

## HOLISTIC COMPETENCE OF MANAGERS AS A PREREQUISITE FOR SUCCESSFUL CREATION OF CRISIS PLANS

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**Abstract:** The article focuses on contingency planning for the company as an integral part of the company management. The authors are trying to look at this is me holistically and as a major factor responsible for creation of contingency plans the authors perceive holistic competence (social maturity, the expertise and skill applications) of the manager in relation to the requirements of holistic competence of members of the management. Only then it is possible to carry out a thorough analysis, risk identification, and set the relevant crisis scenarios. Problems of crisis are based on the research, which was carried out, aiming to evaluate who and how participates in companies operating in the Czech Republic in the creation and the use of contingency planning. The research questions were directed to the area of emergency planning and to the requirements for persons who is responsible of implementing these contingency plans.

**Keywords:** Holistic Competence, Crisis Manager, Crisis Management, Risk, Crisis Plan

### 1 Contingency planning of an enterprise

Generally speaking, management can be defined as a coherent system of interrelated actions and activities that lead to the achievement of organizational goals. These basic activities include decision making, planning, organization, control. Generally, management can be defined as a coherent system of interrelated actions and activities that leads to the achievement of organizational goals. The basic activities of management include decision making, planning, organization and control in the most general terms. Management, however, is also widely seen as a multidisciplinary science, based on the findings of many other social, natural and technical sciences. An integral component of the application of management consists of the knowledge of management practice. The key is the management person, mostly middle management, in collaboration with the senior management of the company in the process of enterprise crisis management plans, implementation, monitoring and sustainability. Holistic management, which is characterized by its holistic, i.e. a holistic approach to a wide range of knowledge deals with management entities and their character - competence within its multidisciplinary. As a consequence it follows that the holistic management is based on a systems approach, which is based on a comprehensive understanding of the phenomenon - in its internal and external contexts (Vagner , 2004). These ideas are not the achal discovery of our time, but they were mentioned and methodologically elaborated for example, in 1968, by Ludwig Bertalanffy in the publication General System Theory (Porvazník, 2011).

Planning is a very important part of the procedure as it belongs to the most important means to achieve organizational goals and consequently the prosperity of the whole enterprise depends on its level. Planning can be seen as a decision-making process involving the setting of objectives, selection of appropriate means and methods of their achievement and the expected results defined in the allotted time. Similarly, the definition can also be applied to the risk management and the creation of contingency plans of the enterprise.

In the current era of globalization and turbulence of the business environment crisis management should form an integral part of the integral management of the enterprise. Crisis management is an area of enterprise management, focusing on analysis and risk reduction using various methods and techniques of risk prevention that eliminates existing or future factors revealing the increasing risk. Risk management is a systematic, repetitive set of interrelated activities, which aim to manage the potential risks thus reduce the likelihood of their occurrence or reduce their impact. The purpose of risk management is to avoid any problems or negative phenomena, avoid crisis management and avoid problems. Risk management consists of four interrelated phases: namely risk analysis, risk assessment, managing risk (or

mitigation) and monitoring of risks as a key risk analysis we see that risk analysis is a team activity. The staff team should be competent to perform this strategic activity for the company, not only in the area of training (the emphasis is usually placed on particular knowledge of methods applicable for risk analysis), but also in the area of application and personality. Only then this activity can be successful for the enterprise consuming a lot of sources. The severity of this matter has been neglected so far not only in business practice, but also especially in looking at the issue of entities (persons who come into contact with crisis planning ) management. In this context, the application of Porvazník holistic model of management competence seems desirable. This approach consists of three pillars synergistically effecting each other: the pillar of social maturity, the pillar of application skills and the pillar of expertise knowledge, as shown in Figure 1.

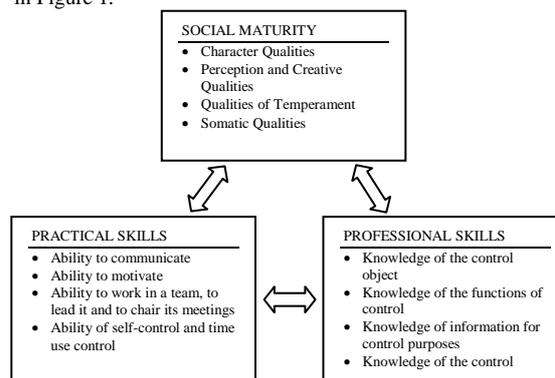


Fig. 1: Model of holistic management competency ( Porvazník, 2008)

A holistic competent manager (even an owner, an employee) is the one that has the necessary expertise knowledge (the necessary level of competence knowledge, IQ, the necessary social (human) properties (necessary level of social intelligence SQ) and the necessary practical skills (necessary level of practical, executive capabilities, free intelligence AQ). (Porvazník, 2011, p. 39) The concept of the model in Figure 1 is based on Porvazník's belief that hierarchy, of above mentioned three pillars, the pillar of social maturity occupies the most important position, in terms of absolute necessity of existence of the individual building blocks of this pillar lies in the personality of a manager ( not only) in his successful managerial practice. This fact is often overlooked in corporate practice and the emphasis is on professional ability. A professional can be regarded as a person who has the required knowledge and who can practically apply this knowledge in practice. It is necessary , however, to perceive the difference between a specialist who has the necessary knowledge , but applies the knowledge to his/her advantage, while not hesitating to violate any rules (legal, safety, ethical, humane or moral) and professional, who depends on the success, prosperity, sustainability, safety and growth of his/her team or the entire company.

