

## Crisis management - a new paradigm for the modern business

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Every manager or management team and each individual trader, who is also manager of his own company, needs to create a system of social acting which will be able to adapt to the new challenges and risks that are a major precondition for a modern business, who will be able to give a real answer to risks and crises that face modern business and learn to find real ways to allow and contribute to the company to deal with the upcoming problems, whether that solution is an innovative new product, development of an existing one, or finding those key sources of problems in managing to answer every modern manager, and to successfully deal with the potential risks and threats of security character.

Management is devised activity of how to manage the available physical and human resources, with the primary goal to their successful allocation and reallocation to the points of their most productive use, to achieve the desired results. In other words, management is sublimation of tools and instruments for gradual achieving of the established goals and visions through strategic and tactical use of the management functions: planning, organizing, coordinating, managing, staffing, supervision and decision-making.<sup>1</sup> The function of the manager comes down to regulating the relationship between the one who manages and the one who is managed. The position of manager carries enormous responsibility and therefore expectations of that person are great. For this to be achieved, at first place the manager must have a personal moral values, skills, knowledge which are sublimation of: wisdom, courage, technical ability, perception, fairness, adaptable vision. Such predispositions undoubtedly are a prerequisite for a successful manager, which primary goal is to establish a pleasant working environment, good interpersonal relationship, to stimulate communication followed by good ideas and suggestions in order to perfect the quality and efficiency in the process of acting.

For successful operation of any business essential factor is the man as an individual, but as well as a part of the organization. In this context, the function of the manager most of all, is to pay attention to the rest of the team management and to the operational employees in order to create a pleasant and motivating working conditions, in order to be inspired to provide creative and innovative ideas, to be stimulated in order to create ambitions for greater productivity and success of the organization, because most of the theories ( Behavioral theory, interpersonal relationships theory, procedural theory, the systemic theory, Situation theory, theory Y, Horton effect) actually represent precisely the view that in circumstances where employees are motivated enough, when the organization is considered as its own, when the

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<sup>1</sup>R, Dimitorovski.: *Menagement*. p147 , Skopje 2008 ISBN 978-9989-2915-0-0.

prevailing sense of their belonging to it, such as physiological needs are met (food, benefits, salary, security and insurance ) and their social needs (team affiliation, understanding, respect, acceptance, valuation, recognition, awards, upgrades, etc.). contribute more for the organization in prevailing cohesion (sense of loyalty and trust in organizational structure) than when they are forced using authoritatively terrifying methods and tactics for quantitative productivity.

To reach all this, on first place should be considered working on creating professional team with moral values and skills on which the manager could lean to, and a team which will stand firmly behind him with endless support and protection in crisis or in case of action of potential threats and risks that could create a favourable environment for the birth of a crisis situation.

Today, in a time of greater globalization and open societies, when there are no more closed systems, which are in the past, it appears a new paradigm for modern businesses - managing threats and risks. There are a number of internal influential and driving factors of the overall economy, but more important in this new era of economic operation are the external factors pertaining to those global driving forces that dictate the circumstances of operating, and on economic and on political and on global level, driving forces of which depend almost every aspect of the functioning of today's business society. The reason for all this is globalization in every aspect of human life and action.

Because of all these factors, the role of manager in modern conditions is assumed to be a bite too big, which bears many difficulties, complemented with major duties and responsibilities for which is necessary to cover larger aspects, because modern action environment brings a totally new and unknown threats and risks which he must deal.

Risks, obstacles and threats that he faces and are acting on the successful and smooth operation of the enterprise may be of a personal nature: fear of failure, lack of experience, un-authoritarian or completely diametrically opposed authority followed by frightening management principles, laziness, narcissism, overestimation, autocrat (lack of confidence to the subordinated), and quite a number of risks and threats of an organizational nature that the manager must handle wisely: lack of information, inadequate quality of regulation system, instability in the environment and instability in the regulation system, inadequate execution and lack of commitment of employees towards work activities, fear of failure and non-acceptance, low utilization plans, spending too much, too high set achievements etc..

