STRATEGIC PLANNING AND CRISIS MANAGEMENT STYLES IN ORGANIZATIONS: A REVIEW OF RELATED LITERATURE

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LITERATURE

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Abstract

Purpose: This study examined the influence of strategic planning and crisis management style in an organization.

Methodology: The approach adopted is theoretical because it was assessed based on extant literature.

Findings: The result of the findings revealed that strategic planning enhances management of crisis. Also, any crisis management style applied at a given catastrophe will determine if the destruction will be minor or major disaster. Lastly, organization that employs strategic approach to crisis management style will be pro-active in managing crisis.

Recommendation: for any organization to seal through crisis with minimal loss, they should incorporate strategic approach to crisis management and also put in place strategic/crisis management team that will be able to manage crisis within the shortest period of time. Finally, employees should be trained and retained on the positive and negative effect of crisis; they should also be sensitized on how to adapt to changing circumstances that might occur before, during and after crisis.

Key Words: Strategic Planning, Crisis Management Style, Pandemic, Coronavirus, incorporate, organization.
INTRODUCTION
The business world is characterized by a competitive and erratic business atmosphere with the possibility of influencing the efficiency and effectiveness of the organization as well as its survival. Hence, there is a need for every organization to have a clearly defined strategy that will point all stakeholders to the direction of the vision and mission of the organization without any misconception. The term strategy has been defined differently by various scholars. Johnson, Scholes and Whittington (2008) assert that Strategy is the objective and scope of an organization for continuity to accomplish an advantage in a varying atmosphere; through its configuration of resources and competence to fulfill stakeholder expectations. Similarly, Kavale (2012) viewed strategy as the long-term goals and objectives determination, the adoption of courses of action, and associated allocation of resources required to achieve goals.

Gareth (2010) opined that strategy is an indispensable tool for organization success, as it enables an organization to be more proactive than reactive in shaping its future; it makes an organization to initiate and influence activities so that it can exert control over its destiny. It is therefore agreeable that strategy is the blueprint or pointer that guides an organization toward the accomplishment of its intended goals and objectives through appropriate strategic planning; this includes strategy formulation, implementation, evaluation, and control. Strategic planning is the process of predicting the future status of an organization through the definition of the ideal potential state of the organization. It is very crucial in identifying and dealing with the (SWOT Analysis) strengths, weaknesses, opportunities, and threats of any organization that wants to survive. Steiner (2010) viewed strategic planning as encompassing organizational goals, policies, and strategies development towards attaining these goals and the creation of an in-depth plan designed at detailing the implementation process. This process is a key element of strategic planning for every organization’s survival (Sotirios & Nikolaos, 2016). Literature has revealed that strategic planning is a process which involves a series of steps that will determine the current status of a business which includes its vision and mission. Proper strategic planning is essential to every organization because it enables them to manage any crisis that might arise in their business.

Sawalha, Jraisat, and Al-Qudah (2013) defined crisis as a deviant condition that is associated with high hazard to business which could produce quick municipal policy alteration because it threatens public trust as well as drawing media and public interest. The first scholar to develop the theory of organizational crisis was Hermann, he stated that crisis concept can be divided into three dimensions, (a) threatens high-priority values of the organization, (b) presents a limited amount of time in which a response can be made, and (c) its unpredicted or unanticipated by the organization (Hermann 1963, as cited in Holmgren, 2015). Other scholars have given various definitions of crisis. Coombs (2010) argued that there is no unanimously accepted definition of crisis; the author gave a widely acknowledged definition of crisis as the insight of an unpredictable event that jeopardizes important expectancies of stakeholders and can gravely influence performance and create a harmful outcome in an organizational setting. However, Brockner and James (2008) opined that appropriate management of the crisis by stakeholders will lead to organizational productivity hence, organizations should view crisis more as an opportunity rather than a threat. Hutchins (2008) classified crisis into two different types, natural and human-induced crisis; he classified natural crises as fire, hurricanes, and earthquakes while he classified terrorist attack, corruption, bribery, and scandal as a human-induced crisis.
Taking credence on Hutchins classification, we can say that pandemic such as Ebola, Cholera and the recent Coronavirus (COVID-19) presently rocking the whole globe can be classified under natural crisis. Though there has been conspiracy theory on the issue of Coronavirus, some school of thought said it was man induced pandemic manufactured by USA. While the second school of thought said it was manufactured by China. Since this has not been empirically proven, we choose to group it under natural crisis. Based on the various types of crises both in the past and in recent times, it could be argued that organizations in Nigeria have been faced with challenges of natural and human-induced crisis. The Niger Delta Militant issue of kidnapping oil workers started in late 2005. In January 2006 unknown group kidnapped Western oil workers in Niger Delta. This group who later called themselves Movement for the Emancipation of the Niger Delta (MEND) claimed to be responsible for abducting the oil workers (Asuni, 2009).