The reality of the state of human society in general supports Porvazník's view on the bodies of the management. It is primarily the presence of personality traits of management persons, which are generally made up of their character traits and desirable properties, volitional (willed), creative (creative) and cognitive (cognitive), their temperament, emotional and psychosomatic characteristics. (Porvazník, 2013). Tasks related to crisis planning in the company are usually initiated by determining the level of severity and the probability of occurrence of each risk on the basis of which risk assessments had been defined by the team.

With the determination of the level of severity and probability of occurrence of each risk we can evaluate the risk of pre-defined team. The following is a creation of crisis scenarios and plans, monitoring the success of the introduction of instruments for elimination and risk management. The authors perceive as the basic function of reducing the risk of a crisis plan and guidance on how to respond and solve the crisis. Therefore there should be placed the greatest emphasis from the point of a risk management of an enterprise. Smejkal and Rais define (2010) emergency plan as a set of procedures for dealing with specific anticipated events that are evaluated on the basis of the risk analysis. The guidelines for each event determine the objective to be achieved, the sequence of decisions and interventions to be implemented in case of an event and report data that allow you to make these decisions and actions. Decisions and actions are for each event, which will be prepared in an emergency plan, gradually sorted in chronological order.

Coombs (1999) draws our attention to detail and also the applicability of the emergency plan. Crisis plan must contain all the information that is necessary to cope with the crisis, but it would be a very long and complex document. The value of crisis plan lies in its ability to create a reaction. Basically, it is a communication document as an emergency plan that identifies persons who should be contacted in case of need and shows how the contact should occur. Some experts call the emergency plan simply a communication plan. Preferably, the chosen terminology for this type of crisis is a crisis plan document as crisis communication plan consists of only one part of the emergency plan.

There are three basic tasks of emergency planning:

- 1) Emergency plans for crisis managers to provide exceptional legal and administrative powers to take actions, it is necessary within individual organizations that these powers were enshrined in the relevant internal rules - i.e. so-called crisis and emergency plans.
  - 2) Contingency plans provide guidance for the implementation of appropriate emergency interventions
  - 3) Emergency plans appoint systems to help crisis managers to mitigate the effects of emergencies and help prevent that the emergency event might grow into a crisis or series of crises.
- The crisis plan is a living organism that must be constantly monitored, maintained in usable condition, audited, trained and practised. In a crisis plan other procedures are gradually added for further expected events, which are assessed on the basis of changing conditions, social situation, development - ie on a basis of permanent risk analysis.

## 2 Research methodology

In the period from February to April 2014 research was carried out. This research had been assigned as a part of semester work of a study program of the students from the third grade studying Risk Control. Students received a questionnaire created by the authors and filled out these questionnaires with the management of an enterprise where they work. This method of questioning brought not only a great feedback, personal approach on behalf of the enterprise, but also deepened the research in the form of qualitative research. The authors evaluated this form as far more efficient than when conventional electronic polling, the average return is from 10 up to 30%. All 96 returned questionnaires were entered. Students who were between jobs or on a maternity leave were asked to choose a company in their surrounding area and interview the owner or senior employee to fill out the form. The aim of this research was to evaluate the use of contingency planning in enterprises in the Czech Republic. Questions were directed to the area of emergency planning and requirements for persons who make up contingency plans.

## 3 Research results

We have chosen classification according to the Commission Regulation EC No.800/2008 for the selection of enterprises due to their size, a specific criterion number of employees. The

selection of organizations, that returned questionnaires, is following:

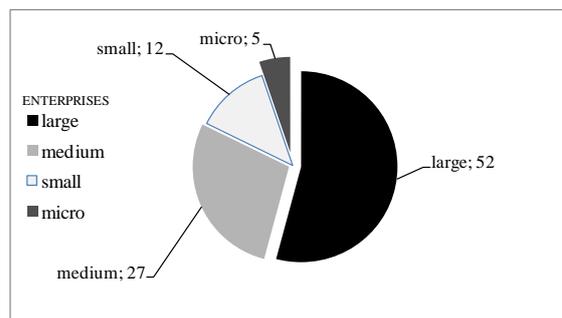


Fig. 2: The Selection of the research sample by enterprises size (Author's Elaboration)

Another key feature of the present research was the area of business in which the organization operates. There was a choice of these sectors of the economy: risk management will have a greater use in areas with a higher probability of type risks which are: manufacturing, technical, environmental, chemical etc. 59% of the responses from managers in the industry out of the total number of returned questionnaires, the second largest group with representation of 26% was trade and services. Representation in various business areas is presented in the following figure.

