

# Секція 1. АКТУАЛЬНІ НАПРЯМИ РОЗВИТКУ ТЕОРІЇ ТА ПРАКТИКИ УПРАВЛІННЯ

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## **CRISIS MANAGEMENT AND POSSIBLE ANSWERS INTRODUCTION**

It is evident that the uncertainty has become an integral part of human life and work at global level. More intense competition, energy constraints, climate change, and political instability are the problems to the functioning of the business, that they must seek new concepts that meet the new challenges. The current political crisis, which is present in Asian countries, is the result of lack of democracy or high presence of autocracy, which by nature tends to turn into a dictatorship. The economic crisis in 2009 that has engulfed the U.S. and European crisis in 2011 is the result of imbalances between consumption and production. The general or one of the main causes of the crisis is consumption, which is typically higher than production. The political crisis will inevitably threaten the economic outlook, as the economic crisis in Europe threatens to jeopardize the political project of united Europe.

Management is now facing two basic requirements, namely:

It must respond to everyday challenges that occur in all segments of the economy and society, especially in the provision of satisfactory living standards and satisfaction of employees and the citizenry in general. In other words, management must provide a satisfactory quality of present days and create a sustainable future.

Management must ensure a sustainable future, and that means that in the adoption and implementation of management decisions in the first place long-term plan. Therefore, management is like drivers of motor vehicles. It must look ahead and respond to the conditions and problems that occur on the road to safely arrive at desired destination, but also to look at the mirror who follows him.

In essence, the management is living and working in three time dimensions, namely: (1) in the past that is known, (2) present that is more or less known, and (3) in the future that is unknown or uncertain.

## CRISIS IN MODERN CONTEXT

The fact is that the crisis in the past has been rare i.e. occasional and temporary, so they usually occurred at cyclic. The reasons for this state need to be found in small i.e. incremental changes that were taking place in the technological, organizational, social, and economic sphere. Technology in general and organic composition of capital in organizations has not changed in the long run. Organizational design has been unchanged for several decades. It was similar to the control function, which used classical management concepts. Customers had stable desires, motives, and the ability to pay. Thus, the organizational setting of the company was stable and did not change over a longer period of time. In these circumstances, management's objective was to meet the needs, desires, and customer's ability to pay, and to organize the production of products and services that can be placed and collected.

Present managers are not equipped to manage in times of crisis. They are trained to manage companies in normal times, they often studied examples from the past and based on them formulate strategy in response to emerging problems. Research shows that management of companies in times of crisis there has two distinct phases, namely: (1) passage of time and (2) phase of adaptation.

In the first phase of the crisis, management needs to stabilize and transform the current situation to normal as soon as possible. This phase can be compared with the ambulance crew that should stabilize the situation of a patient who suffered a heart attack or stroke, to provide new blood vessels for the heart i.e. brain surgery. This phase is most critical, because if it does not complete successfully, there is no second phase, a team of emergency aid is not effectively addressed this problem.

In the second phase is necessary to further improve the patient's condition. Therefore, to recover of operation, it is necessary to prevent new complications and prepare the patient for a new reality in the postoperative course, to restore to normal. In other words, the crisis is not yet over, but the patient often requires a radical change of behavior, which means that trades are not only necessary but also essential. Research shows that «many people survive heart attacks, but most patients return to old habits. According to data, only 20 % stop smoking, change diet, or exercise more, «although it is evident that these are the most common causes of cardiovascular disease and complications».\* (\*R. Heifetz, A. Grahshow, and M. Linsky, «Leadership in a Permanent Crisis,» HBR, July-August 2009. p. 64).

Previous analogy applies to any organization or country. The danger in a crisis is that top management often attempts to keep head position, applying the concepts that have led the organization into a crisis. These are often short-term solutions, more control, cosmetic restructuring, the introduction of greater discipline in the work, suppression of ideas and reduce frustration, and so on. Top management will usually do what they did in the past and what they know. Governing elite does not understand that the organization came to the problem in the first place because short-term problems and solutions were primary, as concepts that once led to success and techniques for managers are mastered or acquired in their education were applied. Of course, these are classic behaviors that are not successful, because if we are doing today in the same way as in the past, we get the same result, but in a world of increased competition, it will not be enough to advance, and often even to survive.