Boko Haram which is interpreted as “Western education is a sin”, started in 2009 with kidnapping, raping and killing in the North-east region of Nigeria. The main purpose of this group is to exchange secular Nigerian nation with an Islamic Sharia law (Azom & Okoli, 2016). While the Indigenous People of Biafra (IPOB) crop up in 2012 can also be classified as human-induced crises. The natural crisis that has been recorded in Nigeria was the 2012 flood that took over some states in Nigeria. The National Emergency Management Agency (NEMA) stated that 363 persons were killed. The flood which affected many areas of the country was also described as the worst in five decades (BBC News, 6th November, 2012). Other pandemics which have affected African continent or the world at large are Ebola outbreak that started from Liberia in 2014, Cholera outbreak in Kano State Nigeria 1995 to 1996 and the outbreak in Northern Nigeria on 19th January 2018 (Dan-Nwafor, Ogbonna, Onyiah, Gidado, Adebobola, Nguku, & Nsubuga,2019). The latest is Coronavirus (COVID-19) which started in Wuhan China in late 2019. This recent pandemic has greatly affected both developed and developing countries due to the total lockdown, which has crippled global economy.

Though there are two types of crises discussed in this paper, natural and human-induced; the general belief is that there are three universal elements to crisis definition, the high threat to the values of the organization, presents a limited time for response and the unpredictable and unanticipated element. Because of the unpredictable and unanticipated nature of the crisis, the limited available time to act, and the high-priority levels of the crisis, it’s pertinent for organizations to engage in a crisis management style that will focus on averting, managing and controlling crisis to take advantage of available opportunities. Crisis management can be defined as a process or method by which crisis can be prevented, reduced to the lowest minimal, managed and controlled in a way that the positive effect surpasses the negative effect. Scholars have given various definitions of crisis management. Crisis management is a process which focuses on identifying and predicting areas of crisis, formulating calculated actions or measures to avert it from occurring and minimizing the negative outcome of a crisis that could not be averted (Preble 1997, as cited in Karam, 2017). Vargo and Seville (2011) opined that crisis management is a patterned arrangement of resources and organizational structures required to respond effectively to the crisis and recover successfully, restart, and restore normal activities.
Concept of Strategic Planning

Strategic planning has been defined by various scholars in a unique and similar context to represent the ability of an organization to forecast about future success and failure of its business by formulating and implementing evaluating and controlling both the internal and external factors that affect the organization through SWOT analysis. Goldman & Casey (2010) defined strategic planning as logical learning rooted in the unexploited opportunities, which could result in detecting fresh strategies in an organizational setting. Other scholars opine that the imperative of strategic planning is related to its capacity to guide an enterprise in the future and limits the possibilities of failure (Poister, 2010; Al-Waleed, 2010; Al Shobaki, Abu Amuna & Abu Naser, 2016).

Literature Review

Monye and Ibegbulem (2018) in a study the effect of strategic planning on organizational performance and profitability stated that the effectiveness of strategic planning can be measured in terms of the extent to which it influences organizational performance, which affects its profitability. The main objective of their study was to re-evaluate the planning performance relationship in the organization and determine the extent to which strategic planning affects performance in an organization, using Zenith Bank plc Warri as a case study. A survey technique was used with the administration of questionnaires to 100 respondents (of which 80 was retrieved) consisting of both the senior and junior staff in various Zenith Bank branches in Warri metropolis. The data collected were analyzed using the statistical package for social sciences (SPSS). Also, T-Test and Chi-square statistical methods were used in testing the hypothesis using the SPSS. The findings of the study revealed that strategic planning enhances better organizational performance, which in the long-run has an impact on its profitability and that strategic planning intensity is determined by managerial, environmental, and organizational factors.

