

## Manager Skills in Crisis Management - Theoretical Approach

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### ABSTRACT

The aim of the article is to present the manager's skills in crisis management in organizations. Symptoms and causes of the crisis in the organization have been characterized. It was pointed out that a prerequisite for assuring the organization of the effectiveness of functioning is a skillful and effective management of, among other things, a crisis situation.

**Keywords:** Crisis management; Efficiency; The role of a manager

### INTRODUCTION

The aim of the article is to present the crisis as a natural moment in the life cycle of the organization. All organizations can get in touch with the symptoms of the crisis, regardless of their size and industry. Crisis can have a general organizational dimension, but it can also apply to some functions only in well-functioning organizations. But regardless of the size and scope of the crisis, anti-crisis management must be interdisciplinary. Anti-crisis management is the biggest challenge for managers. Not only formal knowledge but also experience and practical skills in the development and implementation of corrective programs are essential to managing crisis situations. The organization's capacity for anti-crisis measures creates the potential for organizational, human, cultural, information and financial factors. Preventing a crisis in an enterprise depends to a great extent on the definition of crisis areas. Correct definition of crisis areas and appropriate action reduces the risk of occurrence.

It should be stressed that enterprise crisis management should be part of strategic management because the crisis of the enterprise is a strategic problem for the survival of the organization. The managerial staff is particularly important in counteracting crises. Literature emphasizes that "every organization needs good and wise managers, like capital or modern technology. He needs educated, untrained managers whose prestige is not based on the chair, but on the intellect. A good manager is effective management, and effective management is the right choice of direction, ways and subject matter of the business, is the modern management to take into account the latest achievements of science and practice. Managers must be not only good managers and decision-makers, but also inspirers who can motivate people and engage them in the process of building a strategy to bring the company on the road to

a successful development that assures the company's existence and prospects [Penc 2013, p. 22].

### Crisis Management and Risk Management Process in the Enterprise

Crisis is an ambiguous notion of the various spheres of business. A. Zelek states that the crisis must be understood as the consequence of disturbance in the existence or realization of one or more determinants of the existence and development of an enterprise, both external and internal, dependent on management efficiency [1]. Crisis has a strategic dimension to the survival of the enterprise. Walas-Trębacz and Ziarko write that the "crisis" contained in the concept points to three aspects of human presence in crisis situations [2]:

1. Expresses the human experience of crisis phenomena, their cognition and understanding, the connection with the world of values and the world of decisions;
2. Expresses humanity, participation, participation in crisis situations; there is no man who has not experienced a crisis, has not tried to deal with it;
3. Sets the prospect, opens new horizons for men, shows opportunities, presents a justified optimism for mastering and overcoming the crisis [2].

A crisis in the general sense must be interpreted as a point in the course of events, followed by a change. The occurrence of this moment is often accompanied by a difficult situation that prevents the normal functioning of the company and threatens to lose its existence. Tolerating the crisis leads inevitably to its downfall. Lack of ability to perform basic functions and objectives usually translates into relative cost increases and the reduction of new

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innovations and high risk. The crisis in the enterprise usually develops over a long period of time and is a situation that tolerance leads to bankruptcy of the enterprise. There is a lack of ability to perform basic functions and goals of the company, which in turn causes relative cost increase, deterioration of quality of production and decrease of innovation of the company.

Most of the crisis situations in the company are triggered for several reasons at the same time. Originally, the source of the crisis triggers a chain reaction of the causes and consequences of the crisis. The deteriorating situation of a company is thus a picture of the domino effect - the weakening of one link, eg the quality of production in a relatively short time, leads to the weakening of the next link, eg decrease in sales volume and decrease in customer loyalty [2]. Opportunities to exit the business are primarily management, but must be adapted to specific crisis situations and should be geared to fighting the crisis and possibly at an early stage. Literature emphasizes that “when an organization is in crisis, the rules of collegial leadership must be set aside. There is a need for very consistent leadership. There is not much time to deliberate and endlessly discuss. A leader has to move on and take personal responsibility for what is happening. [...] When the crisis is over, the leader should relieve the reins and allow the power to flow down the hierarchy. This is important for long-term health of the organization. Literature recommends active crisis management, write that “active crisis management is aimed at avoiding crises in the enterprise’s internal and / or external management class, which is entrusted to the enterprise. It has an offensive character and is targeted at the phase of the crisis, from which no immediate threat yet arises. Critical methods of crisis prediction are important here. “[2].

