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# Condition for a Successful Elimination of Crisis: Special Competencies and Styles of the Crisis Manager

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## Abstract

Various crises arising from internal or external causes are already an inseparable part of modern business in today's turbulent and extremely uncertain business, technological and general social environments. For a successful business reorganization, several conditions must inevitably be met. One of them must be a capable and competent crisis management team, whose tasks actually include facing the most arduous obstacles known to the practice. This is why the competencies of management must be more developed and adapted to the threatening crisis situation when the existence of the company is at risk. Managing a company in existential difficulties differs from an ordinary functioning situation where management has enough time, resources, consultants, variant solutions, testing options, and political and other support. For this paper, a survey of the styles and competencies of the managers was conducted, in which participants with experience with crisis and crisis management defined and ranked individual styles of leadership of a crisis manager. It was identified that the style of "mild dictatorship" is most suited, and special competencies, which, in addition to the general ones, should be possessed by crisis management, include in the first place the ability to focus on solving problems in difficult situations and more complex, diverse and unpredictable situations. For the success rate of crisis resolution to be higher, it would be advisable to check the possession of the specific personal competencies in question when appointing crisis managers.

## Keywords

Crisis, Crisis Management, Decision-Making, Styles, Competencies

## 1. Introduction and Related Literature Review

Increasing intensity of ever-changing unpredictable events and situations that occur within a company and its surrounding environment, such as the global financial crisis between 2008 and 2013, as well as the 2020 epidemiological crisis, greatly impact the level of competitiveness and complexity of maintaining a successful business. These factors affect the existence and growth of companies and organizations. Hence it is hardly surprising that crises of one kind or another have indeed become an inevitable part of modern business operations, whether it's for-profit or non-profit organizations.

Struggling organizations facing existential issues and development challenges must be helped. If they collapse rapidly and in an uncontrolled manner, valuable material and non-material assets which were created over years, including employee knowledge and experience are lost. This has to be prevented. Organizations facing difficulties must be managed with skill and professionalism. In such cases, strategic management takes on the role of crisis management, which must be tailored to the specific characteristics of the crisis situation that poses a threat to the organization's continued existence.

A crisis is a short-lived, undesirable and critical situation in a company (organisation), which directly threatens the achievement of the objectives of the participants of this company and its continued existence and development, which is due to the intertwined and simultaneous operation of both external and internal causes (Dubrovski, 2022: p. 64; Crandall, Parnell, & Spillan, 2014: p. 3; James & Wooten, 2010: p. 17; Roux-Dufort, 2003; Saleh, 2016: p. 21).

Crisis management involves planning, organizing, leading, and supervising to help companies and organizations overcome difficulties that threaten their existence (crisis resolution) or growth (crisis prevention). Its goal is to control negative developments by achieving a turnaround and create opportunities for positive change. Managing a company under great pressure, which is directly faced with the possibility of rapid collapse, requires a different approach than what is allowed or permitted by normal business conditions. In the context of crisis management, it is common to encounter time and resource constraints, a need for swift decision-making and orientation towards short term problem solving. Therefore, it is crucial for crisis managers to implement customized methods of leading both the company and its employees. Unlike classical strategic management, crisis management has an increased share of operational decision-making and action required by alarming conditions.

Given the dynamic and unpredictable nature of today's business and social environments, crisis management has evolved to encompass not only reactive measures but also proactive strategies aimed at preventing crises altogether. This can help safeguard the growth and continuity of organizations. In reality, modern crisis management is interconnected and intertwined with:

- crisis prevention;
- responding to the crisis which arose; and
- recovery from the crisis when it comes to regaining reputation and trust in the environment.

According to some researchers, crisis management extends to the period of 1) preventive planning, 2) the period of crisis, 3) the period of dealing with the consequences of the crisis and 4) the post-crisis period (Gonzáles-Herrero & Smith, 2008), and Heath (2007: p. 49) talks about "4-R" (reduction, readiness, response, recovery; cf. also Runyan, 2006; Smith, 2006: p. 105).

Crisis management involves two tasks: halting negative trends (short-term) and laying foundations for future development (medium-term). Without the presence of the former, the crisis is only temporarily suspended and the company's healing becomes unattainable. In the absence of the latter, the crisis can only be momentarily suppressed, but not resolved entirely. Depending on the tasks assigned, crisis management pursues two fundamental, inseparably related goals:

- managing the crisis situation by stopping negative trends;
- achieving a turnaround and providing the foundations for fresh growth (revitalization and stabilization).