Adetowubo-King (2018) examined the impact of strategic planning on organizational performance using a study of selected manufacturing organizations in Lagos, Nigeria. The study appraised the effect of the concepts on the Nigerian manufacturing industry, using Unilever Nigeria Plc. and May & Baker Nigeria Plc. as case studies. Data analyzed using 171 respondents which were determined using Yards formula. The findings revealed that there was a positive relationship between the use of strategic planning and organizational performance in today’s corporate environment. The researcher concluded by recommending that top management should be more active in the strategic planning process for the attainment of set organizational objectives which will, in turn, facilitate the growth and development of organizations in Nigeria. It was also recommended that organizations must pay close attention to the environment in which they operate and consider it when formulating and implementing strategic plans.

Wijetunge and Pushpakumari (2014) in their empirical study on the relationship between strategic planning and business performance of manufacturing SMEs in Western Province of Sri Lanka focus on the strategic planning process where there is a dearth of studies which have concentrated on the strategic planning process. Specific objectives include identifying the level of involvement in the process of strategic planning and examining difficulties faced by SMEs in engaging in a strategic planning process. Data were collected through personally attended structured questionnaires distributed among 275 owners and managers of SMEs in Western province.
Descriptive and inferential statistical techniques were used. It was established that SMEs are moderately engaged in the strategic planning process and there is a positive relationship between strategic planning and business performance.

In a study conducted by Sandada, Pooe, and Dhurup (2014) titled strategic planning and its relationship with business performance among small and medium enterprises in South Africa. Data were analyzed using 200 usable questionnaires distributed to SME owners/managers. Factor analysis, correlations, and regression techniques were used to extract the dimensions of strategic planning and their relationships with business performance. Environmental scanning, business mission and vision, the formality of strategic plans, evaluation, and control, informing sourcing, strategy implementation incentives, employee participation, and time horizons emerged as strategic planning dimensions. The results showed that strategic planning has a positive correlation and predictive relationship with the performance of SMEs.

Karel, Adam, and Radomir (2013) carried out a study in micro, small and medium-sized enterprises in Czech and Slovak Republic. The authors asserts that strategic planning is an acceptable activity of any enterprise because organizations that have written comprehensive strategic deed proved 80% better in observed performance parameters compare to other organizations without defined or written strategic plan. They also affirmed that organizations that prepared succinctly, incomplete strategic deeds proved 40% of observed performance parameters enhanced results compare to organizations without a written strategic plan. They recommended that it is important to put more effort into proper strategic planning in all major business districts.

**Concept of Crisis Management**

Crisis management has also been defined as an action embarked on by an organization to evaluate and manage a crisis (Wang & Ritchie, 2012). We can also define crisis management as a thought-out plan by an organization to minimize, manage, or avert a crisis when it arises. Prochazkova, Prochazka, Santos, and Carvalho (2015) opined that crisis awareness is a situation of corporate promptness to foresee and successfully address internal or external factors. This could influence crisis in an organization by deliberately distinguishing and practically prepare for the occurrence of the unavoidable. However, Alexander (2015) posits that irrespective of the kind of crisis whether man-induced, natural, or pandemic, emergencies cannot be predetermined. This is because crisis is seen as an undeniable interruption every organization is bound to stumble upon at a point in their business, most times crisis crop up unexpectedly. No wonder, Oparanma and Wechie (2019) opine that no organization can operate without the occurrence of unexpected or unplanned business disruptions.

Crisis management has been divided into three phases: Pre-crisis, the period of crisis, and after-crisis. Karam (2017) classified the phases as crisis planning, crisis response, and crisis evaluation, and learning. Other scholars further divided the phases into sub-phases (Wang & Ritchie, 2012; Racherla & Hu, 2009; Ghaderi, Som, & Henderson, 2015; Ghaderi, Som, & Wang, 2014; Coombs, 2012). When a crisis is mentioned, what come to people’s minds are threats and negative effects of the crisis; scholars have argued that there is the presence of opportunities in every crisis (Wang & Ritchie, 2012; Vargo, & Seville, 2011). Previous literature provided seven crisis opportunities which include birthing heroes, quickening transformation, encountering covert problems, and
changing people, developing innovative strategies, evolving warning systems, and developing new competitive boundaries (Burnett 1998, as cited in Karam, 2017). Mogendorff (2008) also presented some positive opportunities that can crop up from crisis. Some opportunities are (a) narrow the service concept to reinvent the product for present and future markets, (b) re-distinguish your product, (c) reposition to attract different market segments, (d) reduce or restructure your organization to a more manageable size. Additionally (e) relocate to a safer environment, (f) simplify processes, (g) combine department or activities for excellent customer service or cost control and (h) update assets, redefine staff needs and skills, and reeducate staff are also opportunities presented by crisis.