The problem of the top management in time of crisis is that most of them for the first time are in a crisis, which is the complete opposite in relation to the functioning of the surgical team, trained to fight against time, as soon as possible to perform the appropriate operation. Therefore, there is great uncertainty about the outcome of their decision, especially since from the managers is often expected to solve the current crisis by themselves. In this context, we can conclude that, «an organization that depends only on the top managers, risks failure. In this context, General Motors (GM) management in is post-bankruptcy period which was published first of June 2009. noted, «The most important thing is to somehow escape and forget the old way of functioning of GM, which was based on a strong bureaucracy, loss of self-responsibility and resistance to changes) and to bring some other people who will bring new vision and new business view of the future. Detroit, although is not used to people on the side, this time had no choice. As the first man, Dan Akerson was appointed who formed a new team of executives».\* (\*A. Taylor III, «The new GM: A report card», Fortune, 5. September 2011, p. 3).

Experienced managers who are trained to manage in crisis, or who had managed and lead the company through major turbulences, will try to use the crisis to create chances and start from scratch, i.e. the introduction of radical and fundamental changes. They use the earthquake to introduce changes, innovations and unblock the huge creative potential, which will be in operation out of the crisis, but also ensure further growth and development of companies. Top management in these conditions should change the rules of the game, and quite often, the change of job is necessary. Some parts of the

organization will be turned off, some jobs will be eliminated, and new ones introduced.

It should be noted that the introduction of radical changes is easy in times of crisis, because it is the end of the way in which the employee is the only means of survival seen in the changes. Of course, in times of crisis there are far less possibilities to perform radical changes, because employees in these conditions often do not receive a salary, are not motivated, and often think about leaving the company, and so on. In these circumstances, the most valuable ideas can be brought into question, if management does not want changes. Of course, changes and adaptations are not coming from some major initiatives from the top companies, but by collecting the ideas generated in a small company. It turns out that the great achievements are the result of many small, often incidental experiments and experiences, one of which finally made a turning point.

### **CRISIS IS A VERY GOOD SITUATION TO CREATE A NEW LEADERSHIP**

It is evident that the crisis is a danger and that most people see the damage in it. The crisis is often referred to as the main cause of stress, conflict, poor interpersonal relationships, and thus poor performance.

However, the crisis has some good things. It creates prosperity and opportunities for the company. This is especially true for the elimination of existing management. Analysis and research shows that the management that led the company in a difficult situation or crisis, cannot save the company from that situation. It is necessary to elect a new management, which will operate on principle of leadership. Here we talk about choice, not appointing crisis managers, as it is commonly done in emergencies, by the crisis staffs. It is shown that the choice of the leaders is of one of the basic democratic rights groups, and it is far better method of selecting leaders, rather than appointment by decree, or other document. In all situations where the group chooses a leader, it was a better choice than if he had been appointed and imposed on the group.\* (\*Z. Radosavljevic: «Trgovinski menadžment», FORKUP, Novi Sad, 2006, p. 48).

Therefore, the employees must select new leadership, because they know the best abilities of individuals. His first task should be to create a favorable atmosphere in which ideas will emerge as the most valuable resource in every crisis.

In order to utilize the creative potential of employees, leadership must recognize above all the mutual dependence of people in the

organization, i.e. that no one is the goal for itself, but that everyone should be in the function of common purpose. This is often neglected, and the interdependence between individual entities, i.e. stakeholders, such as suppliers, customers, government, competitors, and so on. The illusion, which in practice usually happens, is that the management itself cannot get out company out of the crisis and ensure a successful future.