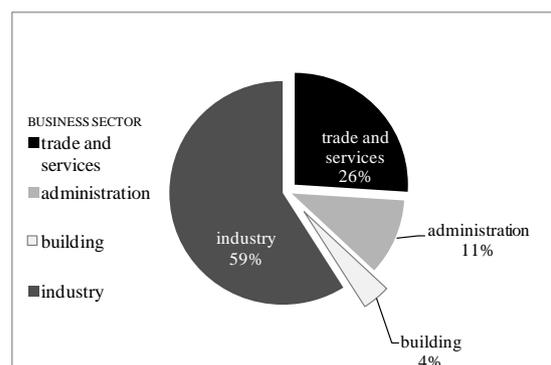


Fig. 3: Representation of the sample within the business sector (Author's Elaboration)

Other questions had been directed to the field of emergency planning and requirements for persons who undertake the emergency planning in the business. 91% of managers responded positively to the question whether contingency planning is carried out by the organization, ie, that contingency planning does not take place only in 8 organizations. The following table shows what kind of contingency planning activities are in individual companies according to the size most commonly (in the table there are the answers of individual managers for selected activities of contingency planning).

Tab.1: Activities of contingency planning

	Micro enterprise	Small enterprise	Medium enterprise	Large enterprise
document processing according to the guidelines and standards		4	15	42
processing of plans against flood and fire			7	3
identification of risks via controlled discussion				9
drilling and simulation				6
training				2

The table shows that contingency planning is done primarily in large enterprises and includes a variety of activities. Medium-sized enterprises spend less time with contingency planning, small and micro businesses not at all. The following figure shows who implements creating contingency plans in enterprises

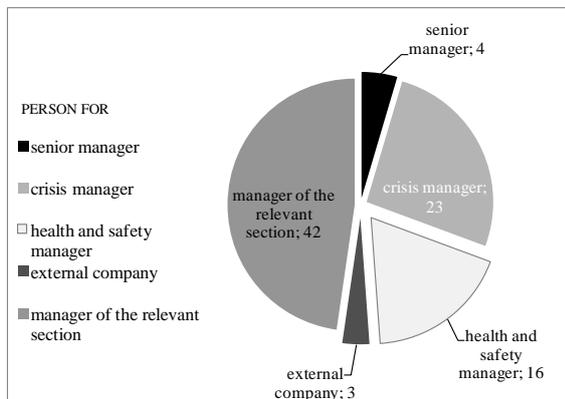
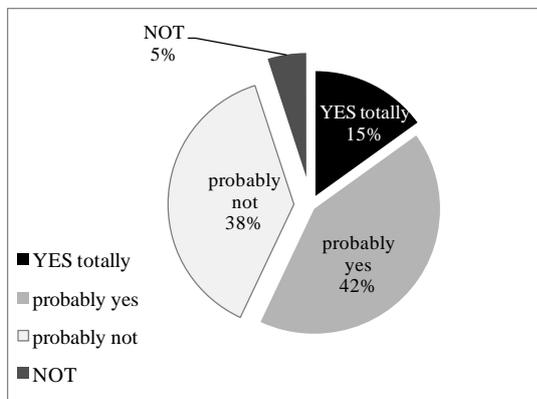


Fig. 4: Person for contingency plans (Author's Elaboration)

The research showed that contingency planning is done in medium-sized enterprises, and mostly in the large enterprises. This fact also corresponds with the query who is in charge of emergency planning. It can be assumed that an independent department of emergency management or the manager of the department carry the assessment of risk and the creation of contingency plans by themselves in a truly large enterprises. The last question was directed to the requirements in terms of holistic competence (expertise, application skills, social maturity) that are imposed on persons who are engaged in risk management and creating contingency plans. The resulting response is in a figure 5.

Fig. 5: Requirements of contingency plans (Author's Elaboration)



The results of the questionnaire research showed that crisis planning is a current part of responsible management approach of companies operating in the Czech Republic.

Within the categorization of companies according to the European standards, the research is conducted predominantly by large and medium-sized enterprises. According to the study, small businesses and micro enterprises do not form contingency plans at all, which can be described as a lack of great significance and importance, since this type of businesses is considerably less immune to the external and internal risks than large or medium-sized enterprises.

In companies where they deal with crisis planning, this crisis planning belongs to the job competency of crisis managers (a crisis manager post is mostly in large enterprises) or the managers of particular department of the company. Therefore we

can conclude that risk management is an essential part of management at all levels.

Persons who carry out contingency planning have to meet considerable demands on their expertise, application ability and personal maturity, which corresponds to Porvazník's concept of holistic competence of managers and the accountability in the context of whole enterprises with the principles of holistic management. The research, which was carried out, can be considered as a pilot research, as the authors aim to analyze the application of holistic competence of managers in the risk management process in the context of further research.

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#### Primary Paper Section: A

#### Secondary Paper Section: AE