

INCREASING THE STRATEGIC RESILIENCE OF COMPANIES IN CONDITIONS OF MARKET TURBULENCE BASED ON DIVERSIFICATION, FLEXIBLE MANAGEMENT AND DIGITAL TECHNOLOGIES

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Abstract

In the current economic climate, companies face many challenges due to market instability. This study comprehensively examines the mechanisms that enable enterprises to function and develop effectively in conditions of economic turbulence. The analysis reveals the relationship between external sources of instability and internal company processes, offering an integrated approach to business adaptation. The author considers diversification of activities, flexible resource management, and digital transformation to be key elements of strategic sustainability. Based on the systematization of modern risk management and business process optimization practices, practical recommendations for anti-crisis policy formation are formulated. The article demonstrates that corporations that can quickly transform their activities and utilize digital technologies have a significant advantage in conditions of market turbulence.

Keywords: economic instability, company development, crisis management, risk diversification, strategy, microeconomics

I. Introduction

Economic instability is a state of the economic system characterized by unpredictable fluctuations and changes in macroeconomic indicators, disruption of the equilibrium of market mechanisms and increased volatility of key economic indicators. In modern economic theory, instability is considered from several different positions. Thus, within the framework of macroeconomic theory, economic instability is understood as a complex phenomenon expressed in the imbalance of fundamental economic indicators (production, consumption, inflation, employment), which leads to a disruption of equilibrium at the macro level and creates structural imbalances in the economic system.[6]. The institutional approach focuses on the imperfections of market and state institutions as the root cause of instability. According to this approach, economic instability arises from the insufficient effectiveness of legal, financial and social institutions regulating economic relations [[3]]. Within the framework of the structural approach, instability is considered as a result of disproportions in the structure of the economy – imbalances between different sectors, industries, regions. Particular attention is paid to the dependence of the economy on certain sectors (for example, raw materials dependence) and uneven development [[11]].

II. Methods

The cyclical approach links economic instability with the natural phases of the economic cycle (boom, peak, recession, trough). The modern understanding of the cyclical approach includes not only classical business cycles, but also financial cycles, technological cycles and globalization cycles [[4]]. In the context of the management approach, instability is characterized through the prism of uncertainty, which complicates the decision-making process of economic agents. The key characteristics are volatility, unpredictability and turbulence of the market environment [[7]]. The synergetic approach considers economic instability as a manifestation of the nonlinear dynamics of complex systems prone to self-organization through chaos and crisis phenomena. In this paradigm, instability is a necessary condition for qualitative transformations of the economic system [0]. The globalization approach links instability with the increasing interdependence of national economies, the spread of the “contagion effect,” when crisis phenomena quickly cross borders and spread globally [[2]].

III. Results

Modern economic science integrates many theoretical concepts, recognizing the complexity and multifactorial nature of economic instability. Entrepreneurs should consider instability not as an anomaly, but as a fundamental property of modern economic systems, requiring the development of adaptive mechanisms and flexible management approaches in conditions of uncertainty. It is important to understand the ambivalence of economic instability, which is both a source of risks and a catalyst for new development opportunities. This feature emphasizes the importance of creating integrated methods for forecasting economic fluctuations that will allow organizations to make proactive decisions in a dynamic market environment, minimizing destructive effects and effectively capitalizing on the benefits arising from the transformation of institutional and market conditions.

The key challenges that company face in an unstable economy are summarized in Figure 1.

KEY PROBLEMS OF COMPANIES IN THE CONDITIONS OF AN UNSTABLE ECONOMY			
Impossibility of predicting financial results	Supply chain disruptions and logistical disruptions	Rising cost of raw materials and supplies	Inflationary pressure and declining purchasing power of customers
Increased interest rates and higher cost of lending	Reduction of investments and freezing of development projects	Personnel issues: layoffs, retention of key specialists	Changing consumer behavior and demand
Regulatory risks and unpredictability of legislative changes	Reduction of investments and freezing of development projects	Growing cyber threats and the need to invest in security	Difficulties in strategic planning due to uncertainty

Figure 1: Key problems of companies in an unstable economy

Exchange rate volatility and the difficulty of forecasting financial results are becoming a critical challenge, especially for companies operating in international markets. Sharp fluctuations in exchange rates can significantly affect production costs, reduce margins and complicate financial planning. Companies are forced to develop complex risk hedging strategies, which requires additional resources and expertise. At the same time, companies are faced with supply chain disruptions and logistical failures. Geopolitical tensions, trade wars and local crises disrupt well-established supply routes, which leads to delays, increased transportation costs and the need to find alternative suppliers.

