de la efectividad y la relación de la gestión de crisis en la administración pública. Este estudio se basa en los conceptos de neoinstitucionalismo, atribución y legitimidad organizada. El artículo confirma la importancia de utilizar los principios de estas teorías basadas en el análisis estadístico mediante la prueba de Granger y un modelo de regresión basado en datos de panel de economías en transición. En primer lugar, revisaremos los Indicadores de gobernanza mundial (WGI) de las economías en transición para 1996-2018 y exploraremos la relación entre los indicadores de gobernanza pública y la eficacia de la gestión de crisis. A continuación, se considerarán las características de la actual crisis de solvencia a escala



global. La siguiente etapa de la investigación es estudiar la tendencia de la administración pública, la política de contrarrestar los fenómenos de crisis, para identificar los principales problemas de ineficiencia de la gestión anticrisis en el ejemplo de los países desarrollados. El artículo prueba que la legitimidad del gobierno es un requisito previo para la confianza en la gestión pública, la percepción de estrategias, tácticas que ayuden a superar la crisis como un proceso positivo en la sociedad. La ausencia de esta condición previa en las economías en transición conduce a una fuerte recesión económica y refuerza la inestabilidad política.

**Palabras clave:** Legitimidad, Eficiencia de la Administración Pública, Gestión Anti-Crisis, Órganos de la Administración Pública, Legitimidad y Crecimiento Económico.



## Introduction

The organization of crisis management is based on the theory, concept and approaches to public administration. In the era of turbulence, New public management as a theory of public administration and its varieties is used not so often for human resource management in the civil service (Bach & Bordogna, 2011). Modernization of crisis management is due to the emergence of models in chaos, digital economy and digital politics. The theory of democracy, in particular e-democracy is an additional factor in the transformation of crisis management.

Economic crises strengthen political crises and the turbulence of the external environment leads to more frequent economic downturns. Crisis phenomena are the biggest problem in public administration of the XXI century (Boin & Lodge, 2016). Economics and politics are always connected, so crisis management is aimed at eliminating and neutralizing the negative effects of recessions. The effectiveness of such management depends on the skills and competencies of public administration.

The level of professionalism of public authorities and local self-government is a prerequisite for the effectiveness of crisis management strategies, political stability, the choice of concepts, approaches and methods of crisis management policy. Taking into account the urgency of overcoming the solvency crisis of 2020, this study aims to study the organization of crisis management in an economic downturn.

Achieving economic convergence after the crisis of 2007-2008 led to the appearance of new methods of crisis management, which "departs from the mechanisms of legal and political accountability present in previous forms of EU decision-making without substituting new models of accountability in their place" (Dawson, 2015). The new form of organization of EU crisis management is little studied, although it will prevail over the next decade. After 2008 came the "multilateral era of governance" (Woods, 2010), which covers all well-developed countries of G20.

International institutions such as the IMF, may lose institutional influence in the future in the context of the formation of national and regional crisis management strategies (Woods, 2010). The current reform of public administration is gaining momentum through the integration of such important principles as flexibility and adaptability (Christensen, Lægred & Rykkja, 2016), while multilevel regulation recedes into the background (Baker, 2010).

This happens due to the ineffectiveness of scenarios, methods of crisis management that were developed for management supervision in financial crises (Van Essen, Engelen & Carney, 2013). Universal mechanisms of international institutions have different effects on overcoming the crisis and depend on the legal system, organizational and institutional factors, political and administrative constraints of flexibility, adaptability (Christensen, Lægred & Rykkja, 2016).

The purpose of the article is to study the organization of crisis management in public administration in the context of the 2020 solvency crisis.

## Literature review

Electronic Anti-crisis management in the scientific literature is considered as a process of smoothing the negative effects of the crisis by public authorities, prevention of crisis phenomena (Turpin, 2016). Political scientists are studying of crisis management processes in the EU area. Their study is based on the theory of integration that takes into account the level of institutional change. This change reflects the supranational, historical or intergovernmental way of organizing crisis management (Kreuder-Sonnen, 2016).

In addition to the theory of integration, scientists study the theory of organization as the basis of management in a crisis. An effective system of crisis management in public administration based on the theory of organizations is based on the development of managerial capacity and legitimacy of management. Such a system takes into account the cultural aspect, structural features of the economy and nature, the causes of the crisis. The type of crisis is determined by crisis management (Tokakis, Polychroniou & Boustras, 2019).