Literature emphasizes that the manager’s duty is to constantly prepare the organization to cope with the crisis. Palmer argues that this is achieved by constantly evaluating all types of risk and writes that “corporate America is now putting a lot of effort into moving beyond just a financial risk model. The term “risk” should be extended to the risk of loss of good opinion and legal risk. These extended definitions are really important. You cannot predict the future, but you can prepare for many phenomena by systematic analysis of factors that may pose a risk to the organization. “The experience of industrially developed countries shows that risk management is an important business function in preventing a crisis. The risk of a crisis arises as a result of the uncertainty of the business conditions and forms of the company [3]. The main task of risk management is to identify possible alternatives to the development of events in the business process.

In general, we can say that “risk management is involved in all decision-making processes of an entrepreneur or entity taking action in a particular field.” Risk management is part of the organization’s management process in many areas. In literature, the problem of risk management is mainly considered as a management subsystem. In the global economy the risk has become one of the most important categories. Kaczmarek states that “due to ever deeper connections between the different spheres of social and economic life observed in the modern world economy, a new field of Risk Management emerges, which is defined as integrated risk management” [4]. Effective and integrated risk management requires integrating the risk management process into the business management process. An analysis risk management shows that there are multi-faceted relationships between the different phases of the company’s management and specific risk management

activities that allow them to integrate.

By implementing the risk management process, five stages can be presented, namely:

1. Risk identification: The tasks in this phase include defining risk criteria, developing risk identification method, formulating risk classification system.
2. Analysis and risk assessment: Tasks in this phase include formulating a list of possible risk situations, assessing the degree and dimension for each risk situation.
3. Development of risk management projects: The tasks in this phase include developing a risk management approach, organizing a risk management process, defining risk prevention measures.
4. Decisions and actions in the field of risk management: The tasks in this phase are prioritization, choice of tools, use of the optimal combination.
5. Evaluation of the actions taken, control, monitoring.

Overcoming the risks requires many conditions. Most often, they include mutually exclusive opportunities. Decision makers need to know them, and possible solutions must address security issues of a running business, since having a reasonable alternative leads to an optimum one choice. They are characterized by the fact that they can be realized independently of each other, but never together, even when the entrepreneur has enough resources to carry it in parallel. In the risk management process, it is important to formulate a knowledge management system for risk [5].

### The Reasons for the Crisis in the Enterprise

Literature emphasizes that the crisis in the company induces many causes. The causes of the crisis are divided into external causes. Taking into account theories and empirical research on the identification of organizational crises, it can be concluded that crisis situations in most companies are triggered by the following internal causes:

- Misrepresented development goals,
- Defective strategic planning,
- Poor quality of work and products,
- Inadequate change management,
- Poorly chosen means of achieving the objectives of the organization,
- Low level of management skills,
- Wrong development policy of the organization,
- Faulty organizational structure,
- Disruption to the organization’s communication,
- Leadership and organizational culture weak in partnership with the client,
- Low customer status in the organization’s life [5].

A. Zelek writes that “within the organization, the decision-making factors are influenced by the decision-making factors, including the competencies and qualifications of the managerial staff, the organizational structure and its effectiveness, strategy and strategic potential [1]. These factors directly affect the quality of decision-making processes and thus determine the company’s vulnerability

to crisis. “External changes in consumer tastes, introducing restrictive rules restricting market freedom, the collapse of markets due to natural disasters, sudden innovations by competitors. The crisis can be transformed into a chance. Requires rapid action while maintaining peace of mind. At the same time, managing a modern enterprise requires the leader of multilateral skills. The company operates in a complex and changing environment, and the degree of its dependence on the various elements of this environment is increasing.

