ORIGINAL PAPER

DOI: 10.26794/2587-5671-2024-28-5-187-199
UDC 336.6,338(045)
JEL G01, G33

Transformation of the Theory of Financial Recovery of the Organization as a Factor in Improving the Rehabilitation Effectiveness of Bankruptcy Procedures

E.P. Kochetkov
Financial University, Moscow, Russia; State Atomic Energy Corporation Rosatom, Moscow, Russia

ABSTRACT

The **purpose** of the study is to change the current methodology for identifying the fundamental aspects of an organization's financial recovery by analyzing the elements that are needed for the theory of financial recovery to change under current conditions. **The subject** of the study is the financial and economic mechanisms for the settlement of overdue debts of insolvent organizations in out-of-court and judicial (under bankruptcy procedures) regimes within the framework of financial relations with creditors. The **relevance** of the work is due to theoretical and practical problems. The strengthening of the factors of the business crisis against the background of a high debt burden and low economic growth significantly increases the risks of mass bankruptcies of organizations, which requires the improvement of financial recovery tools. However, the existing paradigm of the theory of financial recovery is focused on preventing threats to the property interests of the owners of the debtor organization — this reduces the rehabilitation potential of such a theory. Analysis of the implementation of bankruptcy procedures in Russia shows the inefficiency of rehabilitation and liquidation procedures, which in most cases end in the liquidation of the organization and the separate sale of its assets in parts. Using logical research **methods** (analysis, synthesis, induction), economic analysis of judicial statistics on bankruptcy in Russia and the USA, methods of economic comparison and the provisions of the systematic approach, the theory of corporate reorganization of L. Bebchuk, the contract theory of the firm O. Hart and the theory of crisis management of socio-economic systems, the original results of the study were obtained. The article proposes to change the object composition of the processes of financial recovery: to shift the emphasis from protecting the property interests of the debtor organization to preserving its business from destruction. The change in the object composition provides, among other things, a solution to the key strategic problem of the institution of bankruptcy — finding a balance between rehabilitation and liquidation procedures, preventing the preservation of inefficient and liquidation of effective debtors. The orientation of financial recovery tools to preserve businesses from destruction allows us to develop provisions on the risk of bankruptcy of organizations and increase the rehabilitation potential of bankruptcy liquidation procedures, which determines the novelty of the study.

Keywords: financial recovery; credit relations; insolvency; financial stability; bankruptcy procedures; business preservation from destruction; bankruptcy risk; threat to property interests; ways to preserve business from destruction

For citation: **Kochetkov E.P. Transformation of the theory of financial recovery of the organization as a factor in improving the rehabilitation effectiveness of bankruptcy procedures. *Finance: Theory and Practice*. 2024;28(5):187-199. (In Russ.). DOI: 10.26794/2587-5671-2024-28-5-187-199**

INTRODUCTION

The constant crisis-driven development of the economy (regardless of the nature of the crisis factors), the high level of debt burden in the corporate sector that emerged after the coronavirus pandemic, and the low growth rates of the global economy (*Fig. 1*) necessitate the development and improvement of the theory of financial rehabilitation of organizations to prevent their mass bankruptcies.

The need to improve the theory of financial rehabilitation is also driven by the low effectiveness of bankruptcy procedures in Russia regarding business recovery and their liquidation-oriented nature: from 2003 to 2022, the share of rehabilitation procedures in bankruptcy cases for organizations, which essentially serve as tools for financial recovery, does not exceed an average of 4.6% of the total number of bankruptcy procedures (whereas, for example, in the U.S., this share exceeds 30.4%). The rehabilitation effectiveness of the bankruptcy institution for legal entities in Russia averages 3.1% (out of 100 organizations for which bankruptcy proceedings have been initiated, only one in three organizations, which have restored their solvency, remains after all bankruptcy procedures are completed) (*Fig. 2*).

The potential for the rehabilitation of organizations within the framework of bankruptcy rehabilitation procedures in Russia is also quite low. The analysis of the activities of organizations whose solvency was restored during bankruptcy rehabilitation procedures (financial recovery, external management) from 2010 to the first half of 2023 showed their low survival rate: after exiting bankruptcy procedures, every fifth organization continued its activities (out of 3 504 organizations that underwent financial rehabilitation or external management, 748 organizations remained operational, not in a state of bankruptcy, liquidation, or reorganization, which constitutes 21% of the total number mentioned). At the same time, among the organizations that continued their activities, only every third one is financially stable (assessment based on the consolidated risk indicator of loss of financial stability from Spark-Interfax).[1]

The issues of low effectiveness in the rehabilitative aspect of the bankruptcy institute in Russia have been sufficiently studied [1–3], however, there is hardly any attention paid to the improvement of the theory of financial rehabilitation of organizations. This theory is relatively young in our country; its development is linked to the establishment of a market economy and the formation of the bankruptcy institution. For this reason, there are currently no systematic studies and theoretical developments in the field of financial rehabilitation of organizations in Russia. In most cases, existing approaches to studying the theory of financial rehabilitation are narrow in scope, defining the essence of financial rehabilitation as one of the bankruptcy procedures [4], or only considering the accounting and analytical aspects of financial rehabilitation [5]. At the same time, the subject composition targeted by the financial recovery processes is limited to organizations only.

A comprehensive approach to the development of the theory of financial recovery is found in the research of S.E. Kovan [6] (a representative of the scientific school of the Financial University "Crisis Management", to which the author of the paper also belongs). However, the essence of the financial recovery of an organization in the paper of S.E. Kovan is limited solely to protecting the interests of the owners of the debtor organization. At the same time, this scholar developed a universal systemic theory of anti-crisis management for socio-economic systems [7], the fundamental principles of which can serve as the foundation for the theory of financial

[1] Yukhinin A. Statistics of Rehabilitation Procedures. Is there reliable information? Practicum of a bankruptcy lawyer, 2023. Corporate lawyer. URL: https://korpurist.life/bankrotstvo/23/art.php?id=3 (accessed on 28.11.2023).