Among the concepts of crisis management are neo-institutionalism and the theory of attribution. They provide a link between response strategy, crisis phenomena and form a symbolic approach to crisis management (Coombs & Holladay, 1996). Neo-institutionalism is built on the legitimacy of power, which depends on social rules and the interests of interested parties. The response strategy provides social dialogue (informing about the problems of citizens). It is made to reduce the level of negative perception of crisis phenomena by society. There are "denial, distance, ingratiation, mortification, and suffering" (Coombs & Holladay, 1996) strategies of response and communication.

Within the symbolic approach, there are such types of interaction as the belief in the absence of a crisis,



the formation of a less negative perception or the formation of a positive image of public administration. An element of the symbolic approach is the Relationship approach, which is used to understand the dynamics of the interaction of public administration with society (Coombs & Holladay, 2001).

The solvency crisis of 2020 is a new type of economic downturn that requires the development of organizational methods of crisis management, especially in developing countries and integrating e-democracy into public administration.

## Data and methodology

### Design and approaches

The article uses the concepts of neo-institutionalism and attribution, organized legitimacy (Coombs, & Holladay, 1996) to study the effectiveness of crisis management in a crisis/economic downturn. We first look at The Worldwide Governance Indicators (WGIs) of transition economies for 1996-2018 and explore the relationship between public governance indicators and the effectiveness of crisis management. Next, the features of the current solvency crisis on a global scale are considered. The next stage of the research is to study the tendency of public administration, the policy of counteracting crisis phenomena, to identify the main problems of inefficiency of anti-crisis management on the example of developed countries.

### Statistical processing methods

Statistical methods were used to study the effectiveness of the organization of crisis management of public administration in transition economies. All calculations are performed in EView 11.0 software, which allows you to use the most effective statistical research methods in accordance with the goal. Management subsystems are assessed using The Worldwide Governance Indicators (WGI): Political Stability and Absence of Violence / Terrorism, Voice and Accountability, Government Effectiveness, Rule of Law, Regulatory Quality, Control of Corruption.

The main statistical methods of processing the results are:

1. Granger causality test that helps to identify causal relationships. The test allows you to determine whether one statistical series is the cause of the dynamics, changes in another statistical series. The values of t-statistics and F-statistics are used to draw conclusions. With a high value of F-statistics and a value of t-statistics less than 0.5 (significance levels selected 1% and 5%), we can reject the hypothesis of no cause and effect

relationship and with a certain level of significance to conclude that the series X causes a change values of the series Y with a certain given period of time.

2. Linear models of the dependence of GDP growth on the subsystems of public administration of transition economies. Regression models are a research method that shows the relationship between variables and allows you to identify the strength of the impact. To assess the quality of the regression model, the values of R of the coefficient of determination are analyzed, which can range from 0.3 to 0.5 for an adequate explanation of economic phenomena and using a mathematical model. To draw conclusions about the significance of the coefficients (regression parameters), the calculated t-statistics are analyzed and compared with the critical value of t (calculated should exceed the critical value for the significance of the coefficients, otherwise it makes no sense to draw conclusions about the strength of the relationship between variables). F-statistics indicate the importance of the model and its ability to generally predict the behavior of the dependent variable. The significance of the model is estimated on the basis of p-value in the ANOVA table. Its value in the range of 1-5% indicates the ability to predict the behavior of the dependent variable (GDP growth rate) depending on the subsystems of crisis management.