Karam (2017) carried out a study on the impact of strategic planning on the crisis management of 5-star hotels. The study investigates crisis management styles (escaping, confrontation, cooperation, and containment) and their relationship to strategic planning processes. The study used a descriptive-analytical method with qualitative and quantitative approaches. Self-administered e-mail questionnaires totaling 190 were sent to all the general managers at the Egyptian five-star hotels. The outcome revealed that there is a statistically significant correlation and the relationship between strategic planning processes and crisis management styles. There was a negative correlation between strategic planning and escape, while strategic planning and confrontation, cooperation, and containment have a positive correlation. The findings implied the significance of strategic planning in times of crisis to improve hotels’ ability to survive and thrive in a crisis. The manager who actively exercises strategic planning is less escapable and more able to manage the crisis either by using the style of cooperation, confrontation, or containment. The researcher recommended that hotels should employ a strategic approach to crisis management by embodying crisis management planning in the strategy process. Hotels should introduce crisis management as an integral and integrated part of strategic planning. Proper strategy and crisis management at the same time helps hotels to think and plan strategically during a crisis and increases their ability to successfully manage it.

Patrik and Richard (2017) in their study proactive crisis management affirmed that due to a competitive and consistently changing global business environment, it is almost impossible for organizations to avoid crises of various types and magnitude. The objective of their study was to display relationships between the perception of crisis awareness, crisis readiness, and the organizations’ actual crisis management initiatives against major industrial crises. And also to clarify if the perception of crisis-awareness and crisis-readiness could be affected by other factors that should be in considerations, which in turn could affect the outcomes of crisis-management initiatives and actions in industrial organizations. Data was obtained through literature and articles and was presented in the theory part. Collected data and empirical findings of the two largest automakers namely, Volkswagen and Toyota, who have been involved in scandals and crises related to core research of this paper. The findings of the research indicate that the perception of crisis awareness and crisis readiness in an organization has a direct impact on the organization’s crisis management initiatives and activities. Likewise, there are elements like Corporate Culture, Personnel Education in Crisis Management and Corporate Communication and also other factors, which would affect the perceptions in organizations. The study proposed that by effective use of elements listed above, organizations could influence employees’ crisis awareness and crisis readiness positively, thus strengthening the organizations’ crisis management capacities.
Saka (2014) examined the effect of crisis management strategy on organizational performance of multinational corporations in Nigeria, empirical insight from Promassidor Ltd. Crisis management forms the bedrock for peaceful co-existence between employers and employees and even the society at large. Crisis is inevitable in any organization because it comes in varied forms and degrees. In carrying out this study a total of 321 staff were randomly selected from a staff population of 700. Two hypotheses were formulated to guide the study and the data collected were analyzed using partial correlation. The results revealed that management challenges to crisis management strategy are attributed to poor organizational performance and that crisis management strategy does not have any effect on organizational performance. Based on the findings of the study, recommendations were made that multinational corporations in Nigeria should make funds available for human resource development continuously. And that management of organizations should be pro-active when it comes to issues of human resource management. Therefore, the extent to which an organization can forge ahead despite this unavoidable constraint will depend much on the human resource managers on who rests the arduous task of resolving the crisis.