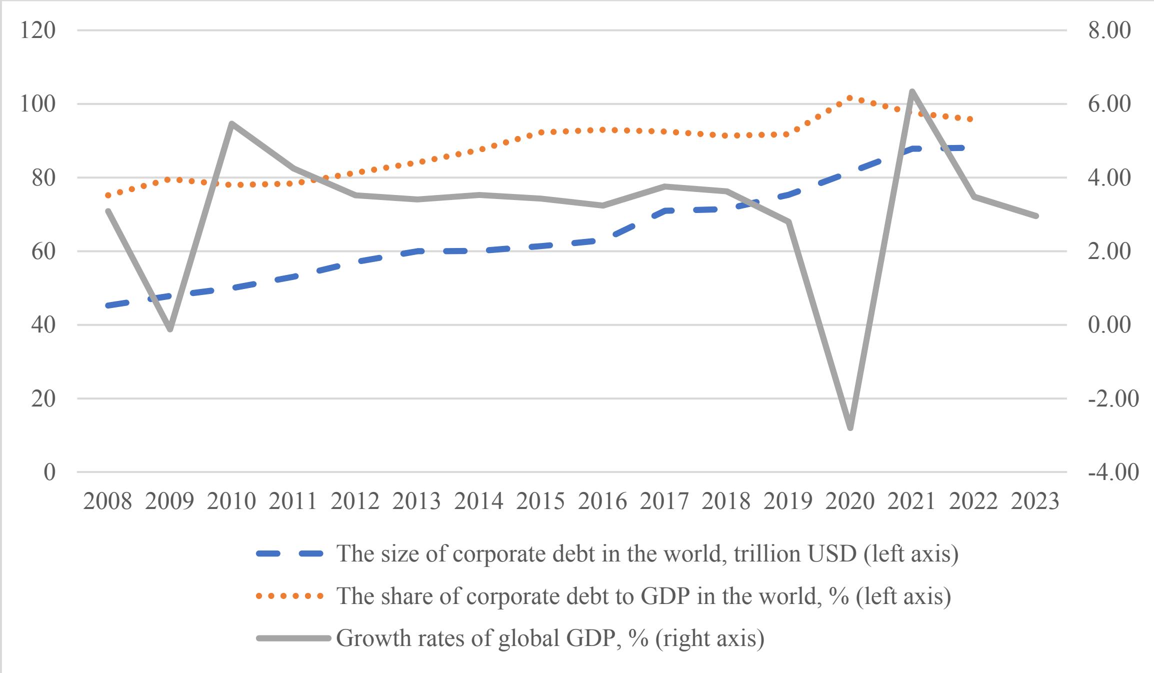

Fig. 1. **Dynamics of the Global Volume of Corporate Debt and the Rate of Change in Global GDP**

Source: Author's calculations on the basis of data from the Bank for International Settlements, the International Monetary Fund. URL: https://www.statista.com; https://www.statista.com (accessed on 12.11.2023).

recovery of organizations. The main idea of this theory is to consider the business itself as the object of crisis management, rather than the organization.

Abroad, the development of the theory of financial recovery of businesses does not occur as an independent scientific field. The existence of various names for this theory (corporate turnaround [8], corporate recovery,[2] corporate financial restructuring [9]) indicates that the theoretical foundation of the science is not yet fully developed. A large part of the research examines the essence of financial rehabilitation, as in Russia, in connection with bankruptcy procedures regarding reorganization [10–13], debt restructuring, and preventive restructuring[3] (high risks of restoring solvency are noted [14]). Thus, the foreign approach to the financial recovery of an organization is defined by two modes of such recovery: extrajudicial and judicial.

At the same time, financial rehabilitation as a tool is associated with financial (determined by financial factors) rather than economic (determined by economic factors) bankruptcy [15, 16]: a debtor facing financial reasons for bankruptcy has a high likelihood of reorganization based on agreements with creditors, whereas in the case of economic reasons for bankruptcy, the debtor will be liquidated.

The portable forms of financial rehabilitation deserve special attention when studying the essence of financial recovery, as they allow for the preservation of the debtor's business from destruction even in the event of its liquidation. The simplest mechanism for portable financial rehabilitation is the sale of the debtor's enterprise without its debts; a

[2] Strategic Crisis Management: OECD Risk Management. OECD. 2013. URL: https://www.mmc.com/content/dam/mmc-web/Files/Strategic-Crisis-Management-paper-July-2013.pdf (accessed on 18.10.2021).

[3] Directive (EU) 2019/1023 of the European Parliament and of the Council of 20 June 2019 on preventive restructuring frameworks, on discharge of debt and disqualifications, and on measures to increase the efficiency of procedures concerning restructuring, insolvency and discharge of debt, and amending Directive (EU) 2017/1132 (Directive on restructurin g and insolvency), Official Journal of the European Union. 26.06.2019. L 172.