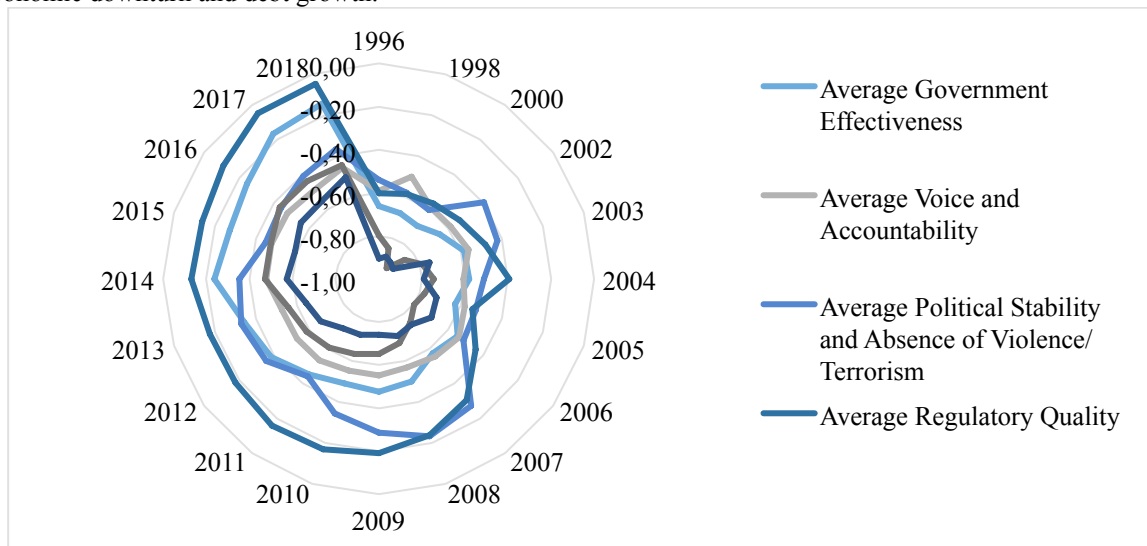
## Results and discussion

In countries with transition economies, crises are a more serious shock to both public administration and the economy. This is due to the weakness of institutions, the low level of legitimacy of government and the dependence of the economy on external shocks. The first crisis that significantly affected the economies of transition countries was the crisis of 1990 due to the transition to a market economy.

In our study, a special attention is paid to the crises of 1998, 2008-2009 and 2014-2015. Public governance has significantly affected the government's ability to sustain pre-crisis economic growth. It is worth noting that transition economies are characterized by convergence in the context of increasing the quality and efficiency of public administration (see Figure 1).

With the beginning of the transition to 2007-2008, there was a weakness of public administration. Anti-crisis management was not effective enough. Georgia was the first to achieve efficiency gains through the 2004 reforms: the government's efficiency ratio rose from 0.3 to 0.61. Some political stability determined economic growth in Ukraine in 2000-2007, but the financial crisis and

the lack of a financial market led to a sharp economic downturn and debt growth.



**Figure 1.** Government Effectiveness in transition economies in 1996-2018: average indicators.

Transitional economies are transforming public administration in times of crisis through system change, and therefore the effectiveness of governance as a whole is increasing. So, the transformation period was observed in 1999-2000, which accordingly provided economic growth, in 2007-2008 with the beginning of the development of national crisis management strategies in 2014-2015.

One of the tendencies is the deterioration of the organization of anti-crisis management during the crisis. The economic recession is always difficult to predict, as in the case of the 2020 solvency crisis. The strategy and action plan may be ineffective. Accordingly, public authorities are not always ready to ensure in full extent the effectiveness of actions, strategies and tactics.

An analysis of the average GDP growth rates of transition economies and government performance indicators indicates that:

- 1) The average GDP growth rate was 4.96% for 1996-2018;
- 2) Corruption control amounted to -0.72;
- 3) The efficiency of governments in transition economies - -0.47;
- 4) Political instability was at -0.42;
- 5) The regulatory environment was unprepared for the crisis - the figure was -0.3;
- 6) The legitimacy of the power of transition economies was -0.66;
- 7) The Voice and Accountability indicator was -0.54.

In such circumstances, it is difficult to maintain economic stability. These indicators also prove that the organization of crisis management depends on

institutions, legitimacy and the legal system. So, economic instability was observed in transition economies in pre-crisis periods in conditions of rapid growth and in crisis, after crisis periods in conditions of sharp economic downturn. A government with a low level of efficiency is not able to influence the crisis situation. In general, the possible impact is chaotic, unpredictable, lagging.

The weak level of development of democracy in these countries, freedom of thought and media development exacerbates the problems of developing effective anti-crisis management. As a result, communication is weak and does not provide an impact on society's perception of crisis phenomena as neutral, negative or mild. This means the illegitimacy of the government, the inability of the government to form public recognition and a positive opinion of society. Communication and social dialogue are ineffective in this case.