Managing a crisis situation can ensure a company's survival, but it's only a temporary solution that suspends the crisis, without providing a cure. Hence, this phase must be followed by the next phase with the earliest possible achievement of a turnaround, when following the bottom (turnaround point), the negative trends redirect to positive ones and the company maintains its existence and realization of its development opportunities and, in addition to the temporary existence, further competitive development. Managing a crisis situation is not sufficient in itself, as the crisis situation is de facto managed only when we achieve the reorientation of negative trends in a positive direction.

When both key tasks of crisis management are fulfilled, we are talking about a successful process of recovery of the company and crisis management or successful reorganisation. Company reorganisation is the process of rehabilitation of a company in crisis, the purpose of which is to remedy any unfavourable and future-threatening crisis situation by preventing further deterioration of the business and restoring conditions that will ensure the company's continued existence and development (Dubrovski, 2022: p. 155).

In order to successfully reorganize companies in existential difficulties, as a rule, four common conditions must be met (Dubrovski, 2022: p. 186):

- there must be a healthy business core (core activity, core business programme) which is able to provide a positive cash flow and a positive operating result based on added value, also in terms of future development;
- a capable, competent management team with the necessary powers (without which even the best projects will be doomed to failure);
- available financial resources (possibly long-term) to bridge the liquidity gap (including payment of rehabilitation costs) and to secure the development step (revitalisation);
- positive attitude of employees towards the recovery process with sufficient participation and motivation.

Regarding the second condition, which is the focus of the study in this paper, the contribution of management by individual phases of crisis formation and management may differ (**Table 1**). In this field a research gap is noticed, namely,

**Table 1.** Sample of management's contribution to the different phases of crisis development.

| Crisis development phase | Management contribution | |
|---|---|---|
| | Positive | Negative |
| Emergence of crisis | Successful management | Management failure |
| Crisis identification | Facing the real reasons for the crisis and taking measures to eliminate these causes | Ignored or neglected symptoms, self-deception |
| Crisis management | Taking the right combination of immediate, deep and radical crisis management measures | Lack of touch with reality, passiveness, dealing with the wrong causes and aban-doning the right and timely measures |
| Crisis resolution | Implementation of revolutionary change methods to achieve company renovation (restructuring, re-engineering) | Incorrect, untimely, insufficient, unrelated, incomplete and too lenient measures |

Dubrovski (2022: p. 128).

it must be clear that managing a company in acute crisis cannot be the same as in those in normal or well performing conditions.

The conditions for crisis management to be successful are as follows (Faulhaber & Landwehr, 2005: p. 130):

- will (willingness): will to change, accept responsibility, willingness to give up, sufficient engagement;
- being able (legitimacy): decision-making power, necessary powers, position in the hierarchy;
- strength (ability): professionalism, ability to work in a team, learn and lead, accepting burdens, strength to achieve goals.

The introductory debate clearly shows that for a successful business reorganization, several conditions must inevitably be met. One of them, possibly the most relevant, must be a capable and competent crisis management team, whose tasks actually include facing the most arduous obstacles known to the practice. This is why the knowledge and skills of management must be more developed and adapted to the threatening crisis situation when the existence of the company is at risk. Managing a company in existential difficulties differs from an ordinary functioning situation where management has enough time, resources, consultants, variant solutions, testing options, and political support.

The article is in further segments organized as follows: after basic terms and conceptions different behaviours of participants and difficulties of decision making in a crisis are explained, followed by the presentation of leadership styles and competencies focused on special competencies of a crisis manager. In the last part of the article the main findings from author's empirical study are briefly resumed.

## 2. Changed Behaviour of Organization Participants in Crisis

When a company is faced with a crisis situation, the behaviour of the internal staff (owners, managers, employees, supervisory boards, trade unions, interest groups, etc.) and external participants (investors, creditors, suppliers, customers, competitors, the state and society, the local community, the public, supervisory and statistical institutions, associations, universities, lenders, etc.), who express different responses to such a situation, is subjected to change.