In this context, it is important to respect differences and learn from different approaches. If in the widest range powers on different life experiences and views are not included, including younger and non-scientific, but practical individuals, leadership runs the risk of operating without a clear picture of the potentials that exist in the organization. It turns out that in crises practical and quick solutions, or solutions that deliver results in a short time dimension are crucial.

Contrary to popular opinion, that in crisis positional or actual authority should be raised, it is shown that this is counter-productive work. Research shows that in times of crisis should established situation in which every individual will feel like the owner of the company. In that way, employees will be more motivated to innovate, or to take the lead in achieving better results for the company, no matter where they are. In a broader context, it is necessary to foster partnerships with other stakeholders, because the failure of one supplier, who delivers one or more product components, may affect the final success of producer. In other words, when the subject in co-operation has a problem, the problem is transmitting to other participants, which is natural, because «a chain is only as strong as its weakest link.»

In crisis management, leadership must demonstrate the ability to manage employees, but themselves too. The scientific and scholarly literature generally speaks of the need for knowledge of basic principles and principles of managing employees, while not talking about the need to control itself. Analysis of the management colleges' courses shows no subject that will suggest the training of future managers to govern themselves. It is shown that crossing its own threshold is longest journey. Here we are referring on the need for physical and emotional stability.

The leader must be realistic and optimistic. Here we talk about the imperative, as unrealistic leader has negative impact on motivation of employees. On the other hand, leaders must be optimistic, because in contrary he cannot expect others to emit positive energy and direct activities towards a common goal.

It is necessary to establish priorities. The most important thing in a crisis, but in normal times too, is to know what is the most important. Many are doing the wrong thing the right way and thus aggravate a sick body. The important thing is to look for practical and quick solutions.

The leader must have people of trust. A trust is a lot of talk, although it is evident it represents major problem in modern business. Ideally, a person of trust should not be from the organization, because one day it could found on the opposite side.

The leader in times of crisis must devote more emotions to work. Competence and emotional intelligence of management can be effective and efficient way to resolve the crisis.

The leader i.e. leaders in crises must not be «lost» in their new role. They must orient their lives toward one goal, or enterprise, in conditions of high turbulence, when nothing is certain, can be dangerous for everyone, in particular, may lead to disappointment.

### **SELF-ORGANIZING AS AN ANSWER TO THE CONTEMPORARY CHALLENGES AND EMERGENCIES**

Previous researches show human in organizing and directing common work using different concepts, from classic or mechanistic, to modern biological, or biologic concepts. Each of the concepts used showed a different performance, as dictated by the time of their use. As a rule, in every new time dimension human used those methods that were successful, i.e. more efficient and effective.

However, modern science on the organization is not enough attention focused on researching ways of functioning of self-organization, i.e. living creatures, and even the cosmos, as the most perfected modes of organization. Among individual theorists, this notion appears under different names, or partially, in different context, which more or less express some part of self-organization. Thus, E. Deming in his 14-point program for successful quality management, talks about self-improving as a factor of quality improvement. In his book, «The Fifth Discipline» Senge highlights an organization that teaches, or self-learning organization. In the socio-political system of the former Yugoslavia, there was the term self-management as a way of organizing and managing organizational systems.

Knowledge about the way of the self-organization functioning would contribute to greater efficiency and man-made orga-

nizations, such as companies, institutions, hospitals, theaters, football teams, and so on. Thanks to (self) management, Yugoslavia in the mid-sixties had one of the highest rates of economic growth in the world, confirming that the systems that operate on the principles of self-management, self-regulation, or self-organization gives high results.

This conclusion is logical, because every organization has all every living being has. Namely, in every organization, and in every living being, there are inputs, transformation processes, and outputs. Also in each of these, there is the mind that controls the transformation process. It is therefore becoming increasingly important in the management i.e. the management to pays attention to emotional intelligence, i.e. the behavior of the brain in terms of action and interaction. It should make the organization more successful. In the above it should be noted that, « Effective leading is more in the development of real interest to convey positive feelings to the people whose cooperation and support leader need that in coping or communication skills. The impression is that effective leadership is the phenomenon in which there are powerful social ties and the broader concept of emotional intelligence, which are based objectively on the basis of individual psychology. (\*\* D. Goleman and Richard Boyatzis: «Social Intelligence and the Biology of Leadership», New York, 2009).