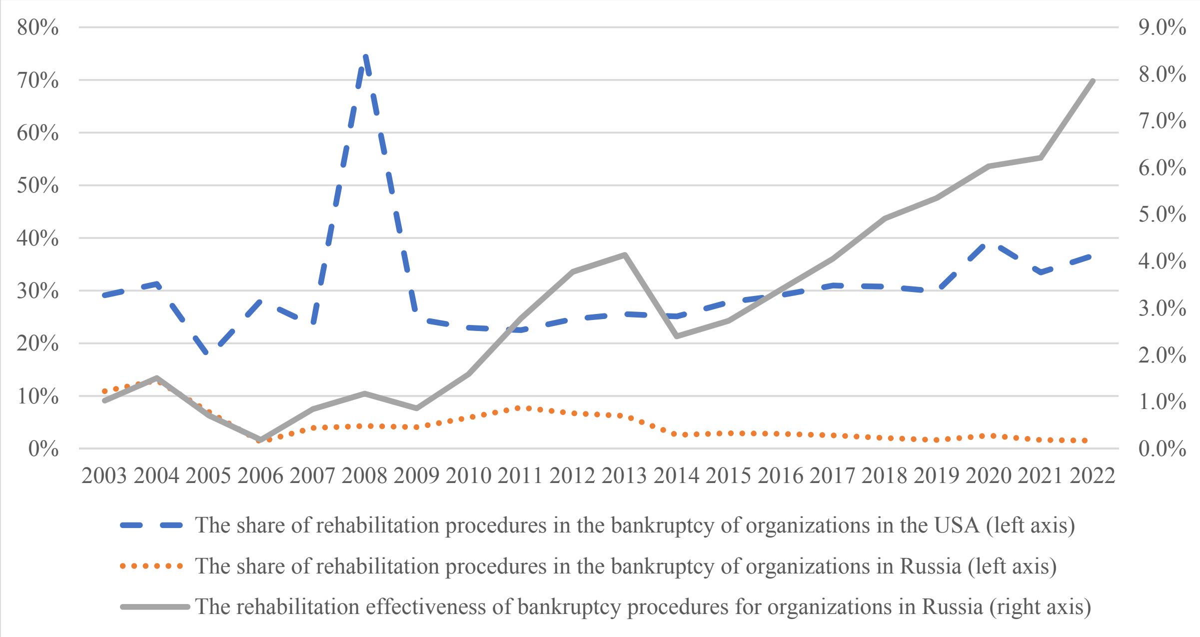

Fig. 2. **Rehabilitation Effectiveness of Bankruptcy Procedures of Organizations in Russia and the USA**

Source: Author's calculations based on judicial statistics on bankruptcy of legal entities in Russia and the USA. URL: http://www.cdep.ru; https://www.uscourts.gov (accessed on 12.11.2023).

Note: for Russia, the indicators are calculated as follows: the share of rehabilitation bankruptcy procedures of organizations — as the ratio of the sum of the number of bankruptcy cases of organizations in respect of which financial rehabilitation or external management or a settlement agreement has been introduced to the total number of all bankruptcy cases; rehabilitation effectiveness of bankruptcy procedures of organizations — as the ratio of the number of rehabilitation bankruptcy procedures in which the solvency of the organization has been restored to the total number of bankruptcy cases. For the United States, the share of rehabilitation bankruptcy procedures of organizations is calculated as the ratio of the number of bankruptcy cases in accordance with Chapter 11 "Reorganization" of the U.S. Bankruptcy Code to the total number of bankruptcy cases (including Chapters 7 "Liquidation" and 11 of the U.S. Bankruptcy Code).

more complex mechanism is the formation of a new corporation (joint-stock company) based on the debtor's assets, unencumbered by the debts of previous creditors. The most popular "portable" financial recovery has become in Belgium, England, Germany, the U.S.,[4] and France [17, 18]. In France, for example, the mechanism of portable financial recovery must necessarily meet three conditions simultaneously: 1) the continuation of economic activity on the debtor's assets; 2) the preservation of jobs; 3) the maximum satisfaction of creditors' claims [17].

In the European Union, a directive has been adopted in bankruptcy law aimed at developing preventive restructuring of overdue debts in member states to save the debtor's business.[5] In Russia, the current bankruptcy legislation[6] provides for such forms (sale of the enterprise, asset replacement), but they have not gained widespread adoption. The use of this form of financial rehabilitation allows for the identification of a rehabilitative function even within the liquidation procedures of

[4] Paragraph 363 of Chapter 11 of the U.S. Bankruptcy Code provides a mechanism for the sale of a debtor's assets, allowing them to quickly sell assets free from all other claims.

[5] Rescue of Business in Bankruptcy Law: Report of the Institute of European Law / trans. from English. M: Statute; 2021. 604 p.

[6] Federal Law from 26 October 2002 No. 127 "On Insolvency (Bankruptcy). A new draft federal law "On Amendments to the Federal Law "On Insolvency (Bankruptcy)" and Certain Legislative Acts of the Russian Federation" (developed by the Government of the Russian Federation in 2021 and submitted to the State Duma of the Russian Federation) URL: https://sozd.duma.gov.ru/bill/1172553–7.) provides for mechanisms of "transferrable" financial recovery.

bankruptcy. It has been proven that the mechanism of portable financial rehabilitation has a positive impact on ensuring the financial stability of a business [18].

When examining the essence of financial rehabilitation, the contentious issues are maintaining a balance between liquidation and rehabilitation procedures in bankruptcy and defining the objective function of the bankruptcy institution. On one hand, the liquidation of an organization during bankruptcy proceedings can have positive effects on the macroeconomic: bankruptcy allows for the redistribution of inefficiently used assets for more productive utilization (the so-called "creative destruction" effect) [19]. On the other hand, financial rehabilitation may lead to the preservation of inefficient organizations due to conflicts of interest and agency problems between the debtor and creditors, which prevents the effective redistribution of assets [11].

From the perspective of this contradiction, the bankruptcy institution should provide a mechanism that allows for the rehabilitation of economically viable businesses while simultaneously ensuring the liquidation of unproductive ones (at the same time, it is important to consider the negative market effects (information asymmetry, conflicts of interest between the debtor and creditors) that significantly reduce the effectiveness of rehabilitation within bankruptcy procedures). As a tool to overcome the conflict of interest between the debtor and the creditor, the conversion of debts into equity in the debtor's business is proposed. This ensures the possibility of preserving the ongoing business within bankruptcy procedures by creating incentives for creditors to be interested in the development of such a business [13].