Prerequisites for political instability are a high probability of terrorism, violence, distrust of the government, society's perception of the government as corrupt, illegitimate due to the inefficiency of government actions, lack of visible economic and institutional transformations. Communication of public administration in this case does not ensure the formation of trust. The state is weak in managing the economic downturn. The degree of dependence of public bodies on political pressure is high, the level of quality of public services, professionalism, competencies of civil servants is low and leadership qualities are poorly developed. Accordingly, strategies and tactics to counter the effects of the crisis are ineffective. There is no stabilization of the economic situation.



Society perceives the ability of public administration to formulate, implement policies, strategies, tactics of crisis management as low and ineffective. Compliance with formal rules and legality is low. The institution of property rights, the judiciary, the police and other institutions for the protection of the rights of the population are weak and underdeveloped. Institutional failure causes inefficiency of communications, social dialogue. Citizens of transition economies perceive control of corruption as ineffective. Public authorities protect their own interests. Accordingly, the effectiveness of legitimacy is low, which confirms the theories of attribution and neo-institutionalism.

Granger's test of the causal relationship between economic growth and public administration efficiency indicates co-integration (Table 1). This means dependence on long-term crisis management and economic growth. Political stability and the regulatory environment are determined by economic growth. It is obvious that public authorities do not spend resources and potential to maintain stability, but have the opportunity to make decisions in the most problematic areas. The effectiveness of government policy, the regulatory environment, the level of legitimacy and the rule of law depend on the control of corruption. Democracy and political stability determine the state of control over corruption.

**Table 1.** Pairwise Granger Causality Tests

Pairwise Granger Causality Tests			
Date: 08/18/20 Time: 15:34			
Sample: 1996 2018			
<b>Lags: 2</b>			
Null Hypothesis:		Obs	F-Statistic Prob.
Government Effectiveness does not Granger Cause GDP Growth Annual		218	0.21052 0.8103
GDP Growth Annual does not Granger Cause Government Effectiveness			0.11722 0.8894
<b>Lags: 3</b>			
Null Hypothesis:		Obs	F-Statistic Prob.
Government Effectiveness does not Granger Cause GDP Growth Annual		207	0.78252 0.5050
GDP Growth Annual does not Granger Cause Government Effectiveness			0.11251 0.9527
<b>Lags: 4</b>			
Null Hypothesis:		Obs	F-Statistic Prob.
Government Effectiveness does not Granger Cause GDP Growth Annual		196	0.67580 0.6095
GDP Growth Annual does not Granger Cause Government Effectiveness			0.29865 0.8786

The efficiency of the government and the level of political pressure, the quality of strategy, public sector policy determines the ability of the government to formulate and implement sound policies (regulatory environment) and the legitimacy of government (compliance with social rules and regulations, legislation, legality). In general, public sector governance and performance indicators are characterized by long-term, co-integrated and causal links. This determines the effectiveness of crisis management.

Since our study aims to determine the impact of legitimacy as a prerequisite for crisis management, the regression model reflects the relationship between legitimacy and economic growth. At the first stage of the study, a regression model of economic growth - management efficiency was built (Table 2). The regression model explains the change in GDP growth rate depending on the change in management efficiency by 4.85%. 95% of the change in GDP is explained by other factors.

**Table 2.** Regression estimates: Dependent Variable: Gdp\_Growth\_Annual, Independent variable Government effectiveness

SUMMARY OUTPUT				
<i>Regression Statistics</i>				
Multiple R	0,220234703			
<b>R Square</b>	<b>0,048503324</b>			
Adjusted R Square	0,044505439			
Standard Error	7,500307049			
Observations	240			
ANOVA				

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	1	682,4946857	682,4946857	12,13224545	<b>0,000589637</b>
Residual	238	13388,59619	56,25460583		
Total	239	14071,09087			
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>
Intercept	<b>2,800606485</b>	0,785714608	<b>3,564406789</b>	<b>0,000440602</b>	1,252763219
Government Effectiveness	<b>-4,632427641</b>	1,32995838	<b>-3,4831373</b>	<b>0,000589637</b>	-7,252421084

The model is significant and can be used to predict changes in GDP, as Significance F is 0.000589. The model parameters are also statistically significant: t Stat is high and P-value is less than 1% (0.0004 and 0.0005, respectively). So, with a significance level of 1%, we can reject the null hypothesis of no connection and argue that an increase of 1 point in the level of management efficiency may lead to a reduction in economic growth by -4.632%. Thus, economic growth is not actually determined by public administration.