The need for this concept of the organization especially is important in turbulent i.e. critical times. In fact, times of crisis require a quality organization that is based on flexibility, and the basis for establishing flexible organizations is self-sacrifice regarding changes in the environment.

Each, and consequently each organization that is built by nature, has some common, but also a number of special features. Human only partially know common and specific features of self-organization, which requires a general explanation.

The primary characteristics of each type of self-organization are its integrity. Natural organizations origin from mutually interconnected parts, between which there is an iterative relationship. The parts are relatively independent, but any change in one part, causes changes in other parts or at the level of the whole organization. As the complexity of the organization increases, its autonomy in relation to the environment increases too. Consequently, in complex systems there are increasing need to establish a strong relationship and integrative relationships on one side and the prevention of entropy that would lead to chaos.

The above principle also exists in the artificial organizations. Small businesses are more depending on the environment. It is shown that over 30 % of small businesses disappear in the first year of its operation. On the other hand, transnational and multinational companies have a high level of independence, which is why traditional power is changed in favor of corporations at the expense of the state.

Reliability of (self-) organized structure is determined by the degree of correlation of parts within a whole. Young person is reliable, because there is a strong connection and integration of body, so to say, and their interconnectivity. This applies also in natural and artificial organizations, as well as in technical systems. The new car is reliable because there is a high level of integration of components, subassemblies, and parts, within the technical system. The disintegration of parts, assemblies and subassemblies in which there is less and less interaction leads to uncertainty and the need to establish their reintegration, which is done through the overhaul in which it seeks to establish reintegration and harmony parts. Of course, this phenomenon exists in the organization too, having its lifetime and may disappear after their fatigue, and when they are unable to compete.

The third characteristic of self-organization is in establishing a relationship with the environment in which it is located, which means it receives some inputs from the environment, performs the transformation processes, and finally realized output and gives a product or service to the environment. This means no self-organized structures can survive on the principle of a closed system, because nothing in the natural order itself is enough nor it can survive as an autonomous and independent part. Although every man is an autonomous and individual, it can survive only in cooperation with other people, but also with elements of the environment to which it belongs. Therefore, one becomes part of the environment or its subsystem. It is necessary to adapt its behavior center, but to work on sustainable development, as this increases the chances for its own survival. In other words, everything is the entirety made of units and at the same time parts of a whole.

The situation is similar to artificial systems, and organizations. They receive raw materials from the environment, hire labor potential, energy, and information, and organize the transformation processes and finally, offer corresponding products or services on the market.

The fourth characteristic of self-organized structure is their dynamics. Every organization, including the self-organization, must



change as the environment change. If the organization is changing slowly in relation to the environment, it is doomed to extinction. An example of the dinosaurs is the best proof. They disappeared because they did not succeed to adapt to changes that have occurred in the region.

A similar situation exists with organizational systems. The first cause of the deterioration of social systems is the fact they do not change, or change slowly than the environment. Classical state operates several centuries in the same way. Political parties and parliamentarism function very long without major changes, which is reason enough to fail.

Therefore, the change is the law of life. The only constant thing in the cosmic order, the change occurs on universal principles. Organizations that work and live with change are able to provide sufficient competition or performance. For example, a large automotive company, Ford, has managed to survive more than a century, thanks to the adapting. Certainly, today's Ford isn't the same as it was fifty or a hundred years ago. This company was able to maintain because it changed their models in accordance with the requirements of customers. If it had not happened, it would disappear like the dinosaurs, and other companies.