One of the most significant factors influencing the activities of enterprises is a significant increase in the cost of raw materials and supplies, which creates serious obstacles to the effective functioning of manufacturing companies. The growth of prices for energy resources, metal products, food raw materials and other basic production resources leads to a significant decrease in profitability indicators and requires prompt adjustment of the pricing policy of enterprises. However, the implementation of such adjustments is often difficult in a highly competitive market environment, where an increase in prices can lead to a loss of competitive positions. Inflation processes and the accompanying decrease in consumer purchasing power create an additional dilemma for companies that are forced to find a balance between the need to increase prices to maintain an acceptable level of marginality and the risk of losing their customer base, especially in segments characterized by high price sensitivity. In response, many enterprises resort to optimizing their product range, modifying packaging solutions or changing the recipe and component composition of products in order to curb the growth of final prices while maintaining an acceptable level of profitability. Along with price challenges, enterprises are faced with the need for a radical transformation of logistics strategies. When traditional supply chains are disrupted, companies are forced to either hold excess inventory to ensure continuity of production processes, which entails additional costs for warehousing and inventory management, or undertake a full-scale revision of logistics concepts with a search for alternative suppliers and delivery routes.

The financial component of the operating activities of enterprises is also subject to significant pressure as a result of a significant increase in interest rates and the general rise in the cost of credit resources. These changes in monetary policy create additional barriers to the implementation of investment projects, refinancing of existing liabilities and maintaining an optimal level of working capital, which together requires the management of companies to develop new approaches to financial planning and cash flow management. Companies with a high debt burden find themselves in a particularly difficult position. Against the background of general uncertainty, there is a process of reducing investments and freezing projects aimed at developing companies. Businesses are taking a wait-and-see attitude, postponing expensive strategic initiatives and focusing on maintaining current operating activities. In the context of an unstable economy, personnel problems are also particularly acute. Companies are forced to resort to staff reductions to optimize costs, while trying to retain key specialists who become even more valuable during a crisis. Such a situation can lead to technological lag, and in the long term - to the loss of competitive advantages.

In an unstable economy, traditional long-term planning models are becoming ineffective, forcing companies to move to more flexible approaches, scenario planning, and the creation of adaptive strategies that can quickly transform when external conditions change. Overcoming these problems requires modern companies not only financial stability, but also organizational flexibility, innovative thinking, and the ability to quickly adapt to changing conditions, turning threats into new opportunities for development.

The company's development directions in the context of an unstable economy are presented in Fig. 2.

Financial stability in an unstable economy requires a comprehensive approach to cash management, including optimizing cash flows to maintain liquidity and ensure timely payments on obligations. Forming reserve funds creates the necessary "safety cushion" that allows the company to overcome periods of economic downturns without critical consequences for operating activities

[[10]]. Diversification of sources of financing minimizes dependence on one creditor or investor, which is especially valuable when individual channels for raising capital are frozen during a crisis. Constant control and cost reduction ensures that profitability is maintained even with a decrease in revenue, allowing the business to remain profitable in difficult economic conditions. Geographic diversification reduces dependence on the economic situation in a specific region, distributing risks between different territorial markets with different development dynamics. The creation of additional business areas that are synergistically linked to the company's core business strengthens the overall position of the business and creates potential conditions for cross-selling between different categories of clients.

DIRECTIONS OF COMPANY DEVELOPMENT IN THE CONDITIONS OF AN UNSTABLE ECONOMY	
<p>Financial stability</p> <ul style="list-style-type: none"> <input type="checkbox"/> Optimization of cash flows <input type="checkbox"/> Formation of reserve funds <input type="checkbox"/> Diversification of funding sources <input type="checkbox"/> Control and reduction of costs 	<p>Flexibility of the business model</p> <ul style="list-style-type: none"> <input type="checkbox"/> Adaptation of the product line <input type="checkbox"/> Pricing review <input type="checkbox"/> Implementation of new distribution channels <input type="checkbox"/> Flexible contracts with suppliers
<p>Diversification</p> <ul style="list-style-type: none"> <input type="checkbox"/> Expanding the range of products/services <input type="checkbox"/> Entering new market segments <input type="checkbox"/> Geographical diversification <input type="checkbox"/> Development of additional business areas 	<p>Digital transformation</p> <ul style="list-style-type: none"> <input type="checkbox"/> Business Process Automation <input type="checkbox"/> Developing an online presence <input type="checkbox"/> Implementation of analytical tools <input type="checkbox"/> Using cloud technologies
<p>Innovative development</p> <ul style="list-style-type: none"> <input type="checkbox"/> Investments in R&D <input type="checkbox"/> Creation of new products <input type="checkbox"/> Improving existing offerings <input type="checkbox"/> Implementation of technological innovations 	<p>Risk management</p> <ul style="list-style-type: none"> <input type="checkbox"/> Systematic risk analysis <input type="checkbox"/> Creating anti-crisis plans <input type="checkbox"/> Hedging financial risks <input type="checkbox"/> Key Asset Insurance
<p>Development of human capital</p> <ul style="list-style-type: none"> <input type="checkbox"/> Improving the qualifications of employees <input type="checkbox"/> Attracting talent with new competencies <input type="checkbox"/> Flexible forms of employment <input type="checkbox"/> Personnel motivation programs 	<p>Partnerships</p> <ul style="list-style-type: none"> <input type="checkbox"/> Strategic Alliances <input type="checkbox"/> Joint ventures <input type="checkbox"/> Integration with suppliers and clients <input type="checkbox"/> Cooperation with competitors in certain areas
<p>Customer focus</p> <ul style="list-style-type: none"> <input type="checkbox"/> Improving customer experience <input type="checkbox"/> Personalization of offers <input type="checkbox"/> Loyalty programs <input type="checkbox"/> Customer Satisfaction Monitoring 	<p>Sustainable development</p> <ul style="list-style-type: none"> <input type="checkbox"/> Implementation of ESG principles <input type="checkbox"/> Energy efficient solutions <input type="checkbox"/> Social responsibility <input type="checkbox"/> Responsible use of resources