In the second stage, a regression model of economic growth is built - Rule of Law (Table 3). Model explains the dynamics of economic growth by 5.406% and on its basis it is impossible to predict the trends of the dependent variable - the legitimacy of the power of transition economies is not a factor influencing the effectiveness of crisis management. The values of t Stat and P-value indicate that the parameters of the model do not allow making reliable conclusions about economic growth.

**Table 3.** Regression estimates: Dependent Variable: Gdp\_Growth\_Annual, Independent variable Government effectiveness

SUMMARY OUTPUT					
<i>Regression Statistics</i>					
Multiple R	0,073526268				
<b>R Square</b>	<b>0,005406112</b>				
Adjusted R Square	0,001227146				
Standard Error	7,668285933				
Observations	240				
ANOVA					
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	1	76,06989528	76,06989528	1,293648298	<b>0,256520472</b>
Residual	238	13995,02098	58,80260916		
Total	239	14071,09087			
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>
Intercept	<b>3,874243317</b>	1,072251276	<b>3,613186016</b>	<b>0,00036898</b>	1,761928108
Rule of Law	<b>-1,630308249</b>	1,433380907	<b>-1,137386609</b>	<b>0,256520472</b>	-4,45404216

In general, our results are a confirmation of theories of attribution and neo-institutionalism. Transition economies are characterized by a lack of crisis response strategies, which means that the basic principles of these theories are not taken into account. These countries are characterized by a low level of legitimacy of power, which has been confirmed experimentally. The solvency crisis also confirms the lack of response strategies, coordinated actions of public administration bodies, no anti-recession policy, and no implemented tools to support citizens and the private sector.

The policy of introducing anti-crisis management is characterized by the absence of mandatory elements: external control, political stability.

Personal control (Coombs & Holladay, 1996), which makes legitimacy impossible. There is also no such element as "crisis response" (Coombs, & Holladay, 2001) within the strategy of crisis response. Strategies for external and internal communication with society are absent (Tokakis, Polychroniou & Boustras, 2019), as well as crisis management strategy, ways to overcome and forecasts. In fact the institutional failure and lack of professionalism of public administration bodies have determined the organizational inability to ensure the effectiveness of governance in a crisis.

