

## ANALYSIS OF CRISIS MANAGEMENT IN POLISH COMPANIES

### ANALÝZA KRÍZOVÉHO MANAŽMENTU V PODNIKOVCH V POĽSKU

Katarzyna WITCZYŃSKA<sup>1</sup>

#### SUMMARY:

*Every enterprise operates in specific circumstances and a particular market, and any potential crisis is too individual a matter to be framed into a predetermined description. For that reason, each company should develop its own modus operandi for the times of crisis. It is up to the crisis managers to determine whether the company is already in a state of crisis and whether contingency measures should be implemented. The most common mistake when formulating crisis plans is the perception that severe crises occur very rarely.*

**KEYWORDS:** Crisis Management, 7 R's concept, globalized economy

#### INTRODUCTION

In the era of globalization, international cooperation and collaboration of companies have a much broader meaning than merely facilitation of trade growth – they also entail information exchange and joint ventures, which may be a source of crisis situations in the companies involved. Such internationalization of crises concerns not only transnational corporations or large enterprises with a recognized market position, but also small enterprises.

#### 1. CRISIS SITUATION

The term „crisis” originates from the Ancient Greek “κρίσις” (krísis, “a separating, power of distinguishing, decision, choice, election, judgment, dispute”), which derives from κρίνω (krínō, “pick out, choose, decide, judge”). According to the Cambridge English Dictionary, crisis is “a time of great disagreement, confusion, or suffering”, “an extremely difficult or dangerous point in a situation”. A crisis is comprised of three elements:

- time pressure,

- the possibility of fundamental danger,
- surprise.

According to Prof. E. Nowak, crisis management logistics should be considered a distinct scientific discipline, with business and military logistics being its forerunners. In that sense, it is a sum of all operations carried out by the managerial and executive bodies involved in logistical (and medical) tasks through which supply and service processes in crisis situations are being shaped, coordinated and controlled.

In crisis management logistics there are attempts to borrow concepts known from business and military logistics. In times of crisis, one of the frequently entertained research & development themes are ideas capable of improving the existing solutions in logistics [1] It is worthwhile to mention here the concept of 7 R's, used to great success in business management.

Tab. 1 shows seven principles adapted to the specificity of crisis management derived from the aforementioned concept.

<sup>1</sup> Dr. Katarzyna Witczyńska, Uniwersytet Wrocławski, Instytut Nauk Ekonomicznych, katarzyna.witczynska@uwr.edu.pl.

Table 1

### The concept of 7 R's as applied to crisis management

Source: K.Sienkiewicz-Małjurek, "Zarządzanie kryzysowe w administracji publicznej", Difin, Warsaw 2010, p. 87

7 R'S concept	Public safety management
right product	right service (information, measure, reaction, prevention)
right quantity	right quantity of human, physical and informational resources
right condition	right operational preparation, reliability of staff and equipment
right place	right identification of the location and situation evaluation
right time	right, quick reaction and help
right customer	right target group
right price	right resources allocation – cost optimization

Since crisis management pertains to special circumstances, it ought to be assumed that they will influence the entirety of the conducted logistic operations. Those circumstances include:

- time pressure,
- incomplete data required to make a decision (disruption in communication and information exchange),
- unpredictable events,
- involvement of mass media,
- negative public opinion,
- outside interference into the course of events and action,
- tasks necessitated by various emergency laws,
- limited resources and other.

E. Nowak indicates the following determinants shaping the organization and implementation of logistical endeavors aimed at helping the population affected by a crisis situation [3]:

- time pressure,
- the dichotomy phenomenon,
- large diversity and variability of events accompanying crisis situations,
- extreme conditions,
- isolation of areas affected by the crisis situation,
- difficulty in reaching the victims,
- restriction of shipment of supplies and provision of logistical services,
- evacuation of the affected population.

## 2. CRISIS MANAGEMENT IN BUSINESS

Among the numerous endeavors undertaken by companies, the number of potential crisis situations is limitless, and they may include: equipment malfunction, catastrophes, accidents, breach of law, conflicts with the local environment, problems with defective products or services (failure to comply with the specification), production shutdown or strike.

However, there are usually two direct threats looming over the company's management: low sales and underwhelming involvement of the employees (which can be considered a bottleneck). Systems approach to the problems of organization may facilitate the identification of defective factors, helping establish proper ways of dealing with these obstacles on grounds of the so-called theory of constraints (TOC).