**Strategic Planning and Crisis Management Style**

Strategic planning is an indispensable tool for organization crisis management because it deals with weaknesses and threats as well as the strengths and opportunities; it also forecasts future events that might lead to crisis. Rosenzweig (2013), posits that experience from previous mistakes, could help us plan for unforeseen events, evaluate the possible situation that can lead to the same mistake, and then develop a contingency plan to manage it. Strategic planning covers various areas ranging from forecasting, formulating, implementing, monitoring, evaluating, resource allocation, etc. Sotirios and Nikolaos (2016), posits that these processes are a key component of strategic planning. From the literature review, there is a general agreement that Strategic planning is fundamental to every organization because it has been proven to have a positive relationship with organizational economic and non-economic goals that result in bottom-line productivity. Appropriate strategic planning can lead to excellent crisis management in an organization that could lead to productivity in an organizational setting. Scholars opined that strategic planning is an independent construct from crisis management though there is a similarity between the two constructs because they both involve process planning which includes formulating, implementing, monitoring, and evaluating. Beside preparation and adaptability, there are four facilitating dimensions common to crisis management and strategic planning; leadership, organizational culture, decision making, and consciousness of the situation. Both constructs focus on the future of business, organizational structures, and resources to execute the plan; they also focus on the weaknesses and threats of an organization (Vargo, and Seville, 2011; Pollard, and Hotho, 2006 as cited in Karam 2017).

However, there is also a difference between these two concepts; crisis management deals with natural threats that crop up as a result of environmental changes while strategic planning deals with the opportunities born out of this revolution (Karam, 2017). The concentration of crisis management is on enhancing the capability of an organization to continue to exist, while the concentration of strategic planning is on enhancing their capability to succeed. According to Vargo
and Seville (2011), one of the characteristics of crisis management is survival while one of the features of strategic planning is flourishing. Crisis management is based on the misfortune of the future, strategic planning is established repeatedly on the hypothesis that future occurrences will be similar to the present day. Any organization that wants to survive and continue to thrive before, during, and after crisis must have a combined team of strategists and crisis managers who are ready to learn from past mistakes to always think and plan ahead of any future incident.

Some of the crisis management styles from previous literature include confrontation, containment, cooperation, and escaping (Karam, 2017). Confronting style, this refers to when a community, state, country, or organization that is experiencing crisis is not scared, or trying to avoid it but are bold enough to logically tackle it head-on. This could be based on the advice of the crisis team or strategist on how to curtail the negative effect of such a crisis and recover the affected organization to stability. Containment style when crisis team/managers or the general public tries to minimize the spread of the crisis to reduce its effect. Some good examples are fire outbreak by engaging fire service personnel, pandemics such as cholera, Ebola, Coronavirus, etc., through regular washing of hands, social distancing, use of nose mask, sanitizing of hands and general personal and environmental hygiene. Cooperation style refers to teamwork where all that are concerned collaborate and responsibilities are duly delegated to the individual to get to the grassroots during the crisis. The crisis of COVID-19 is a very good reference, governments have instructed the citizens to sit at home, businesses and offices are shut down, the citizens are cooperating, in return government in various countries are sharing relief items such as foodstuff, finance, and other needed materials. The last is the escape/avoidance style when those concerns try to pretend or deny the existence of crisis either in an organization or in a state; sometimes they go as far as given press statements to save their image. This style is destructive because the crisis is unattended and the impact could be deadly.

Conclusion

From scholarly literature reviewed, it was discovered that organizations with appropriate strategic planning are more equipped to manage a crisis. It was further revealed that any crisis management style applied at a given catastrophe will determine if the destruction will be minor or major disaster. This means that organization that employs strategic approach to crisis management style will be pro-active in managing crisis. Never before has crisis management been more important, the recent coronavirus (COVID-19) pandemic has made the whole world vulnerable and has also disrupted the global economy, therefore, there is a high need for crisis management experts and strategists in organizations to collaborate to proffer solution. Through proper strategic planning, each organization at every point should be able to analyze and identify type of crisis as well as their source in order to apply appropriate crisis management style suitable for accurate result.

Recommendations

Based on study findings from the literature reviewed and the above conclusion, it has been established that crisis could be disruptive or positive depending on the strategic approach and crisis management style applied. Strategic planning plays a significant role in crisis management; the study recommend that every organization should incorporate a strategic approach to crisis
management and also put in place a strategic/crisis management team that will be able to manage crisis within the shortest period to curtail the negative effect while taking advantage of the positive impact. Organizations should develop a crisis report form that should be filled whenever crises occur and should be reviewed annually, this will enable them to plan to prevent future occurrence of such crises. Finally, employees should be trained and retained on the positive and negative effects of crisis; they should also be sensitized on how to adapt to changing circumstances that might occur before, during, and after a crisis.

References