According to the Code of Business Finance Principles (i.e. principles on financial policy and financial function), a company connects the interests of several social groups (cf. Slovenski inštitut za revizijo, n.d.; Plavšak, 2000: p. 183) outlines the priorities of various stakeholders in a company. a) Owners seek to maximize their investments, b) management prioritizes long-term growth and reputation. c) Employees want material benefits, good working conditions, and job security. d) Market participants incl. clients and suppliers prioritize the company's long-term existence and development for market needs. e) the finance partakers give precedence to sufficient solvency and financial strength due to active and passive financing. Finally, f) the state, society, and the public want the company to fulfil the needs of stakeholders, comply with social structures, and contribute to financing state and social institution and employment while minimizing environmental impact.

In a well-functioning company, there are inherently conflicting and proportional interests among different parties, such as employees and owners, mortgage and ordinary creditors, owners and creditors, and owners and managers etc. However, these interests are balanced out in the initial and subsequent normal business conditions, allowing the company to fulfil the needs of all participants involved. When it comes to planning major changes that are of strategic importance, there can be a lot at stake. Even in the event of a crisis, the dynamics between participants can become complicated as each person tries to protect their own interests. This can often lead to a situation where participants may need to encroach on each other's areas of interest in order to achieve their goals. In situations like this, contradictions can become very intense, resulting in a more potent conflict of interests. Passive and active conflict relationships arise in the multi-direction and inconsistency of shareholders' views on the existence of the organization. Depending on their role and position, not all participants in the company have the same interests or the same power or influence. Since each individual participant has different goals, their behaviour both inside and outside the company will differ according to those goals. Moreover, every crisis is unique, even when comparing two companies in the same industry. This is because the causes of the crisis are different, which means that the measures taken to address it must also be different.

This realization is crucial in projects that aim to bring about revolutionary change or eliminate a crisis in an organization. It is important that management does not ignore or underestimate this fact under any circumstances. The emphasized divergence of interests, which is characteristic for the period when the company is about to undergo major changes, further complicates the already demanding internal and external relations of the company. In addition, it should be borne in mind that each stakeholder group in such circumstances has its own indicators, criteria, and timeframes for assessing the performance of the planned project. A crisis leads to a serious breakdown or poor functioning in the relationships between people, organizations and technologies (Gephart, 2007: p. 125). In order to emphasize its importance, some already began to call the area of balancing proportionate interests "stakeholder management". Thus, Crone (2007: p. 3) talks about the crisis of the participants (stakeholders) of the company, within which the established balances affecting the emergence of conflicts and non-motivational, inhibitory cultures (behavioural crisis) are usually changed due to changed management.

Multi direction and different sizes (strengths) of interests can lead to conflicts in different areas and levels:

- Conflicts arise due to differing assessments (two groups of participants want to carry out activities that are incompatible and conflicting with each other).
- Conflicts arise due to varying values, as different groups tend to assess the outcomes of the same action differently.
- Conflict due to division can be caused when multiple groups expect the same benefits or resources for certain activities, but only one group can receive them.

Therefore, in addition to all demanding strategic and tactical business tasks in crisis management, the crisis manager will have to re-establish a balance and eliminate key blocking conflicts between influential participants, otherwise the rehabilitation project will not be implemented. Conflicts between interests intersect or meet precisely in crisis management, which, in addition to professional skills, will also have to show communication and negotiation skills. The greater the imbalance, the more difficult it is to resolve the conflict situation. As said, internal and external participants of the organization in a crisis significantly change their behaviour.

Managing in a crisis company involves dealing with contradictions and conflicts, thus including political problems solving and conflict management (Müller, 1986: p. 304) or contradictions management. During crisis situations, conflicts among stakeholders with different goals and attitudes deepen and intensify, both within and outside the organization and in its relations with the environment. Therefore, resolving conflicts to tackle a company's crisis situation can have a strong positive impact. Crandall and Mensah (2008) point out in this regard that crisis management is not just limited to the internal management of the company but "organizational crisis management is a systematic attempt by members of the organization and external participants to prevent crises or effectively solve those that have already occurred".

In spite of the frequent labelling of crisis management as a reactive activity pointed toward problems, which are already escalating, this would be much too simplified and narrow of a label (Weick, 2006: p. 214). A company finding itself in an acute crisis is in a situation when crisis management must make business decisions. The consequences of such decisions taken may directly lead to company collapse, thus crisis management solves problems at the highest degree of complexity. In terms of the severity of problems, an acute crisis is quite different to manage than a latent one. The problems are much more difficult to solve, there is less time and the severity of measures is much greater. At the same time, there is a difference compared to regular management duties which are repetitive and routine to an extent. "Running a profitable business is one thing; reorganising a loss-making business is another" (Bibeault, 1999: p. 164).