The uncertainty in establishing a unified goal for bankruptcy institutions has led to the formation of two bankruptcy systems in the world: the creditor-friendly system (UK) and the continuation-oriented system (France, U.S.), the effectiveness of which is a subject of ongoing debate. Research shows that in insolvency systems focused on protecting creditor interests, insolvent organizations lose significantly more capital value than in continuation bankruptcy systems aimed at ensuring the survival of organizations and their businesses [20]. The analysis of foreign experience in bankruptcy regulation shows that many European countries (for example, Germany, France, Italy, and Spain) have reformed their bankruptcy legislation to enhance its rehabilitative component, ensuring the preservation of the debtor's business [21]. Overall, the mechanism of financial rehabilitation, as the goal of bankruptcy procedures, should ensure their ex post effectiveness, which consists of maximizing the value of the debtor's business [12]. This allows for the fullest possible satisfaction of creditors' claims and helps preserve the business from destruction.

Thus, there is currently an urgent need to develop the theory of financial rehabilitation of organizations in both extrajudicial and judicial regimes, and to improve the practice of implementing bankruptcy procedures based on it. This will significantly enhance the efficiency of bankruptcy procedures for legal entities.

The **purpose** of the study is to determine the essence of financial recovery for an organization based on the formation of a mechanism to protect the business from destruction due to the negative factors of a crisis, which serves as the fundamental goal of such recovery.

Let's formulate the research hypotheses: 1) the composition of the objects targeted by financial rehabilitation processes determines the objectives of such processes and the temporal nature of their progression; 2) the primary goal of an organization's financial rehabilitation is to prevent the threat of business destruction, rather than the threat of bankruptcy; 3) liquidation procedures for bankruptcy can have a rehabilitative character when using mechanisms of "transferred" financial rehabilitation.

RESEARCH MATERIALS AND METHODS

The theoretical basis of the research was based on domestic and foreign scientific works on the issues of bankruptcy theory, reorganization, and restructuring of organizations, as well as the peculiarities of legal regulation of national insolvency regimes. The practical component of the research is based on the analysis of judicial data in the field of bankruptcy procedures in Russia and abroad, as well as other analytical collections dedicated to the issues of legal regulation of bankruptcy procedures in foreign countries.[7]

To achieve the set goal and to prove the formulated hypotheses, the article employed research methods: analysis of statistical data on organizational insolvency issues, logical methods (analysis, synthesis, induction) using methods of economic comparison and a systemic approach. This approach, viewing the enterprise, business, and organization as socio-economic systems of different levels unified into one system, allows for the definition of the essence of "transferrable" financial rehabilitation of a business, according to which a business can be preserved as operational even during the liquidation of the organization.

The theoretical basis of the research is grounded in S. E. Kovan's theory of crisis management in socio-economic systems, as well as the theories of L. Bebchuk and O. Hart regarding approaches to corporate reorganization, which essentially justify the feasibility of applying "transferrable" financial rehabilitation to protect an organization's business from destruction (only within the framework of the existing organization by converting creditors' debt claims into shares (stakes) of the debtor). However, within the framework of this research, the data of the theory have been expanded by providing the opportunity to preserve the debtor's business within the newly created separate legal entity without transferring its previous obligations.

RESULTS OF THE RESEARCH AND THEIR DISCUSSION

Based on the results of the conducted research, the following outcomes have been achieved.

1. Through the object composition, the content of the financial recovery of the organization, its types, and goals have been defined in relation to the stages of crisis development.

The foundation of financial rehabilitation as a science is the theory of crisis management of socio-economic systems, according to which the goal of such management is to ensure the well-being of higher-level systems (the external environment): there is a shift in the system of values and priorities from the organization towards ensuring the interests of the external environment [7]. This is due to a chain reaction of negative consequences from the crisis of organizations: in the event of its occurrence, the damage is inflicted not only on the organization itself but also passes along the chain to all entities interconnected with it (in the scientific literature, this phenomenon is referred to as "indirect costs of bankruptcy").

It is logical that in such a case, it is important to preserve the business as a socio-economic system at a lower level than the organization. In resolving an organizational crisis, issues of ownership are secondary; the main thing is that the object of management (the business) can continue to operate effectively and meet the needs of the external environment. At the same time, conducting business is only possible with the preservation of the business-forming assets that constitute the enterprise as a property complex. Thus, one can consider an organization, business,

[7] Reports of the American Bankruptcy Institute. URL: https://www.abi.org (accessed on 28.11.2023). German Institute for Small and Medium-sized Business Research IfM Bonn. URL: ifm-bonn.org (accessed on 28.11.2023).

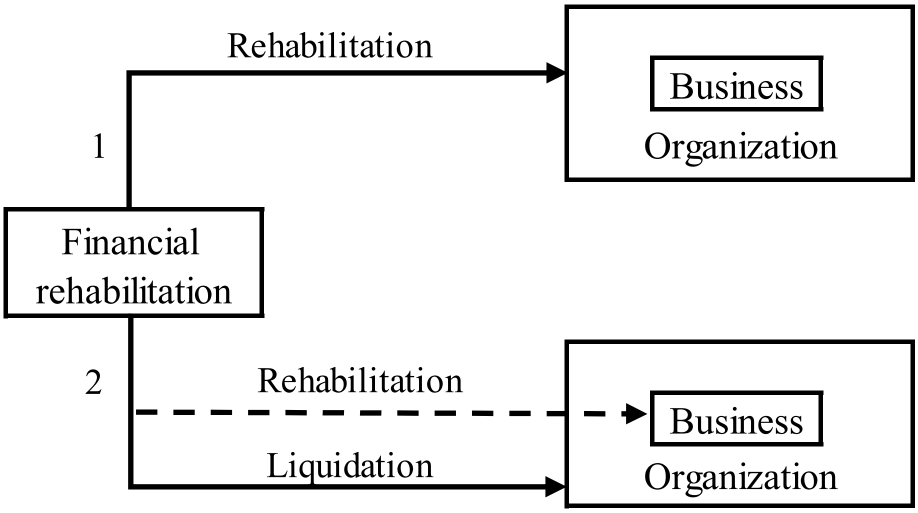

Fig. 3. **Objects of Financial Recovery**
Source: Compiled by the author.