According to the research conducted in Poland by Dorota Chruściel, more than half of the companies operating in Poland have previously experienced a crisis situation, and despite that [4]:

- a quarter of the surveyed companies did not have a communication plan ready for a crisis situation,
- in 40 percent of the surveyed companies it was believed that no communication plan is necessary as they are capable of overcoming any crisis, whenever it comes,
- in 20 percent of the surveyed companies a communication plan was deemed unnecessary, seeing as the company considered its image and position strong enough to sustain any crisis.

Meanwhile, in a crisis situation contingency measures should focus mostly on communication. Oftentimes, it is more important than fighting the crisis itself. Therefore, it is worthwhile to know how to do it properly and be prepared for crisis management.

According to the research conducted in 2006 in Polish companies, out of 202 firms from 10 different sectors 59,7% admitted to having faced a crisis situation. The most common external sources of crisis situations in a business environment are shown in tab. 2.

Table 2

**Most common external sources of crisis situations in a business environment***Source: Based on the research conducted by Alert Media Communications in 2006*

Most common sources of crisis situations in Polish companies	%
public accusations leveled against the company	15.6
problems with a business partner	14.8
<b>catastrophes, machinery failures, accidents</b>	<b>14.0</b>
External causes of crisis situations	
false information in the media	42.1
unfavorable decisions of the government	29.6
problems of business partners	28.1
public accusations leveled against the company	26.5
<b>catastrophes and machinery failures</b>	<b>23.4</b>
Internal causes of crisis situations	
<b>catastrophes and machinery failures</b>	<b>30.0</b>
accidents at work	24.2
human error, unlawful behavior of employees	21.8

It could be considered worrisome that one out of five of the surveyed companies does not have a contingency plan ready in case of crisis situations resulting from machinery failures, accidents or various catastrophes. Almost one out of four does not have a contingency plan in case of a crisis situation associated with unfavorable portrayal in the media. It can be, thus, concluded that a large portion of Polish companies still does not understand the importance and potential consequences of crisis situations [4].

In companies managed in a modern way, dedicated public relations (PR) teams are responsible for the creation of the so-called „crisis plans” or „crisis management plans”. As recently as several years ago, in accordance with Kotler’s concept of promotional mix, Polish companies treated PR as part of said promotional mix, together with advertising, direct marketing, sales discounts, publicity and personal selling. Currently, a visible tendency is observed for companies to situate their PR departments in a managerial environment most closely related to them in terms of the organizational structure. Meanwhile, the definition of PR itself evolved from a purely marketing device into “an aspect of management which establishes and maintains

mutually beneficial relations between the institution and the public, which determines whether the company can be successful or not” [5]. In Poland, the channels of the impact of the crisis are far weaker than they are in highly developed countries, even though we can observe a certain slowdown in the economy, accompanied by poor dynamics of consumer expenses and declining investments [6].

**CONCLUSIONS**

In summary, it has to be concluded that crisis situations are a serious threat to Polish companies. It is key to understand their importance and, accordingly, prepare strategic plans aimed at avoiding such crisis situations. Every enterprise operates in specific circumstances and a particular market, and any potential crisis is too individual a matter to be framed into a predetermined description. For that reason, each company should develop its own modus operandi for the times of crisis. It is up to the crisis managers to determine whether the company is already in a state of crisis and whether contingency measures should be implemented. The most common mistake when formulating crisis plans is the perception that severe crises occur very rarely.

**REFERENCES**

- [1] DOSKOCZ, J., DOSKOCZ A., KARDASZ P.: „Efektywna współpraca nauki z biznesem w projektach B+R”. Laboratorium – Przegląd Ogólnopolski 5-6/2016, p. 62-64.
- [2] COYLE, J., BARDI, E., LANGREY J.: „Zarządzanie Logistyczne, Polskie Wydawnictwo Ekonomiczne”, Warsaw 2002, p. 51-52.
- [3] NOWAK, E.: „Logistyka w sytuacjach kryzysowych”, AON, Warsaw 2009, p. 11.
- [4] [http://www.alertmedia.pl/pliki/file/CRISIS%20MANAGEMENT\\_raport%20z%20badania\\_2010-04-20.pdf](http://www.alertmedia.pl/pliki/file/CRISIS%20MANAGEMENT_raport%20z%20badania_2010-04-20.pdf).
- [5] [http://www.ipo.pl/marketing/eksperci\\_o\\_marketingu/sytuacje\\_kryzysowe\\_w\\_przedsiębiorstwie\\_592707.html](http://www.ipo.pl/marketing/eksperci_o_marketingu/sytuacje_kryzysowe_w_przedsiębiorstwie_592707.html).
- [6] NOBE: Quarterly forecasts of the economic development of Poland, Warsaw 2010.