### The Role of Manager in Counteracting Crisis Phenomena

The prerequisite for providing the company with the necessary efficiency is first and foremost effective management. H. Mintzberg writes that “managerial effectiveness must be assessed in terms of its broader impact, beyond the individual, and even beyond the organization” [6]. Management a company in a turbulent environment requires a manager of multilateral skills. Effective management is no longer enough to build lasting relationships between customers, suppliers, employees and stakeholders. You need to be able to anticipate and calculate risk, combine material and non-material resources to create new or old things in a new way and activate employees to work in new, even unknown areas of activity. The new role of a manager requires more entrepreneurship, and the components of this role are: improviser, organizer, pragmatic visionary, politician, entrepreneur, integrator and strategist. In addition, it requires a creative manager, and the components of this role are: initiative creator, relativist, fantasy, sponsor, selector, advisor. Penc writes that contemporary managers should play roles [7].

- The initiator and guardian of the assigned tasks and the guard responsible for their implementation,
- Defenders of the interests of the enterprise (employee group) on the outside,
- Representative of the company to outsiders,
- A personal pattern, a man capable of dealing with any situation,
- Leaders who demonstrate understanding for subordinates and are open to all ideas and views, and gathering subordinates around them,
- A teamwork partner who motivates colleagues to look for optimal decisions,
- A division manager who controls the activities and performs a fair reward and promotion.

The emergence of a crisis in an enterprise can be mastered in a variety of ways by managers. Both internal reorganization in the enterprise and the search for certain solutions in the environment can be carried out. The most important thing is to pinpoint the causes of the crisis. Proper diagnosis is the foundation of all neutralizing the crisis. Literature emphasizes that the quality of management by the manager is a key factor in the fight against the crisis [6].

An important task of the manager in the area of counteracting crisis phenomena in the company is to introduce appropriate communication system and deep cooperation between the marketing division and the technology department. It is important to note that there is a “conflict area” between marketing and the remaining divisions, which consists in the lack of effective

communication between the technology department and the marketing department. This is necessary to correlate technological work with marketing. In the case of a large “space of conflict,” the marketing department, despite receiving various signals from the market, has a difficult and long way to move this information to the technological ground. Attempting to combine the marketing department with the technology department carries a major threat in the form of a shift of “conflict space” to another place. It may be that marketing and technology in the pursuit of full satisfaction of market needs leave far more of the other divisions, including production. It should be emphasized that a new role in the new organizational structure is fulfilled by the technology department, which is a link between marketing and technology.

The role of the manager is to use the crisis as an opportunity to change the key competencies of the company and to properly adjust its development strategy [8-13]. It is important to note the strong influence of the manager on shaping the organizational culture in the company. The literature points out that organizational culture exerts a strong influence on the functioning of the enterprise, and is likely to affect the emergence or crisis situation. Forming an organizational culture has axiological, ethical and moral aspects, and building a company’s identity around specific values is a consequence for all its stakeholders.

Crisis conditions make learning organizations flexible to adapt to change, which is a prerequisite for achieving a competitive advantage in the marketplace. Łukaszynski writes that “in order to ensure the organization’s ability to succeed, its capacity for internal creativity and innovation needs to be developed, the characteristics necessary in organizational processes, the development of which promotes the optimization of working conditions and the creation of organizational culture. The efficiency and effectiveness of these activities is largely responsible for the leader who should be charismatic and gifted with imagination (visionary), which will allow the organization to change according to its own projections” [14-17].

### CONCLUSION

Crisis is a complex phenomenon and requires multidirectional corrective action and, above all, preventive action. There is no best way out of the crisis. Each a strategy to prevent a crisis should be a set of integrated actions and efforts of different parts of the enterprise and should be adapted to the causes, symptoms and severity of the crisis. An important undertaking in the enterprise is to build an effective crisis management system. For this system to be effective, it requires appropriate organizational and technological infrastructure, support in the social system of the organization, information and communication channels. One of the main tasks of managers is to make changes in the enterprise, especially in that which has been weakened by negligence or where the priorities or lack of response to the changing environment have been misaligned.

The literature and practice of doing business indicates that the measures taken to secure the organization from the crisis are of an ad hoc nature and are rarely strategic decisions that cause changes in the company’s strategy.

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