

STRATEGIES FOR CRISIS MANAGEMENT OF ENTERPRISES AND AFTER CRISIS MANAGEMENT RESTRUCTURING

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ABSTRACT

Crisis endangers the realization of organization's top level objectives, financial resources, while damaging relationships with social stakeholders, and requires a planned effort to fix all these relations.

Experiencing serious problems of economic resources is limited, and share in today's world, is a very low tolerance for wasting and losses in business culture and understanding emerged. In these circumstances the use of the new era of economic players must have superior capabilities and resource planning. No, don't be an economic actor, impressing, using bad sources and available resources and values, have the luxury of not losing due to errors. With this regard is of great importance to maintain and sustain .In this context, the likelihood of anticipating and managing assets that lost increased crisis periods, it is the nature of a matter management.

Business enterprises have a very important place in the society. They use a wide variety of resources, create wealth and hold an important amount of power in their hands .Business enterprises

Are closely related not only to economics, but also to development of societies, socio cultural changes and technological advances.

If the necessary precautions are not taken and the companies do not act fast enough, unexpectedly emerging crises may severally affect the companies and the societies and all the related systems they live in both physically and psychologically. To be prepared for the upcoming crisis and to be able to act fast enough will only be possible through maintaining a powerful organizational integrity.

The purpose of this study, crisis management strategies, and after the crisis is to provide information on issues of reconstruction.

Crisis management strategies are developed and implemented to make sure that the business enterprise survives the process of crisis. The enterprise may need a thorough rehabilitation after recovery from a crisis. For this reason, the final part of the study explains the restructuring process after recovery. This section provides information on how the business enterprise, after locating its losses in connection with the crisis, should manage the post crisis restructuring process and what strategies it should employ to deal with problem. The study will finally provide an evaluation and conclusion.

Key Word: Crisis management, business management, restructuring, crisis process, crisis management strategies, enterprise.

1. THE CONCEPT OF CRISIS IN BUSINESS ENTERPRISES

Economical and sector crisis have many negative effects on small enterprises. From the aspect of small enterprises, one of the most effective ways of dealing with the crisis is to be able to plan strategically and to analyze the events strategically. Because of the structure of small enterprises; the Owners or the managers of small enterprises, who have to take up the responsibility of making decisions through crisis, should have strategically planning perspective and they should be able to analyze the environment to close with the minimum loss. Crisis is the time of danger, but at the same time, they can be used as opportunities. Organizations are able to benefit from crises if they are ready for it and when they apply their strategies as fast as possible. As a result, crisis can be defined as a period through which the organizations and administrations are tested (Patan, 2009, p, 8).

Problems and changes in the organization and sudden changes around the organization affects crisis significantly. Events inside the organization and environmental factors affect each other. Crisis in the organization causes other sudden crisis step by step through problems such as ineffectiveness of the management, low-motivation and staff problems (Patan, 2009, p, 8). Strategic management of an organization is about managing the organization entirely. Crisis is the developments that affect all organization. For that reason crisis management should be integrated with the strategic management. Developments, which came out before, during and after the crisis must be solved by strategic solutions

Due to the fact that the concept of crisis is distinctly defined by the different disciplines, it is difficult to make an integrated definition about crisis. According to Shrivastava, crises are triggered by a set of elements such as the human, organizational, and technical failures that are in mutual interaction (Shrivasta et al, 1998, p. 297). Laurence Barton defines the crisis as the important and unexpected events, the potential of which is high to produce the negative outcomes, (Guth, 1995, p.125). When crisis is defined in general meaning, it is a phenomenon that will lead an individual or a group to face a negative case, if any attempt is not made to correct it (Dutton, 1986, p.502, Mutlu and büyükbalcı, 2009, p,118).

While crisis is defined, two keywords taking place in line spaces are of course “unexpected” and “urgent” (Taylor, 2001, p. 47).

2. SCOPE OF CRISIS AND ITS RESOURCES

Crisis can appear as a result of many factors. The events resulting in crisis can be collected in the seven groups (Pollard and Hotho, 2006, p.723, Asunakutlu and Dirlik, 2009, p. 37).

1. Economic: working problems, falls in stock markets, economic collapse, changes in trade policies, rapid falls in profitability.
2. Informational: data loss, data destruction, loss of records etc.
3. Physical: loss of important factories and plants, losses, and long termed collapse, product failures, factory accidents, long termed quality problems.
4. Human resources: death of an important personnel, vandalism in business enterprise, corruption, resignations.
5. Reputation: negative rumors, reputation loss, firm logo and forgery associated with website etc.