#### **General features of the current solvency crisis**

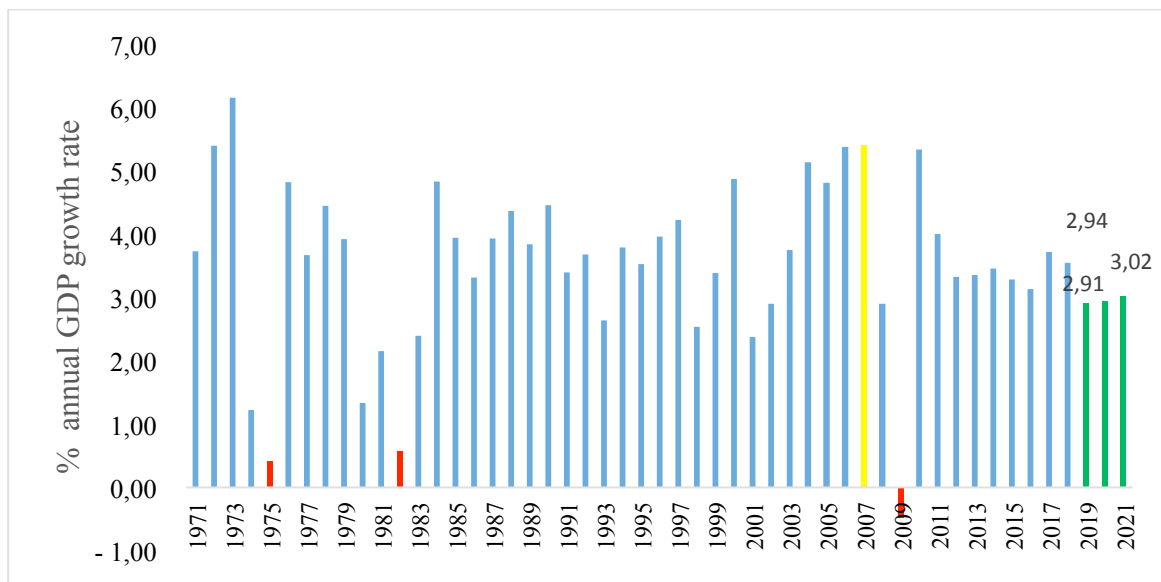


The current solvency crisis has no analogues. The causes are completely different from the causes of previous crises. The financial crisis began with the financial sector and the bankruptcy of the investment bank Lehman Brothers in 2008 (Nicholas & Chen, 2010). This crisis can be called a liquidity crisis. Still, this crisis of 2019-2020 can be called solvency crisis and it was caused by re-lending to the economy. During 2008-2018, debt markets were characterized by stability, along with weaker credit governance conditions and weaker conditions.

As a result, many weak companies with high leverage have been able to borrow more than restructuring their own balance sheets in the situation of bankruptcy. Over the past few years,

these factors have led to growing anxiety among economists, world leaders and regulators (Harmon & Ivashina, 2020). The situation worsened due to the Covid-19 crisis. In December 2019, the Financial Stability Board (FSB, 2019) issued a warning about the vulnerability of credit markets to unpredictable economic shocks. The publication referred to the low yield of bonds, the increase in deposits in low-quality debt and illiquid assets by investment funds, the growth of risks due to the growth of debt and non-performing loans.

As a result, in 2019 world organizations predict an economic downturn compared to some growth in 2017-2018 (Fig. 2). However, public authorities did not respond to these warnings in a timely manner.



**Figure 2.** Dynamics of world GDP growth in 1971-2021, % (2019-2021 OECD forecast values)  
**Source:** OECD (2019)

Experts predict different scenarios for economic development. As it can be seen from Figure 2, the OECD predicts growth at around 3% in 2019-2021. After growth in 2017-2018, the economy will be at a weak level of growth. Economic recovery after 2008-2009, the economic downturn of 2014-2015, has not happened in the last three years - the economy has not reached pre-crisis level of growth. The economic consequences of a pandemic may last until the 4th quarter of 2020 (Tarki, Levy & Weiss, 2020).

**Organization of anti-crisis management in the conditions of solvency crisis: experience and future**

It is advisable to consider historical examples of overcoming crises in public administration. Depression occurs when policy measures are conceptual and the authorities do not correctly diagnose the causes of the crisis. The Great

Depression is a classic example of a failed policy that has led to a significant duration and depth of the crisis. This is due to two conceptual reasons: errors in monetary policy and the banking crisis.

Limited supervision of the banking system, tight monetary policy led to thousands of bank failures and large losses for depositors in 1929-1933. The collapse of the banking system has limited the flow of loans to firms and households. The Federal Reserve was established in 1913 to combat such crises. It was on the verge of collapse of the banking system. In fact, the Federal Reserve caused a conceptual mistake.

Mistakes in fiscal policy and austerity: governments stood aside and watched the economic downturn in 1937-1938 (Carlsson-Szlezak, Reeves & Swartz, 2020). The new course came into effect too late to avoid depression and its negative effects. When



fiscal policy intensified in 1937-38, the economy began to decline. Eventually, World War II finally put an end to the Great Depression, significantly increasing aggregate demand and even returning economic growth to the pre-depression trend.

The result of these policy mistakes was strong deflation (collapse of the price level) by more than 20%. Although the unemployment rate was very high and the nominal value of many assets fell sharply. Moreover, the real burden of most debts rose sharply. As a result, households and firms have struggled to regain their position.

The second way from deep crisis to depression occurs when the economic diagnosis is clear, the reasons are known, but political decisions are delayed. There is a problem of desire, not understanding and thinking (Carlsson-Szlezak, Reeves & Swartz, 2020).

The risks of depression are illustrated by the crisis of 2008: the lack of political will led to the US economy being in dangerous proximity to the deflationary depression, when the US Congress failed to agree on ways to develop the global financial crisis.

By the end of 2008, capital losses in the banks had accumulated, leading to a credit crunch that damaged the economy. With a shaky banking system, the risk of transition to a deflationary depression was real, which was underscored by lower inflation expectations in the most critical moments.