## 3. Decision Making and Risks

Business decision-making is the most important task (or activity) of managers, which is directly related to problem solving (the process of adopting corrective measures to achieve goals), as it is a process of selecting the direction of measures that will solve the problem (Lussier, 2017: p. 98). A decision is a choice between two or more possible alternatives in a dilemma related to solving a problem. As a rule, decision-making also means taking responsibility for the consequences of decisions. Since decisions are made in the present moment, but anticipate the consequences in the future which are unknown, decision-making is inextricably linked to risk. The more important the decision, the greater the risk of wrong selection of possible alternatives. Due to limited rationality or cause-and-effect relationships in the environment, decisions often cannot be optimal, but only more or less satisfactory.

Due to the high level of uncertainty in the modern environment in which the organization operates, not all decisions can be based on the so-called rational justification that is typical for analytical decision-making. Therefore, management is often stated to be both a scientific (rational, logical, targeted, systematic) and an artistic discipline (intuition and instinct, decision-making in an uncertain environment). Management is not a science because it does not work in isolated and clinically laboratory conditions, but the work of the manager can be analysed and systematically categorized and even measured and evaluated (Harte, 2014: p. 3).

Managers often do not cover all options when making decisions due to "optional myopia", because they simply do not know them. The expansion of the range of options that are the subject of decision-making is related to the knowledge and experience of the manager. If the manager only has work, business experience, but does not have formal knowledge (education), he will notice in the decision-making only those opportunities that have already occurred to him in comparable circumstances. However, if the manager, on the other hand, has only (theoretical) knowledge, but no experience, the evaluation of alternatives in the decision-making process will not be optimal in terms of their feasibility. By systematically expanding the decision-making framework of managers, it is possible to stimulate out-of-box thinking (Enders, Koenig, & Barsoux, 2016).

Decisions are challenging because (Michel, 2013: p. 48): information is incomplete, there is never enough time and it is always the wrong time plus it is always difficult. Therefore decisions are surrounded by ambiguity while involving a degree of uncertainty and risk. Strategic decisions are complex, made in a situation of uncertainty, and affect further operational decisions, so they require a global approach with incorporated changes (Johnson, Scholes, Whittington, & Fréry, 2005: p. 11).

The rapid progress of ICT and wider digitalization can lead to the misconception that management decisions can be replaced by pre-prepared technological (software, algorithmic) solutions. In fact, progress in the field of ICT management can only be helpful and supportive, but it still cannot replace subjective management judgment and decision-making, even if technological solutions are perfected, which is especially true for complex cases of managing the entrepreneurial crisis. It is dangerous to rely on (or make excuses for) strategic decisions to be taken "outside" of strategic management subjective judgment.

"Although there is a lot of data and analytics available, experienced managers under pressure often have to rely on a good instinct to make demanding decisions" (Matzler, Bailom, & Mooradian, 2007), which often puts intuitive decisions ahead of analytical and routine ones, and for the latter there are fewer and fewer possibilities and opportunities. "Intuition, however, is not a magical sixth sense or a paranormal process, nor is it understood as a bizarre blind decision making or such that is contrary to argument. Intuition is a highly complex and developed form of reasoning, stemming from years of experience and learning on the one hand and the facts, patterns, concepts and procedures and abstractions stored in the mind of the decision maker on the other" (ibid.). Routine decision-making is effective, but has limited validity; analytical decision-making is rational but quickly wears off in complex situations. Therefore, especially in complex circumstances, intuitive decision-making prevails—based on schemes and ideas that arise from deep memory (Tavčar, 2008: p. 144). As changes bring a new quality in a dialectical way (negation of negation), routine decisions based on the same past events become less useful, and decisions of an analytical and even more intuitive character come to the forefront when solutions are sought outside the established mental frameworks based on innovative and creative approaches.

"If you had to make ten decisions, and you only spent all your available time on four, then you made six wrong decisions." Passive attitude (not making decisions) is therefore worse than making a wrong decision, because it is usually easier to find a way out of a wrong decision than to get out of the consequences of a delay (James, 2002: p. 114). Without correction of directions and trends, the flared crisis in a company will not reduce or even disappear by itself, but will only exacerbate the problem in all areas in the form of a spiral. Deciding on measures in crisis management is therefore an inevitable condition for possible managing of the crisis, even if the decisions taken would later prove inadequate. The likelihood that negative trends will stop and the necessary turnaround will take place in the crisis is much higher if decisions on measures are made than in the case of a passive approach without deciding on measures of one kind or another, as the crisis will exponentially intensify. However, it is known from practice that not all managers are equally receptive, prepared and trained for difficult or even fatal decisions. In this regard, it is therefore necessary to examine the appropriate styles and desirable competencies of crisis managers below.