All the problems, risks and threats and in cases of assuming that PEST factors (political - legal, economic, social and technological achievements) do not affect the organization, are sufficient to contribute to the creation of an internal crisis. In other words although today in conditions of modern ambience the biggest problem are the global external factors over which the manager can not influence because they are imposed as a necessity, due to the fact that they have impact on the organization with almost the same intensity as the impact of the internal factors. It is necessary to build balance between internal and external influential factors and cohesion between them, since they are closely interrelated. Prerequisite

for dealing is a build of a healthy organizational structure through well prepared analytical strategy based on understanding the problems, threats, risks and opportunities, critical infrastructure points and points where you need to act, environment, tastes, desires and needs of consumers, their sensitivity to the change in prices, financial support and so on. a well-developed analysis that could help in proactive and reactive coping with crisis management and good economic prosperity.

The risk is the biggest prerequisite for the occurrence of a crisis !

In conditions of already created crisis or crisis situation, to be able to bear with her the manager must already be able to create good preconditions as the saying: "Ready is the one who is prepared and warned" and to achieve to create a first defense line in order to find a way out without major consequences. This will require:

- Good organizational structure,
- Good inter human relations,
- Loyalty and cohesion in the organization,
- Good management team who would have arranged that the staff even in times of crisis, stay motivated and to strive to contribute almost as much as the manager, so that they exceed the crisis period
- Succeed to find strategic methods and tools (both indoor and outdoor type), and together with the staff to find a solution to reduce costs
- To simplify the processes of action, in order to avoid collapse of the organization and situation would align opportunities in order to avoid dismissal and reduction in work positions
- To take measures that will be commendable that would not reduce the capacity, productivity, solvency and profitability, while not losing already prepared and quality staff
- To perceive which costs may undergo removal ie are excessive and maybe not so important at the given moment, without which, however, would be allowed a well-functioning, while acting in the direction of budget relief of the company.
- To monitor the current financial situation, both in the state and the environment in which the organization operates, and international and global level could produce a long-term economic plan and a good analysis in order be became aware in which segment to be invested: whether new human resources or new technology and technological advancements that are an innovation on the markets, whether the investment in education and training of existing or finding highly skilled and working operating staff, or finding wider markets for ranking of the services and products that the organization offers.

To simply provide the stability that can submit a crisis!

Implementation of the plan = Authority of the manager + Persuasion of the employees + Organizational policy.<sup>2</sup>

Potential threatening factor that may contribute to the crisis is also the security segment that is a threat to the organization which originates from external or internal nature.

1. Internal nature: illegal appropriation of created surpluses or shortages, appropriation of average calculations of allowed losses, theft of job resources and raw materials, raw materials, finished products or semi-finished products, improper use and handling of funds for work that contribute to causing enormous damages, theft of financial funds "live money" or known as cash, concealment of taxes and tax evasion, adverse financial contracts, incompetent audit and unethical conduct of accounting and financial statements, money laundering, or the occurrence of crime "white collars" etc..
2. External nature: burglary, theft, property damage, vandalism, physical assaults, attacks on integrity, theft of intellectual property rights (patents, licenses, copyrights, plagiarism of existing products) and so on.
3. Fortunately today's advancements in security surveillance and protection systems (improving the physical, technical or combined security) contributed to reducing these external risks, it addresses and more attention is paid to dealing with internal threatening factors.

When we talk about cash-based businesses and the protection of their property, prof. D-r. Metodija Angeleski proposes **methods to reduce the risk and potential threats**:

- a) *Use of safe deposit boxes locked on a certain time*: this is a necessity because exactly in these businesses that operate on the basis of cash is kept limited amount of cash which is manipulated and which runs at any time. This method in the U.S. is proved to be quite successful, acting as a method against criminal attacks, which after a certain period of time significantly reduced the crime against retail facilities, thereby reducing profits and earnings of the criminals.
- b) *Use of safety measures for crime prevention*:
  - Setting technical protection (physical barriers, video surveillance, alarm devices) physical security or combined (technical and physical protection)
  - Transfer of risk (through insurance of the property).
- c) *Acceptance of risk (reconciliation with losses)*: the owner of the business in its operating costs places the risk of: theft, loss or damage

**Several security measures to protect in terms of security segment and prevention of crime:**

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<sup>2</sup> T, Micheski.: *Principles of Management*. p. 56 Shtip 2010

a) *Guidelines that should be implement and enforce by the security and non-security personnel :*

- Use of a specified input-output paths.
- Reporting crime, suspicious activity, deficiencies and losses.
- Guidelines for security details (if entrances are closed before, during and after office hours).
- Submission daily internal reports by security personnel for any circumstance with risk factor.

b) *Supply and installation of physical security measures:*

- Devices for electronic surveillance, internal surveillance cameras, card readers for input, lighting equipment, time-controlled devices

c) Security Services

- Armed and unarmed persons providing services with armored vehicles, guard dogs.