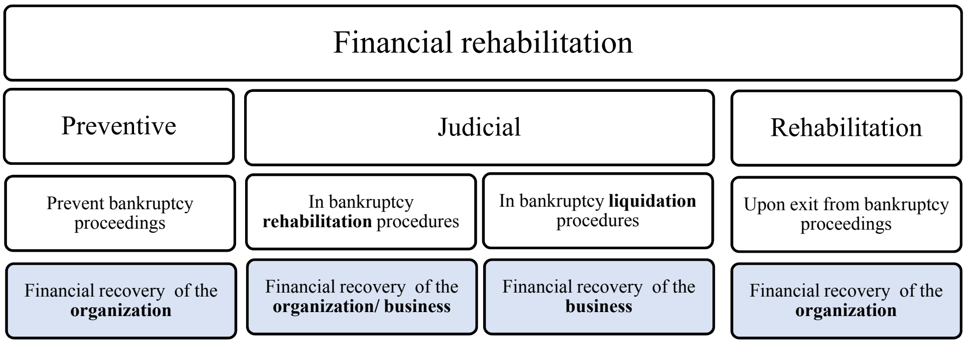

Fig. 4. **Types of Financial Recovery of an Organization and Business**
Source: Compiled by the author.

and enterprise as systems of different levels in relation to each other.

The proposed approach allows for the definition of the essence of financial recovery as a scientific and practical direction of the theory of crisis management in socio-economic systems, which involves the application of various measures concerning insolvent organizations with the aim of preserving their business from destruction. The main differences between the proposed definition and existing ones lie in the transformation of the goals of financial recovery from restoring solvency to preserving the business from destruction, the expansion of tools (preserving the business through the application of "transferred" rehabilitation), and the focus on ensuring the interests of the external environment (regardless of the current owner of the organization).

The use of "portable" financial rehabilitation tools allows businesses to be preserved even within the framework of liquidation procedures during bankruptcy, thereby revealing their rehabilitation potential. Consequently, the financial recovery of the organization can lead to the financial rehabilitation of the organization itself or its business (*Fig. 3*). Sometimes, for the financial recovery of a business, it is beneficial to liquidate the organization (in most cases, under an ineffective previous owner).

The composition of the entities and the regime of financial rehabilitation, depending on the organization's special legal status

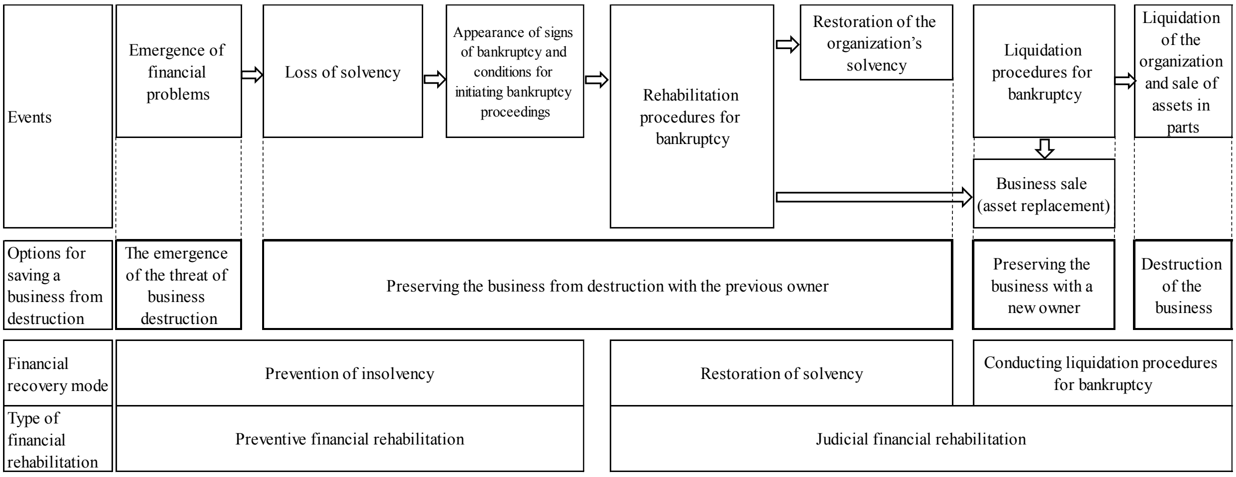

Fig. 5. **Ways to Save a Business from Destruction During Financial Recovery**

Source: Compiled by the author.

(bankruptcy proceedings initiated), determine the types of such rehabilitation (*Fig. 4*).

Preventive financial recovery is aimed at preventing insolvency and avoiding the initiation of bankruptcy proceedings as a threat to the destruction of the business. This type of financial rehabilitation is aimed at restoring the organization, as the risk of bankruptcy is minimal. Judicial financial recovery is carried out within the framework of bankruptcy procedures, and depending on the category of these procedures, it can be of two subtypes: rehabilitation within either rehabilitative or liquidation bankruptcy procedures.

If financial recovery occurs during the rehabilitation procedures of bankruptcy, both an organization and a business can serve as the subject. The last one will serve as the subject of financial rehabilitation if measures for "transitional" financial rehabilitation are implemented. Within the framework of bankruptcy liquidation procedures, financial rehabilitation is only possible for the business in the event of its realization (sale of the enterprise, replacement of assets).

Rehabilitation financial recovery is intended to ensure the viability of the organization (including based on the rehabilitated business during bankruptcy procedures) after exiting bankruptcy proceedings. To ensure strategic development prospects, the business needs to restore its financial stability.

2. The main ways to preserve a business within the framework of financial recovery have been identified.

The preservation of a business from destruction as a goal of financial recovery can be achieved either within the framework of the existing debtor organization or through the liquidation of the organization in several ways, the specifics of which are determined by the regime and type of financial recovery (*Fig. 5*).