## 4. Crisis Manager Leadership Styles

The leadership style of companies and employees combines all those types of behaviours and handlings of the leader or manager with which he influences (directs, motivates, persuades, justifies) the behaviour of participants in such a way that they achieve the set goals of the company.

In the focused professional literature, a number of classifications of leadership styles can be found, where there are often also terminological inconsistencies, which, as a rule, are not of such a nature that they cannot be deduced from the substantive description of what leadership style should be. In some places, styles are separated into positive and negative, in connection with the way they affect the business in certain circumstances. Moore (2016: pp. 157-162) interestingly describes managers according to styles: inspiring manager (entrepreneurial), inventive manager (reliable in business and with people), firefighting manager (problem solving), problem seeker manager, micro-manager, silent manager (requires more without changes of direction), manager happy shopper (scheduled work), chameleon manager, dubious manager, nervous manager, indulgent manager (works only according to instructions, is afraid of change), inconsiderate manager, renegade (quarrelsome) manager (works only according to his own opinion), manager storyteller (in his own world), incorrectly named manager (wrong role), teacher manager (discipline), professional manager (competencies), completely useless manager (should never be appointed).

If different enumerations and naming of styles are generally captured in only a few groups with analogous characteristics, then these could be sorted by the following groups (e.g. Goleman, 2000; Harte, 2014: p. 275):

- commanding (autocratic, dictatorial, coercive) style,
- authoritative style,
- father/mother (affiliative) style,
- democratic (participatory) style,
- dictatorial (pacesetting) style,
- instructive (advisory, coaching) style.

The established management style in a certain period and certain company depends not only on the personal characteristics (education, age) and competencies of the leader or manager, but also on the colleagues to be managed and the company in the specific circumstances. Through different periods of the company's operations and movements on its life curve, management styles change, and measures can be necessary (arising from the needs of the process), rational (aimed at achieving goals) and forced (determined by each circumstance), and such a curve is called Hurst (1995: p. 103) "organizational eco-cycle". Birkinshaw et al. (2019) in this context also draw attention to the life curve of the manager, as management styles also vary by age due to the effect of biological aging, generational effect, experiential (senior) effect with higher responsibility. Görg (1991: p. 89) points out that "companies need managers who care more about success than they do about avoiding failures". For numerous managers, achieving success is not the first priority, but avoiding failure, which is not an appropriate approach for a period of crisis when fast, radical and risky decisions are needed.

In this paper, however, we are primarily interested in the most appropriate management styles when it comes to a company in existential difficulties or acute crisis and when some styles are a priori not suitable, given the characteristics of the crisis. In a period of acute crisis, commanding (= the behaviour of an individual when directing the activities of a group towards a common goal) comes into play, when radical changes with strong resistance to change need to be made, and later authoritative, when a new vision and clear guidelines for further development need to be set. Therefore, "mild dictatorship" is the most common management style during crisis resolution—motivating employees and using their knowledge, creativity and initiative requires a sophisticated balance between autocratic and authoritative leadership (Slatter, Lovett, & Barlow, 2006: 112). Senior and Fleming (2006: p. 285) use the title "dictatorial transformation" with directive and forced leadership to renovate the company.

If, at the beginning of the addressing of the crisis, a commanding or authoritative, i.e. "mild dictatorship" leadership style with a very narrow circle of decision-makers is required (the possibility of quick decisions, employees expect leadership with a "hard hand", unpopular measures can be implemented faster), it must gradually change into a democratic one by eliminating the crisis (or changing it from a liquidity crisis to a strategic or successful one) (a participatory approach allows for the realization of broader interests and the activation of more potential, as well as stronger motivation, delegation of tasks, a higher degree of acceptance of decisions, more intensive communication) (Gross, 2004: p. 223; Seefelder, 2007: p. 110). A "hard hand" is necessary because of the possibility of taking quick and decisive action, but it is often necessary to act very tactically. Thus, leaders must not introduce reforms without taking into account opposing arguments (thus strengthening the opposition, which makes changes more difficult). As a rule, employees are aware that a crisis manager is the last resort for the company, who solves problems he did not cause.

