OVERCOMING CRISIS: ANALYSIS, ADVICES AND FUTURE POSSIBILITIES

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Abstract: The aim of this article is to analyse existing literature concerning crisis management and overcoming. Multiple articles were analysed against this matter. It was found out that majority of the literature gives either concrete solutions of concrete cases, or too general advices that can be applicable to every organisation and do not take into account companies options. For further activity, author is planning to make an organisation-specific activity sets models for overcoming crisis which are intended to fill the gap in theoretical issues.
Key words: crisis, management, overcoming, cycle.

1. INTRODUCTION

Crisis management is under research for a long time and was described in many articles and books. Mainly crisis is taken as unexpected, destructive event that causes uncertainty and organisational changes. In everyday life, those crises happen frequently; their reason might be political, natural, economical conditions, etc. The main outcome of the event is a difficult situation in an organisation that needs quick and effective solution.

Majority of the literature examined gives cases and examples of crisis in the concrete organisations. However, these are not giving any summarising workflow how to act in the critical situation of certain type of organisation.

Current article makes overview of different views upon crisis management and of given sets of advices what to do, if organisation is in critical situation.

Proposed workflows are only as a starting point for the research on this issue. For the future, it is planned to analyse different cases, find sets of actions taken, categorise them and build more concrete acting model of crisis management.

2. ORGANISATION CRISIS LIFE CYCLE

According to (Darling, 1998) organisation crisis life cycle has four different stages:
(1) Prodromal crisis stage or the stage of warning
(2) Acute crisis stage or the point of no return for the company
(3) Chronic crisis stage or the clean-up phase of a crisis situation
(4) Crisis resolution stage

The schematic view of crisis life cycle can be seen at Fig. 1.

According to (Darling, 1998), if organisation management follows these stages and performs the relevant actions, the company will go out of the crisis without big lost. However, at the same time it should be emphasised that the concrete crisis stages might differ or might seem to be different from given above.

The beginning of each stage, as well as its end is not clear. Therefore, there should be a knowledge and skill in definition of those. In real life, every crisis life cycle has its options and peculiarity, which makes recognition of each stage very difficult.
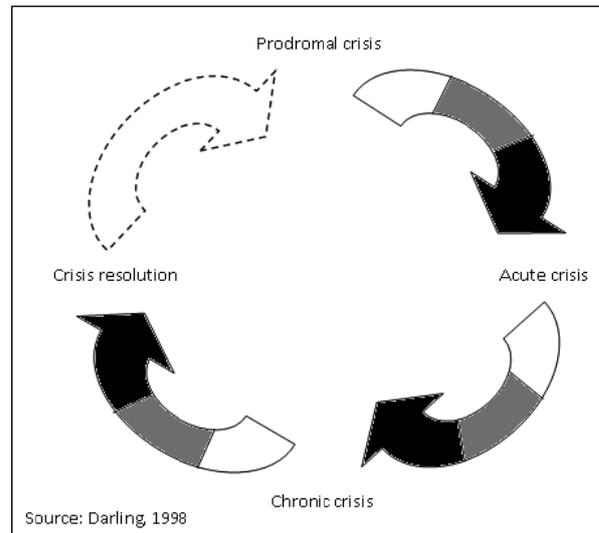

Fig. 1. Theoretical crisis life cycle

But this is not the only difficulty. Another crisis life cycle peculiarity is that its stages are not following each other, as books say. Stages can go from prodromal to chronic, and then come to the resolution, or maybe even the acute stage can begin.

The example of the perception of organisation crisis life cycle is given in (see Fig. 2).
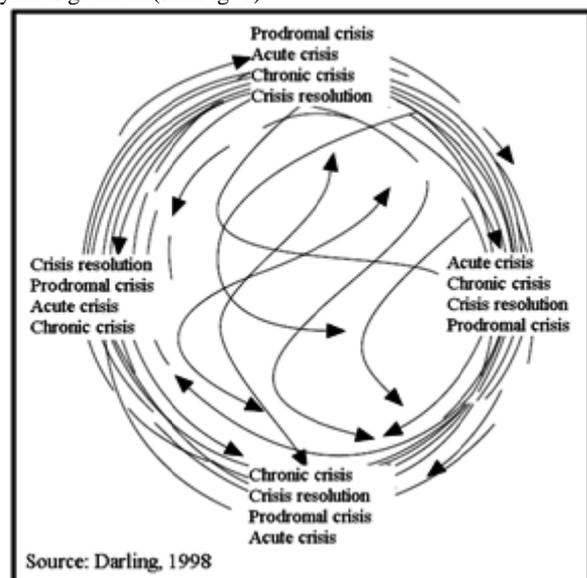