**As a means of physical protection of property the following measures are proposed:**

a) *Use of barriers to strengthening property:*

- Fences; placement of valuables in safes, self-defense training for security personnel.

b) *Use of physical and psychological barriers to limit the number of input facility risks (steps for discouraging the potential external attackers).*

- Concentric circles of physical barriers around areas that have a need for self-protection (cash or checks from the daily trade of the store located in the mall money being kept behind locked office doors in safe deposit boxes, with the shopping center being guarded by security personnel, and before the mall the traffic to be regulated.
- Gates, cabins for security personnel, identification codes by number and identity badges, phone entry points

c) *detering criminals from customers and employees:*

- In case of returning home from mass events-closing streets to traffic before, during and after the event for the prevention of crime (pocket theft, robbery, vandalism, etc..)

d) *Check at entry / exit*

- Visual check
- Self - locking door

e) *Formal (attributed) and informal observation*

- the employees observe while normally perform their duties

A large enormous problem which is present in today's organizational structures is **incorrect selection of management staff:**

- managers without management skills, lack of vision and narcissistic relationship,

- ▶ improper organizational structure and strategy with the absence of the division of labor,
- ▶ presence of mobbing (vertical, horizontal and diagonal)
- ▶ negligence of inter-personal and intra-personal relationships,
- ▶ untimely adaptation of the organization to the changes in the environment,
- ▶ lack of distinction of terms: ownership and management,
- ▶ managers are guided by their intuition, self-confidence and high self-estimation (without consulting the literature, attending seminars, training)
- ▶ managers have no built concept of running the organization and its management.

"Man is aggressive towards other people and the environment, only because of his individual insecurity and self perception" - Sigmund Freud.

## Conclusion

In support of the foregoing theoretical opinion, the authors of the paper conducted empirical research, so that it can be understood the risks and threats directly from leading managers on the field. It have been found that primordial meaning has the problem: lack of qualified management and working staff that is offered on the labor market. This is connected to 'the current state of society, the potential new staff that is offered on the labor market, has no ambitions for self-improvement and upgrades, no vision for innovation, and the inevitable lack of entrepreneurial spirit that would set postulates for innovation that would improve future generations.

Organizations still rely on the old staff, which will undoubtedly have a lot of experience in their field of activity, but lack of technical expertise, technical competencies possessed by the young new and helpful staff, but their motivation is unfortunately geared towards another course of action, their judgments and principles of moral values are completely wrong set. Large stake in all this there is the current economic situation, because according to existential needs, exactly the young personnel who possess sufficient potential for success, is working in any field in the social and economic sector, and least in the one he is competent for. In addition to the overload with a number of obligations required to be performed by the managers, and even by the operating staff, who are required to have knowledge and expertise in many fields of work, limits their freedom and ambition to act in the direction of innovation and vision, because "crushed and crowded" with everyday problems that must also be dealt with, they are exhausted. In other words they need to know how to do anything and everything.

On the other hand, the process of education and training, limits to following today's modern world trends in the field of science and technology, and is just not paying enough attention to practical training in the process of education. Also disadvantage is the fact that in most of our companies in the manufacturing process is used outdated technologies and means of work which plays a major role in preventing the progress and development of young

professionals in their field of activity. To this also a problem are the legal rules laid down by the society management system that largely inadequately adapted to the new time in which is needed to act.

Great attention should undoubtedly be addressed to proactive and reactive action in order to protect from criminal actions and attacks, as for external (thefts, burglary theft, robbery, vandalism behaviors) and for internal security aspect (illegal appropriation shortages or surpluses, tax evasion, successive theft) control through greater engagement and commitment of management teams, which should govern situations and almost at any moment to know which are the critical points or figures from which they should be protected and how to do the same. Helpful is the application and installation of the new improved security and protection systems: physical, technical (alarms, video surveillance) and combined assets (if necessary, use of dogs), which would prevent any unwanted risks and threats which can create a favorable environment for the occurrence of a crisis situation.

As a conclusion from what was explained and outlined so far we can conclude that it is necessary to invest a lot of effort to perform many essential changes to implement a number of reforms in order to achieve, create, set up a new system of social scientific moral norms that will contribute to the continuous development and improvement as of young professionals and future managers and also every individual in society.

Finally with all of that will be created individuals or groups that will be capable and willing to answer every obstacle on the road to success!

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