Lalonde (2008: pp. 137-139) further elaborates the styles or approaches to crisis management according to the prevailing orientation in each specific case: humanistic—focused on employee well-being; pragmatic—different approaches according to different needs; anticonformist—ability to make controversial decisions; mobilizing—energetic leadership and motivation of participants; collectively expert—team oriented approach of specialists; peripheral—approach to waiting for events, aimed at the local community—alliance and local interests; adventurous—testing "new" approaches, random—unsystematic approach with frequent changes.

In describing ten so-called generic strategies, Slatter (1990) states that there are two stereotypes of crisis managers: the first is hard, sometimes even rough, and people do not like them, but respect them for what they achieve, and the second type, who achieves the same things as the first, conceals steadfastness in their decisions with kindness and courtesy. Sometimes crisis management, in its efforts to resolve an acute crisis, even has to move on the edge of legality, and as a rule, the threshold of ethics should not be exceeded. Different types of constitutional norms and regulations of international law are important for defining the rights, obligations and responsibilities of management.

For the purposes of this paper, a survey of the styles and competencies of managers was conducted, as explained below, in which participants who had direct and specific experience with crises and crisis management defined and ranked individual management styles of a crisis manager according to their views. In the case of a crisis situation, all interviewees put the autocratic style of leadership in the first place, and the authoritative style in the second place, while the least appropriate in such circumstances was supposed to be the democratic (participatory) style.

## 5. General and Specific Competencies of a Crisis Manager

In order to make effective decisions, the manager must have developed personal competencies that will enable the solution of the business problem and the achievement of the set goals. Competencies represent a combination of knowledge, experience, skills, innovation, beliefs, values, motivation, adaptability, personality traits, responsibilities and other factors necessary for the successful and effective implementation of defined work and tasks in the context of ensuring business success. Competencies enable the engagement, use and combination of available knowledge, skills and values in complex and unpredictable circumstances, such as an entrepreneurial crisis. Competencies can be fundamental or core competencies that each manager should have to a certain extent, generic competencies that are related to certain business areas or professions, and functional or job-specific competencies that are considered special in a given situation (these are the subject of study in this paper).

According to one of the possible classifications, competencies (cognitive, behavioural and functional) can be classified as (Lang-von-Wins, Kaschube, & von Rosenstiel, 2006: p. 259; Best & Eftimov, 2019):

- professional competencies (e.g. general and professional skills, knowledge of foreign languages),
- methodological competencies (e.g. analytical thinking, conceptual skills),
- social competencies (e.g. ability to cope and resolve conflicts),
- personal competencies (e.g. diligence, risk-taking),

- implementational competencies (e.g. ability to self-reflect and learn).

According to one of the surveys (Chng, Kim, Gilbreath, & Andresson, 2018), managers are seen as competent when they: 1) emphasize the future, 2) emphasize the outcomes of the organization, 3) emphasize the role of employees, 4) implement measures and give initiatives, 5) communicate effectively and 6) acquire knowledge and skills, and as incompetent when they: 1) show a lack of relevant knowledge and skills, 2) do not implement measures, 3) implement self-centred measures, 4) fail to value employees, 5) create confusion between employees and key partners, 6) communicate poorly and 7) are close-minded.

All of these competencies are also characteristic of crisis management, but some specific (functional, work-specific) knowledge and skills are still more emphasized. In order to successfully resolve the crisis, it is crucial that crisis resolution is addressed by such managers who, in addition to the desired knowledge of the activity in which the company operates, are not alien to the specifics of crisis management and the general creative (intuitive) approach, as there are very few or no opportunities for learning in a crisis situation. In its work, crisis management will need both strategic and fully operational formal and experiential knowledge, with no business area completely unknown to it (e.g. financial, accounting, human resources, information, production, commercial, marketing, legal function, etc.). Given the complexity of managing a company in serious difficulties, some therefore describe crisis management as a "composite" discipline, as a multidisciplinary approach to problems is needed to achieve the goals of managing a company in a crisis. The crisis manager must be able to work under stress, which is a general phenomenon in a crisis and stress can hinder decision-making thus the manager must be emotionally strong (Saleh, 2016: p. 77).