Fig. 2. Perception of organisation crisis life cycle

Many other authors in their articles reference this approach. However, the majority of literature does not reference to this theory at all - the authors are just giving a set of their good advices how management could act during crisis. Those workflows are handled further on, but it should be mentioned

here that every action advised has its own best time in the crisis life cycle phase (but this is not handled by the most of the authors).

3. ADVICED ACTIONS FOR ORGANISATIONS IN CRISIS

Most frequently, author is taking one direction during writing of the article – selects one weak side of the company crisis-overcoming path and handles it. For example, (Pang et al., 2006) gives an overview of Fortune 500 company operating before and during crisis. In article, it is emphasised that the organisation preparedness to the crisis, the existence of crisis overcoming plan are essential. At the same time author does not propose a plan how to prepare for the crisis. Anti-crisis plan creation is good, only if it is known how to do this.

At the same time, as it was mentioned in previous chapter, the majority of author does not mention crisis life cycle stages described in (Darling, 1998), but just gives the possible workflows for organisations in crisis. Usually those articles also have one or more cases that give a picture of crisis good and bad management. Given workflows are usually the only ones that some organisation followed to overcome the crisis. At the end, the analysis of the crisis management activity is done and few advices are given (Hill et al., 2002).

For instance, in referenced article eight small- and medium-sized enterprises (SMEs) were under research. While the main idea of the source was to make a research on the growth of those organisations, crisis issue was mentioned as well. Article named the activities that these SMEs tried and analysed which of them were the most frequently used. In addition, the reasons of critical situations were under consideration. From them the most frequently met were emphasised. At the end, author advised to use outsourced and more competent managers, attend the relevant courses, or at least read useful articles or books from Internet, visit chat rooms.

The most useful issue from (Hill et al., 2002) for current research was analysis of the frequency of the organisations crisis reasons or types of crises and actions for overcoming crisis.

It should be mentioned that both crisis types and taken actions given in referenced article are frequently met in case of many organisations' crises. For this case, referenced article is a good example of gathering objective information and data. However, it does not give possible workflow for solving crises in similar organisations.

The made analysis of taken actions and crisis reasons is important for creating the corresponding models with inputs (for example, reasons or types of crises) and outputs (according to previous example, optimal actions for overcoming crisis).

Another analysis of crisis in several organisations was done in (McAdam et al., 2006). In referenced article, three large enterprises were considered. Author gathered information about crises in these organisations and actions that were taken for overcoming those.

In current situation actions analysed concerned mostly quality management (for example, total quality management and continuous improvement, Six Sigma, business process reengineering are the possible solutions).

Similarly to (Hill et al., 2002), referenced article gives comparison between chosen solutions and defines the most frequently used. At the same time, author does not give any suggestion what could be the optimal solution in case of similar crises in other organisations of the same type.

Differently from majority of other articles, in (Norburn, 1983) was analysed overall crisis in an organisation. Author gave sets of the general advices, which were divided according to the area to which actions were aimed.

If analysing the advices, given by different article authors, then most frequently mentioned ones were:
- creating crisis overcoming plan,
- hiring more competent managers,
- attending relevant courses,
- quick reacting on crises (making quick decisions),
- immediate and non-stop (until crisis ends) conversation with public through media channels,
- improvement of internal information flow and communication,
- assessment of and optimisation of the internal processes,
- etc.

4. CONCLUSION

Read literature analysis shows that most articles give certain organisation crisis description with actions taken and some advices for improvement. Some of the given advices are suitable mostly for big enterprises; some of them are applicable also or only to SMEs.

However, it is clear that there was not done such analysis that could give the example set of actions, suitable in case of certain type of SMEs, for example. Such analysis could give approximate actions for different types of such organisations.

The result of made analysis is: research that is more concrete should be made. Further activities for the author could be:
(1) Selection of the organisation type
(2) Finding the appropriate list of suitable companies
(3) Making research of their strategies for crisis overcoming
(4) Actually taken actions

As the result, database could be created, from which a model for optimal crisis overcoming strategy can be built.

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