6. Psychopathic Actions: product forgery, terrorism, criminal events, kidnapping, etc.
7. Natural disasters: fire, flood, sever storm, earthquakes.

The sources of crisis in the business enterprises are examined under two headings as in – business (internal) factors and out- business (external) factors. In this context, the internal factors can be put in order as follows (Bozgeyik, 2004,p.60, Özalp, 2004,p.245).

- Not recognizing, following himself/herself, his/her competitor, product, and sector
- Not paying attention the technology, trends, customer demands, suggestions, and complaints,
- Not allocating any resource (based on both material capital and intellectual capital) or unnecessary wastage
- Not being able to comprehend the distinction of the local, regional, and global competition from each other, not performing the necessary changes
- Staying out of the change, development, and innovations; considering that everything stayed as in the past
- Updating the previous methods of making business, and making it compatible with the eyes.

On the other hand, the external factors can be expressed as follows (Can, 2005, p, 389, Özalp, 2004, 2004, p,243).

- Economic structure and general economic uncertainties,
- Technological developments,
- Social and cultural factors,
- Legal and political arrangements,
- International environment and foreign relationships,
- Natural disasters,
- The factors associated with the market and competitive conditions,
- The factors associated with the financial agencies,
- The factors associated with syndicate institutes,
- The factors associated with the sellers and environment of supply.

3. THE STATE OF BUSINESS ENTERPRISES IN THE PERIOD OF CRISIS

The crises in business enterprises can be evaluated as extraordinary cases arising from the organizational structure, economy, or technology and doing harm the human life, natural and social life. Crises are the chaotic and complex cases that will be faced in the life of organizations and societies and cause the functional impairments in the managerial processes and largely shake of the organizational order. There is no method to completely prevent the possibility of crisis. When a natural disaster is under consideration, to predict it and to be able to predict its results are impossible at least today. Justus crisis can be resolved in a short time, depending on their effects and dimensions, their being resolved maybe long termed (www.maximumbilgi.com, 2008).

4. CRISIS MANAGEMENT

Crisis management, by determining the warning systems for preventing a possible crisis, can be expressed as a process including the activities to identify and implement the necessary precautions for establishing the mechanisms to protect and prevent that serve to eliminate an existing crisis or reduce its effects to minimum (Ataman, 2001, p, 255)

- Crisis management is a complex process consisting of phases more than one.
- Crisis management enables the organization to be ready for crisis.
- The principles of crisis management are similar to those of strategic management.
- Crisis management is a specific sort of management
- Crisis management enables the crisis to be eluded with the minimum loss and damage

5. MANAGERIAL STRATEGIES IN CRISIS MANAGEMENT

The methods applied by the business enterprises in the process of crisis will be described as follows.

5.1. STRATEGIES TOWARD THE MATERIAL RESOURCES IN THE PROCESS OF CRISIS

The material resources (building, machinery, equipment, tools, raw material etc.) the business enterprise has should be managed much more carefully in the period of crisis in terms of sustainability, compared to the normal times. For this purpose, the business enterprise should use the resources of interest economically so that it can mitigate the press created by crisis. For preventing the loss of material resources, serious precautions of savings should be taken; however, depending on the conditions, turning some part of the available dispensable elements into cash should be provided. The components of material resource of the business enterprise take place among the critical factors of achievement. If the main ability providing the competitive understanding of business enterprise is any of the material resources, in case of crisis, these material resources should not be ever made the issue of saving and for not being damaged of the business enterprise, the necessary actions should be taken (Dirlik, 2009, p.37).

5.2. IN THE PROCESS OF CRISIS, STRATEGIES TOWARD THE FINANCIAL RESOURCES

In the times of crisis, the prior strategy from financial point of view is to have the resources that will provide the sustainability in a stable way and to strengthen the potential of creating cash in a short time. Maintaining the cash position and providing the liquidity balance from strategic point of view should be determined as a main preference. Another strategy that the business enterprise should follow from financial point of view is to maintain the balance of short term –long term and to go toward the way of switching the short termed financial liabilities to the long termed ones (Asunakutlu and Dirlik, 2009, p. 37).