The most dangerous moment came on September 29, 2008, when the House of Representatives voted against TARP, a \$ 700 billion bailout package to recapitalize (or rescue) banks. The next market collapse helped to change the political decision, and a few days later, on October 3, the bill was passed.

So, political readiness "took place" at the last minute and prevented a structural collapse of the regime. This led to a structural decline in the form of a U-shaped shock. Although the economy resumed growth after a few years, it has not returned to pre-crisis growth.

Refusal to provide policy. The fourth reason for the deep crisis differs from the previous ones. It leads to a debt crisis, not depression. In this case, politicians know what to do, they have the political will, but they cannot mobilize real resources to do anything because the markets reject their actions. This differs from the other three ways in that instead of deflation it leads to high inflation (Carlsson-Szlezak, Reeves & Swartz, 2020).

Argentina at various times is an example of the lack of real resources to overcome the crisis; another example is the financial crisis in Asia in 1997. The debt crisis in Latin America in the 1980s and, subsequently, Weimar Germany: in all these cases, politicians could not raise real resources to finance their spending because debt and foreign exchange markets reject it.

When considering the risks of a debt crisis, experts are too often concerned about the level of debt, but this is a misunderstanding of debt crises. Debt occurs - and does not occur - at all levels of debt to GDP. Other factors, including fixed inflation expectations, negative correlations between risk levels (when risk rises, rates fall), global demand for a given currency and the difference between nominal interest rates and growth rates, affect the economy's ability to finance more than debt-to-debt ratios GDP.

The way from the crisis we are currently in to the depression or debt crisis is not impossible. It is not easy or natural if we consider each of the four ways to the current situation.

The policy mistake. The problem of Covid-19 policy is huge, but what is being demonstrated is the opposite of the inaction of the Great Depression. From each financial point of view, the first signs of stress in the banking system - in the markets of commercial paper - were met timely and significant actions of monetary policy were done. It didn't take long for the fiscal side - of course by Washington standards - to pass the \$ 2 trillion CARES Act to provide the means to counter the wave of liquidity and capital problems in the real economy (households and firms). In addition to any specific policy action, we see a mindset in which politicians will continue to innovate to address this issue.

Political readiness. Today there are two risks: 1) Reluctance to establish legislation, perhaps, due to differences in analysis, beliefs or dogmas; and 2) the inability to pass legislation because one party sees great political gain in the obstacle. Although the TARP fiasco reminds us that both risks are real and should not be ruled out, crises tend to speed up the bargaining process and the cost of political action is particularly high, even in the year of party elections.

Dependence on politics - this way, for example, will not be used in the United States because of financial sovereignty. The Federal Reserve will always promote fiscal policy in times of low and stable inflation and a strong currency.



The economic downturn, exacerbated by the "Covid-19 shock", may lead to a high rate of reduction in production, due to structural changes in the economy. Historical economic crises and depressions are examples of mistakes in overcoming them, despite the fact that the current crisis is unprecedented, political decisions and measures are characterized by the same possible mistakes.

### Conclusions

The conducted experimental research confirms the importance of the theory of attribution and neo-institutionalism in ensuring the effective organization of anti-crisis management of transition economies. As a result, the following conclusions were drawn:

The system of public administration is transformed as a result of the economic downturn, due to structural changes in the economy. Crisis periods have a negative impact on the low level of management efficiency in transition economies and increase political instability. The organization of anti-crisis management is at a low level due to the lack of strategies, tactics of timely response. Macroeconomics is unpredictable and the government actions and communications are ineffective due to low legitimacy. In the pre-crisis period, transition economies are characterized by both increased management efficiency and sharp economic growth. The economy is characterized by a sharp economic downturn, macroeconomic, political instability increases in crisis and post-crisis periods in these countries.

Additional factors in the ineffectiveness of crisis management in transition economies are the weakness of democracy, the media, the activities of associations and civil society institutions. Distrust and society's perception of power as unreliable, ineffective are emotional components that exacerbate these factors. Accordingly, communication between public authorities is ineffective. Lack of crisis management strategies and tactics exacerbate these problems. The principles of the theory of attribution, neo-institutionalism are confirmed in this study.

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