Each (self-) organization is unique and unrepeatable. This can best be seen in all living beings, including plants, animals, and humans. All research shows that on Earth there are no two the same person, even when it comes to twins. Although people are the same for its anatomical and physiological characteristics, they still differ in their consciousness, thinking, behavior, and actions. This feature causes a number of implications in the artificial organization, because it shows that every person will be motivated and inspired in a different way than the other and that pursuant to the above, every man must be adapted to a particular mode of communication, one that matches its preferences.

The same or similar situation is with organizations or companies, institutions and other forms of working together. In fact, there are no two same organizations. Any organization i.e. company is unique and unrepeatable creation, even when the same number of workers, the same organic composition of capital, turnover, profit, and so on. It is shown that an organization does not constitute buildings or machinery, but the people as unique and unrepeatable. Hence the need for operates each organization in a special way, because different people choose the way of guidance i.e. control.

Each self-organized structure has its own self-organized life cycle, which cannot be indefinitely extended. Each self-organized system eventually leads to exhaustion of energy resources, finally leading to death, as the epilogue of each crisis. That is why every self-organization has the ability to reproduce species, as the process in which is going to create new self-organization. Nevertheless, the limits of reproduction and regeneration are limited. The man succeeded thanks to the acquisition of new knowledge, to extend the time of regeneration and reproduction, but not for forever, i.e. it was unable to avoid its own extinction.\* (\*V. Vučenovic et al. «Holisticka teorija organizacije», FORKUP, Novi Sad, 2011. Pp. 227—255).

However, organizational systems as artificial creations do not operate on these principles. Each company, or other organizational form, can live forever, and even to be in the state of «eternal youth» if lives with a permanent change. In other words, each organization must introduce innovations in technology, organization, communication, etc. It has to do that, there is no immediate need for change i.e. to change people, and their behavior, as the routine is greatest enemy of success. If the changes are performed better, the organization will not be in a crisis.

Self-organized structures are striving to expand its field of action and master the elements of the environment to which they belong. They tend to spread the influence of their dominance, resulting in a competition, as the basis of any progress and the progress of civilization.

This indicates and proves that self-organization is a significant source of gaining knowledge that can be used in the design, construction, maintenance, and management of artificial, consciously organized organizations and systems. In this way, it is actually performed an imitation of what is happening in the natural organization.

Since in the practice of organizing artificial systems the classic postulates that organizations in modern economy cannot give proper effect are still used to organize a new concept based on the principles of self-organization, may be the answer to the increasing complexity and uncertainty that is happening in the world of business and life in general. The fact is that man by far is not managed to master the secrets of the functioning of the natural order, and self-organization, it is a limiting factor in the use of self-organization in the design of organizational systems. Finally, we should remind of the great Serbian poet Dusko Radovic who said, «The question of our efficiency is not in whether something can be, but whether it must be. Everything can be, but does not have to be».

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### ДИНАМІЧНИЙ ПІДХІД ДО ВИЗНАЧЕННЯ ПОНЯТТЯ «КОНКУРЕНТОЗДАТНІСТЬ»

АНОТАЦІЯ. Проаналізовано сутність понять, пов'язаних з конкурентоздатністю, та визначено місце цього поняття в системі координат «рівень конкурентоздатності — час».

КЛЮЧОВІ СЛОВА: конкурентоздатність продукції, конкурентоздатність підприємства, конкурентоздатність галузі, конкурентоспроможність, конкурентостійкість.

АННОТАЦИЯ. В статье проанализирована суть понятий, связанных с конкурентоспособностью, и определено место этого понятия в системе координат «уровень конкурентоспособности — время».

КЛЮЧЕВЫЕ СЛОВА: конкурентоспособность отрасли, конкурентоспособность предприятия, конкурентоспособность продукции, конкурент возможность, конкурентоустойчивость.

ANNOTATION. In the article essence of concepts, related to the competitiveness, and certainly place of this concept, is analyzed in the system of coordinates a «level of competitiveness is time».

KEYWORDS: competitiveness of industry, competitiveness of enterprise, competitiveness of products, competitiveness, competitive firmness.