Threats to business destruction arise in the presence of financial problems, which subsequently lead to the emergence of the organization's insolvency. Preserving a business from destruction with the previous owner is possible through financial rehabilitation within the framework of bankruptcy rehabilitation procedures, where the debtor continues its operational activities. Business can also be saved from destruction (not owned by the previous owner) within the framework of bankruptcy liquidation procedures through its sale or in the case of its sale during rehabilitation procedures of bankruptcy. This is possible when there are prospects for the development of the allocated business or its high socio-economic

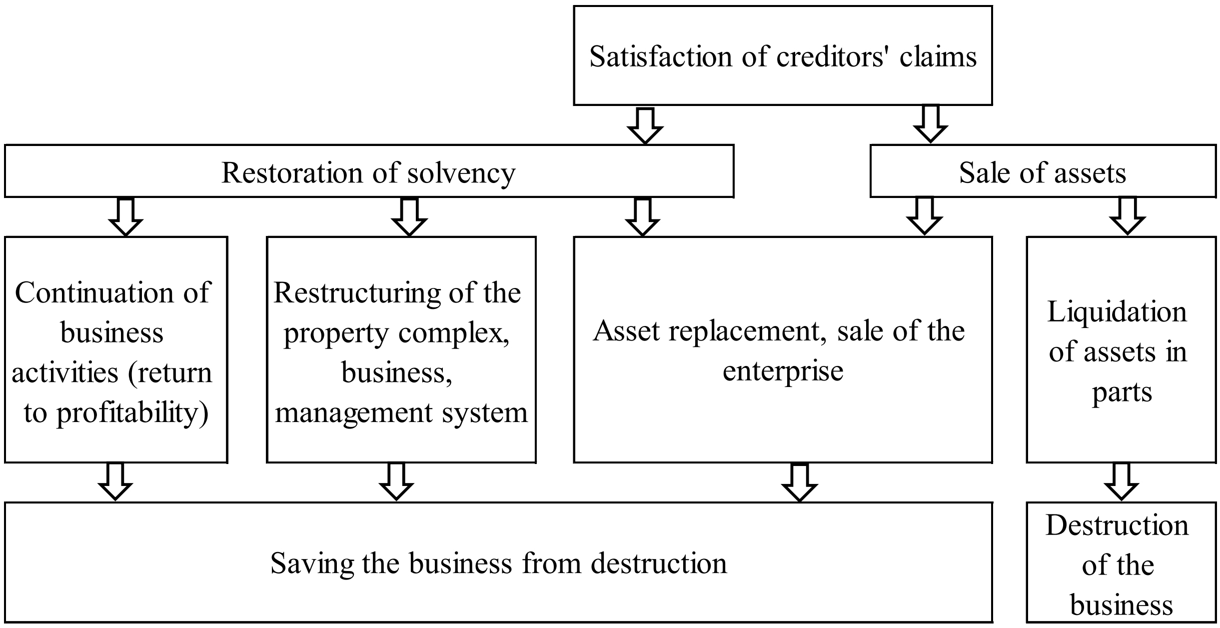

Fig. 6. **The Relationship Between Ways to Save a Business from Destruction and Satisfy Creditors' Claims in the Process of Financial Recovery**

Source: Compiled by the author.

significance. The sale of the debtor's assets in parts during bankruptcy proceedings signifies the complete destruction of the business.

The proposed methods for preserving a business from destruction simultaneously ensure the satisfaction of creditors' claims within the framework of bankruptcy procedures (*Fig. 6*). This fact proves the assumption about the influence of the targeted function of financial recovery on its essence.

3. The nature of the risk of bankruptcy threats to an organization has been studied in the context of its financial recovery.

The financial rehabilitation of a business is closely linked to the organization's solvency, the loss of which leads to the emergence of a bankruptcy threat[8] in the event of bankruptcy proceedings being initiated against it. The latter is complex and involves two threats: the threat to the property interests of the organization's owners and the threat of business destruction. All the mentioned threats are related to the onset of the organization's insolvency. In the event of insolvency, the activities of creditors are activated, and their actions become factors that increase the threat of bankruptcy.

The threat to the property interests of a business owner arises when bankruptcy proceedings are initiated: the property may be seized and sold to satisfy the claims of creditors against the owner's will. The fate of the debtor is determined by the creditors, who choose the option that will satisfy their claims in the shortest possible time.

The threats under consideration develop synchronously up to a certain point and cannot be separated from each other in the absence of financial recovery measures (*Fig. 7*). The sharp increase in the likelihood of these types of threats occurs after insolvency sets in.

The implementation of financial recovery measures reduces the level of these threats (as shown in *Fig. 8* through the comparison of the levels of each threat on a comparable scale); however, considering the possibility of business recovery even in the context of bankruptcy liquidation procedures (through its

[8] Under threat, the likelihood of a risk occurring is understood, which leads to negative consequences for the organization and business in terms of their viability.