Figure 2: Directions of company development in an unstable economy

IV. Discussion

Digital transformation is no longer considered a competitive advantage, becoming a necessary condition for the existence and development of a business, including the automation of business processes, which allows reducing operating costs, minimizing the human factor and increasing the speed of data processing and strategic decision-making. The development of an online presence ensures the company's availability to customers 24/7, expanding the geography of sales and creating additional points of contact with the target audience. The introduction of analytical tools makes it possible to make decisions based on data, identify patterns of consumer behavior and predict changes in the market situation with high accuracy. The use of cloud technologies ensures the flexibility of the IT infrastructure, reduces capital expenditures on equipment and allows you to quickly scale computing power in accordance with current business needs.

Innovative development is a key area of corporate strategy that ensures the adaptation of organizations to changing market conditions through the implementation of advanced technological solutions, the development of new products and services, and the optimization of business processes. In conditions of economic instability, innovative activity becomes a critical factor in competitiveness, since it allows companies not only to survive in a turbulent environment, but also to transform challenges into opportunities for growth and development.

Risk management in today's economic environment requires a comprehensive approach to identifying, analyzing and minimizing potential threats, including financial, operational, reputational and strategic risks, which involves creating effective monitoring and control systems. Professional risk management allows organizations not only to protect their assets and stakeholders' interests during periods of economic turbulence, but also to turn potential threats into competitive advantages through the use of proactive strategies.

Human capital development is a fundamental area of organizational development, which includes continuous personnel training, formation of key competencies, creation of motivational programs and development of a corporate culture that facilitates maximum disclosure of employees' potential. In the conditions of an unstable economy, qualified and motivated employees become the most important strategic asset, ensuring organizational flexibility, innovation and efficiency of functioning in a dynamically changing business environment.

Partnerships involve the formation of long-term mutually beneficial relationships with key participants in business processes, including suppliers, distributors, customers and other stakeholders, which helps to create synergies and increase the overall sustainability of the business ecosystem. Strategic partnerships in the context of economic instability allow companies to pool resources, distribute risks and gain access to new markets, technologies and competencies, which significantly strengthens the competitive positions of all alliance members.

Customer focus is a strategic business concept based on the priority of customer needs and expectations when making management decisions and organizing business processes, which requires a deep understanding of consumer behavior, personalization of offers and continuous improvement of service quality. In conditions of economic instability, customer loyalty becomes a critical factor in the survival of a company, since retaining an existing customer base is much cheaper than attracting new customers, and trust and loyalty to the brand ensure income stability.

Sustainable development encompasses the integration of environmental, social and economic aspects into the company's strategic planning and operational activities, assuming a responsible attitude to natural resources, fulfillment of social obligations and consideration of the long-term economic interests of all stakeholders. The principles of sustainable development in conditions of economic instability not only contribute to the formation of a positive corporate image and strengthening of reputation, but also create the basis for long-term success through the efficient use of resources and minimization of negative impact on the environment and society.

Thus, successful development of a company in an unstable economy requires a balance between short-term anti-crisis measures and a long-term strategic vision, between cost reduction

and investments in the future, between centralization of management for quick response and delegation of authority to stimulate innovation. Companies that are able to ensure such a multidimensional balance not only overcome periods of economic turbulence with minimal losses, but also strengthen their market positions, using the crisis as a catalyst for qualitative transformations and a source of new opportunities for growth.

CONFLICT OF INTEREST.

Authors declare that they do not have any conflict of interest.

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