5.3. IN THE PROCESS OF CRISIS, THE STRATEGIES TOWARD THE RESOURCES OF CUSTOMER

In a particular industrial branch or in a market, the behaviors of buyer and seller determine the achievement of business enterprise. These behaviors depend on the structure of market. The structure of market is also naturally affected from the main conditions of supply and demand. These mutual interactions require reevaluating the relationships of business enterprise, market, and customer in the periods of crisis. The correctly defined market conditions, the expectation of customer in the period of crisis, and the conditions the business enterprise is in will be the main determinative of customer strategy to be preferred (Brauchlin and Wehrli, 1994, p. 59).

5.4. THE STRATEGIES TOWARD THE HUMAN RESOURCES IN THE PROCESS OF CRISIS

In the process of crisis, the business enterprises go toward labor force they view as the highest cost item for saving. Layoff of worker appears as a result of this tendency. Application of layoff causes a great loss of motivation and morale; however, the periods of crisis are periods, when the most solidarity and cooperation are needed. In response to the saving that are desired to be obtained via lay off, when the possible losses are considered, the option of layoff of personnel is a method that is necessary not to be appealed, if not most obligatory (Asunakutlu and Dirlik, 2009,p.50).

5.5. IN THE PROCESS OF CRISIS, STRATEGIES ASSOCIATED WITH THE ORGANIZATIONAL STRUCTURE

In the period of crisis of business enterprises, the most significant decision to be able to be made and be important is to realize a large scaled structuring. In addition to these, in order to be able to prevent the negative influences of the cases of crises, they should feature to forming an organizational structure that is flexible and learns (Asunakutlu and Dirlik, 2009, p.52).

6. POST-CRISIS RESTRUCTURING

6.1. POST-CRISIS PHASE AND ORGANIZATIONAL LOSSES

In the process of overcoming the crisis, the main target of strategic actions is to ensure the achievement potential of business enterprise. In this scope, there is a need for optimizing the portfolio of product - market, aligning the organizational structure, establishing the support system, and the capacity of staff. Overcoming the crisis can be possible with the correctly selection and application of crisis strategy, After overcoming the crisis, a new period will begin for the business enterprise. In the post-crisis phase, the business enterprises differed lees or more, but absolutely in a certain measure, than pre-crisis period. Crisis is a costly but teaching experience for employees and managers (Sumer and Perrnsteiner, 2009, p.53).

6.2. STRATEGIES OF POST CRISIS ORGANIZATIONAL STRUCTURING

The first thing to be done after crisis is to hold a meeting toward the analysis of case. In the agenda of this meeting, determining the post- crisis activity scale and aim of business enterprise generally takes place. For determining the post-crisis activity scale, first of all, the case the business enterprise is in should be analyzed. After determining the activity scale, in the direction of scale, the aim of business enterprise should be identified. While turning to the pre-crisis managerial structure, particularly, the people that took place in the phase of crisis should be thanked for; if there are some faulty points, the individual criticism should be made. On the other hand, changing the central structuring in the period of crisis, decentralization should be passed and participation in the decisions should be provided (Tüz, 2004, 122).

6.3. POST-CRISIS CHANGE STRATEGIES

When the specific conditions of the post-crisis period are considered, the need of change of the business enterprise is unavoidable. Evaluation of the post-crisis organizational psychology should be the starting point of organizational change process. Then, that the new organizational structure is more flexible, and its being able to adapt the organizational changes in the shorter time takes place among the post-crisis changes. Another issue requiring the post-crisis change is the managerial approach. The periods of crisis are the periods requiring to inherently make rapidly decision (Tüz, 2004, p.122).

7. CONCLUSION AND DISCUSSION

The global competitive environment is full of the factors that will enable the crises and every kind of change to be able to trigger the crises to emerge. This case will gain a great importance for the business enterprise after crisis. In the world of today, that the fast communication, rapidly forming markets, and short timed job designs are valid; and the fast transformation experienced in the markets lead to business enterprises to enter an intensive competitive environment and to face the crisis.

In the process of crisis, customers, for business enterprises, are evaluated as much more important than usual. Customers' giving up consuming in the periods of crisis or their delaying their consumptions direct the business enterprises to take specifications.

In the period of crisis, business enterprises experiences losses, depending on the condition of crisis. These losses can occur in the organizational level, in the position of market, and at the level of customers. The aim of business management, eliminating the losses of interest, is to take actions; to arrange the organizational structure to help the losses recover; and to realize the management of change.

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