Management in a company in crisis is directly faced with the following most common characteristics of emergency situations that require a significantly different approach in the management of the company than is the case in normal (usual, calm) circumstances (Dubrovski, 2022: p. 65):

- severely limited time available for decision-making;
- decision-making in circumstances that have surprising or even shocking effects, which increases the complexity of decisions;
- the admissibility of wrong decisions is minimal or absent, which increases the fatality (riskiness) of decisions;
- the entire developments (between cause and effect) are accelerated;
- the costs (price) of the necessary resources, methods and time are increased—only limited and more expensive options are available;
- multidisciplinary and multidirectional consequence of an individual decision;
- limited tangible and intangible assets that can be relied on in the selection of measures (especially in maintaining liquidity and minimum solvency);
- limited usefulness of historical business information for decision-making, dominated by financial information from which the causes cannot be discerned;

- limited availability of suitable existing information resources for decision-making;
- the constant and unexpected appearance of perpetual new (unfavourable) signs and characteristics of the crisis;
- the increase in internal and external conflicts between participants that require resolution quickly, while the room for manoeuvre in the negotiating position is extremely limited and is increasingly sensitive;
- intensified internal and external control over decisions and operation in circumstances of increased interest and commenting by various media;
- decision-making in situations where it is necessary to know and take into account additional positive legislation (especially insolvency and labour law) and when urgent measures may also be on the verge of legality;
- the possibility of obstruction by those responsible for the crisis in order to conceal their direct responsibility;
- constant mental strain on decision-makers with little opportunity for leniency and relaxation.

A rapidly changing environment with unforeseen consequences requires a reorientation of crisis management, traditionally focused on plans and procedures, towards learning and developing adaptive capabilities to recover from unforeseen crises (Acquier, Gand, & Szpirglas, 2008). During a crisis, members of the organization need to build new mental models to adapt to the crisis situation, while also finding new ways to integrate their individual mental models so that coordinated activities are possible (Roberts, Madsen, & Desai, 2007: p. 112).

There are practically no individuals who would have all the necessary competencies already developed to achieve the set goals, which is why in most cases of crisis management, a crisis team is formed in which the competencies of individual members are comprehensively merged and combined. However, in the event that a crisis team cannot be formed or it would be ineffective (e.g. small and family businesses), the crisis manager is selected according to the company's problems, when they require different competencies of the manager. Williams and Roy (1999: p. 435) and Crandall, Parnell, and Spillan (2014: p. 112) propose the following ideal composition of a crisis team in terms of professional specialization: current affairs manager (CEO), industry expert, financial specialist, HR specialist, legal and security advisor, restructuring process expert (usually external advisor).

Crisis management can consist of one or more members of the management. In this connection, Müller (1986: p. 521) distinguishes between four models: a team-oriented project group model, a management support model, a crisis board model, and an individual model. The presentation of four Müller models actually draws attention to the fact that there are many options in the design of crisis management, whereby the specific choice in a particular case will depend on a number of factors, among which the availability of managers with the necessary competencies comes first. Faulhaber and Landwehr (2005: p. 26) state that when forming a crisis team, it is necessary to distinguish between the criteria that a team member should meet and the conditions that he must fulfil. These criteria include Meyers and Holusha (1986: pp. 222-224) and the power (authority) and ability of an external, neutral view.

Family businesses often face the biggest problems when the younger generation inherits the business from the older. This is when they are most vulnerable to crisis. One of the greatest issues of family businesses is the question of succession and the transfer of operations between generations. Hence many counsellors for small businesses are specialized in this field where they must also be knowledgeable in methods of psychoanalysis. From these points, it must be noted that crisis management in a small or family business is not the same compared to crisis management at a big company. The crisis managers must be trained for their specific fields respectively, this is because large companies require a tailored approach to both the identification of causes for the crisis and its solving.

A crisis manager must not only act as an advisor. Taking charge as a decision maker or executive is a part of their job. This is due to the fact that it is not possible to fully implement measures if they don't take charge. Generally, the person must be a decisive strict and fast individual. They mainly perform this sort of function during the length of the crisis and the conversion of negative movements. Many managers are only successful in crisis, critical, and stressful situations, while further development does not interest or attract them, so they are already looking for new opportunities. In addition, a certain management approach, which has proven to be successful in one phase, may prove to be completely ineffective in another phase. Mitroff (2007: p. 202) points out that "the qualities that bring success in running a business in normal times are not the same as those that lead to success in running a major crisis, especially in abnormal times". It is a very rare sight to see a manager be successful in rehabilitating companies or solving crises and also be competent at furthering the expansion of the company in the phase of growth.