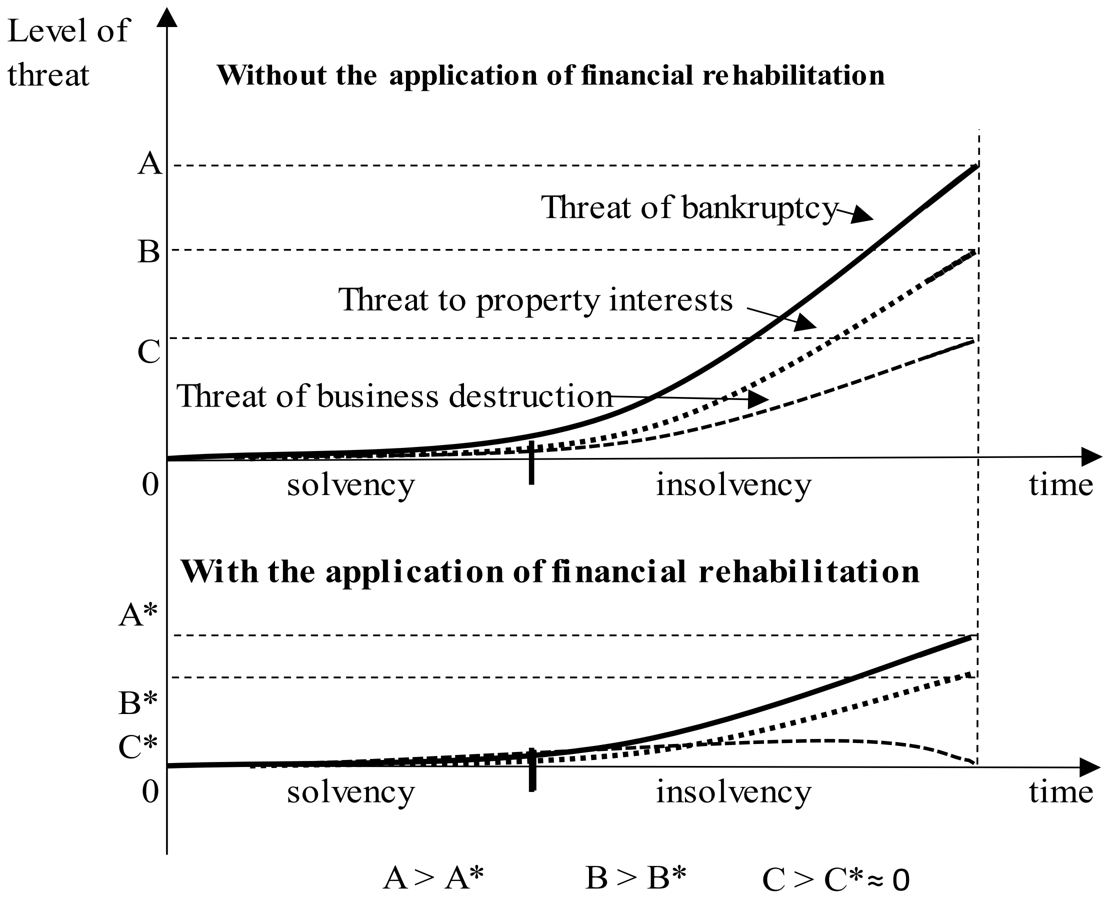

Fig. 7. **Dynamics of Development of Threats to Bankruptcy, Property Interests and Business Destruction**
Source: Compiled by the author.

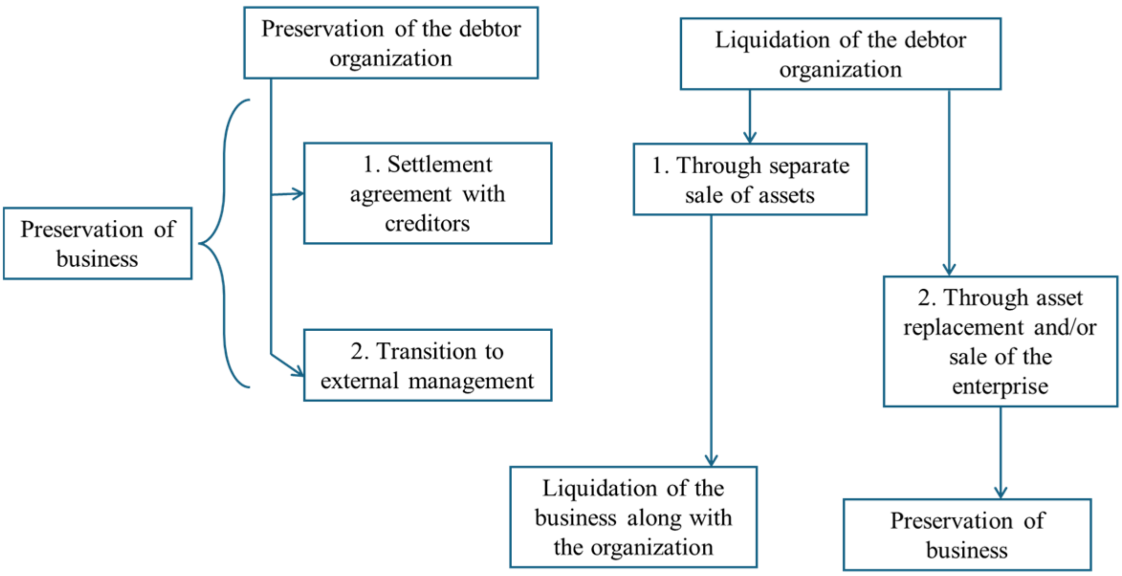

Fig. 8. **Economic Content of Bankruptcy Proceedings from the Point of View of Financial Recovery of the Organization and Business**
Source: Compiled by the author.

sale to another owner when there are prospects for development or due to high socio-economic significance), financial recovery can prevent the key threat to business — its destruction. But the other threats will still be carried out.

Thus, financial rehabilitation may not always prevent the emergence of bankruptcy threats and the property interests of the owners of an insolvent organization, but at the same time, it allows for the elimination of the threat of business destruction.

4. The rehabilitative potential of bankruptcy liquidation procedures has been proven in the case of applying "transferred" financial recovery.

The bankruptcy proceedings, despite their liquidation nature defined by bankruptcy legislation, allow for the financial rehabilitation of businesses and organizations (*Fig. 8*). On one hand, the bankruptcy proceedings can ensure the preservation of the debtor organization through the conclusion of a settlement agreement or transition to external management, while simultaneously protecting the business from destruction. On the other hand, during the liquidation of an organization within the framework of bankruptcy proceedings, it is possible to preserve the business by applying measures of "transferrable" financial rehabilitation.

CONCLUSION

In the course of the research, the formulated hypotheses have been proven. It has been established that changing the composition of objects within the framework of financial rehabilitation theory allows for increased effectiveness in the practical application of the corresponding tools. The orientation of financial recovery processes towards preserving the business of the debtor organization, rather than the organization itself, expands the possibilities of such a process: it allows for the rehabilitation of the business even in the event of the liquidation of the organization as a legal entity. At the same time, financial rehabilitation can be carried out both concerning the organization itself within the framework of bankruptcy rehabilitation procedures (provided there is an effective owner) and regarding the business even in the context of bankruptcy proceedings. The results of the study are based on the concept of "transferrable" financial recovery, which has proven effective abroad. The nature of the risk of bankruptcy threats has been further explored, and the composition of its elements has been expanded. It has been proven that financial rehabilitation does not fully eliminate the risk to the property interests of the debtor's owners.

The results contribute to the development of the theory of financial recovery of organizations and the formation of prerequisites for enhancing the rehabilitation potential of the bankruptcy institution in Russia, including its liquidation procedures.

REFERENCES

1. Lvova O.A. The anti-crisis potential of bankruptcy. *Vestnik Moskovskogo universiteta. Seriya 21: Upravlenie (gosudarstvo i obshchestvo) = Lomonosov Public Administration Journal. Series 21*. 2016;(4):79–104. (In Russ.).
2. Karelina S.A., Frolov I.V. Reforming the institution of insolvency (bankruptcy) in modern Russia: Problems of legal effectiveness. Moscow: Yustitsinform; 2020. 340 p. (In Russ.).
3. Ryakhovskaya A.N. Priority areas for improving the institution of bankruptcy in order to ensure sustainable business development. *Vestnik Moskovskogo universiteta. Seriya 21: Upravlenie (gosudarstvo i obshchestvo) = Lomonosov Public Administration Journal. Series 21*. 2023;(1):77–92. (In Russ.).
4. Dontsova L.V., Sharamko M.M., Galiullina G.F. Financial recovery and internal control in crisis conditions (methodology and practice). Moscow: RuScience; 2018. 154 p. (In Russ.).

5. Pozdeev V.L., Astrakhantseva E.A., Leukhina T.L., Lukachanova E.A. Financial recovery of an enterprise: Methodology of accounting and analytical support. Moscow-Berlin: Direct-Media; 2014. 334 p. (In Russ.).
6. Kovan S.E. Prevention of bankruptcy of organizations. Moscow: INFRA-M; 2020. 219 p. (In Russ.).
7. Kovan S.E. Theory of crisis management of socio-economic systems (resource approach). Moscow: INFRA-M; 2016. 160 p. (In Russ.).
8. Gotteiner S., Mas-Machuca M., Marimon F. Turnaround types, stages, strategies and tactics: Putting things in order. *European Accounting and Management Review*. 2019;5(2):12–37. DOI: 10.26595/eamr.2014.5.2.2
9. Crum R.L., Goldberg I. Restructuring and managing the enterprise in transition. Washington, DC: The World Bank; 1998. 411 p.
10. Aghion P., Hart O., Moore J. The economics of bankruptcy reform. *The Journal of Law, Economics, and Organization*. 1992;8(3):523–546. DOI: 10.3386/w4097
11. Bebchuk L.A. New approach to corporate reorganizations. *Harvard Law Review*. 1988;101:775–804. URL: http://www.law.harvard.edu/faculty/bebchuk/pdfs/hlr.88.pdf
12. Bebchuk L.A. Using options to divide value in corporate bankruptcy. *European Economic Review*. 2000;44(4–6):829–843. DOI: 10.1016/S 0014–2921(00)00040–4
13. Hart O. Firms, contracts, and financial structure. Oxford: Clarendon Press; 1995. 228 p. DOI: 10.1093/0198288816.001.0001
14. Epaulard A., Zapha C. Bankruptcy costs and the design of preventive restructuring procedures. *Journal of Economic Behavior & Organization*. 2022;196:229–250. DOI: 10.1016/j.jebo.2022.02.001
15. Fischer M., Wahrenburg M. The resolution of corporate distress inside and outside of the courtroom. *SSRN Electronic Journal*. 2012. DOI: 10.2139/ssrn.2137268
16. Balcaen S., Manigart S., Ooghe H. From distress to exit: Determinants of the time to exit. *Journal of Evolutionary Economics*. 2011;21(3):407–446. DOI: 10.1007/s00191–010–0192–2
17. Iontsev M.A. Legal adhesion, or Rehabilitation the French way: The importance of compromise in resolving insolvency. Moscow: Statut; 2023. 208 p. (In Russ.).
18. Kochetkov E.P. Transformation of crisis management in the digital economy: Ensuring the financial and economic sustainability of high-tech businesses. Moscow: Prospekt; 2020. 328 p. (In Russ.).
19. López-Gutiérrez C., García Olalla M., Torre Olmo B. The influence of bankruptcy law on equity value of financially distressed firms: A European comparative analysis. *International Review of Law and Economics*. 2009;29(3):229–243. DOI: 10.1016/j.irle.2009.02.002
20. Bernstein S., Colonnelli E., Giroud X., Iverson B. Bankruptcy spillovers. *Journal of Financial Economics*. 2019;133(3):608–633. DOI: 10.1016/j.jfineco.2018.09.010
21. Dewaelheyns N., Van Hulle C. Filtering speed in a Continental European reorganization procedure. *International Review of Law and Economics*. 2009;29(4):375–387. DOI: 10.1016/j.irle.2009.03.005

ABOUT THE AUTHOR

Evgeny P. Kochetkov — Cand. Sci. (Econ.), Assoc. Prof., Department of General and Project Management, Financial University, Moscow, Russia; Head of the department, private institution for digitalization of the nuclear industry "Cifrum", State Atomic Energy Corporation Rosatom, Moscow, Russia
https://orcid.org/0000-0002-1136-6804
kochetkove@mail.ru

Conflicts of interest statement: the author has no conflicts of interest to declare.

The article was submitted on 03.12.2023; revised on 03.01.2024 and accepted for publication on 27.01.2024.
The author read and approved the final version of the manuscript.