After the crisis, a period of calming down (consolidation, stabilization) is desirable in order to find appropriate further development paths and opportunities and the necessary start-up energy with the help of various analyses. Crisis managers, who have shown success in acute crises often find it difficult to change their style of work and leadership. They still retain the receptiveness for short-term effects and risky decisions into the period of calmness. This can, however, bring more harm than good (repetitive change syndrome) in a period when negative movements are stopped and when the company needs to lay a solid foundation for further development. Successful crisis leaders often "bypass" routine decision-making procedures to speed up decision-making (Boin & 't Hart, 2003: p. 10), which is not necessarily good in the case of normal situations. Leaders must be able to engage in pragmatic decision-making under severe time and resource constraints (Van Wart & Kapucu, 2011).

At the same time, the crisis manager is also a transformational (reformation) leader, as crisis elimination projects are not only about stopping negative movements ("fire extinguishing"), but also achieving a turnaround (transformation), when by implementing changes in large steps (jumps), the entire company is remodelled (transformed) in a revolutionary way in conditions of complexity, uncertainty and ambiguity (Robey & Sales, 1994: p. 352). The transformational leader quickly develops the most appropriate development solutions ("creative destruction"), which lead to a radical overhaul of the organization. In addition to all other skills, visionary, inspirational and charismatic leadership skills are necessary for changes that are revolutionary in nature and represent a fundamental turnaround in the company's business. Such a leader must be determined (multi-front action), disciplined (measurement, recording, analysis, planning and implementation), open-minded (willing to listen and learn), experimental (experimentation and testing organizational forms, multi-level leadership approach) (Harker & Sharma, 2000). Senior and Fleming (2006: p. 285) use the matrix of four types of change as the relationship between the extent of change and the style of management of these changes: participatory evolution (minor adjustments and refinements/collaborative-consultative style), charismatic transformation (major changes of parts of the company or the company as a whole/collaborative-consultative style), forced evolution (minor adjustments and refinements/directive-consultative style) and dictatorial transformation (major changes of parts of the company or the company as a whole/directive-consultative style). Transformational leaders do not use a unified approach, but encompass a whole spectrum of leadership styles (Slatter, Lovett, & Barlow, 2006: p. 15), which differ depending on each specific case of renovation.

## 6. Summary of the Research on the Importance of Specific Competencies of the Crisis Manager

For the purposes of this paper, an additional qualitative survey (expert sample survey) of the perception of the importance of individual competencies of a crisis manager was conducted in the summer of 2023 on the basis of a semi-structured interview with a combination of closed and open questions with the possibility of comment, whereby the sample (focus group) of interviewees was designed to include those managers who in their business practice in one way or another directly encountered cases of crisis management (as managers, creditors, representatives of government institutions, lecturers in crisis management, bankruptcy administrators or other participants). In addition, Serbian businessmen with comparable proven experience in the field were included in the sample, in addition to Slovenian interviewees, with a total of 31 respondents in the defined focus group.

The initial set and substantive definition of competencies were presented to the participants on the basis of the author's previous theoretical discussion, numerous case studies from Slovenian business practice, the author's practice as an insolvency administrator and, his many years of experience in the field in question, taking into account other comparable sources (e.g. Bibeault, 1999: p. 153; Crandall, Parnell, & Spillan, 2014: p. 171; James & Wooten, 2010: p. 58; Herrera, 2011; Seefelder, 2007: p. 106; Wisittigars & Siengthai, 2019). In terms of content, our research was somewhat similar to that carried out by Van Wart and Kapucu (2011), although the latter focused only on the management of catastrophic accidents and extreme events in the public sector in the USA, and the managers interviewed there chose from 5 to 10 competencies according to a list of a total of 37 "generic competencies". Based on the obtained answers and comments, the content of individual urgent or at least desirable special competencies of the crisis manager was formed in the order of importance as perceived by the interviewed participants (**Table 2**).

In **Table 2**, the desired special competencies of the crisis manager are classified according to the importance as perceived by the participants, whereby the idealized state is that the appointed crisis manager would have developed all special competencies. Since Slovenian and Serbian participants ranked competencies quite similarly, the presentation of differences in perceptions was not necessary. The first written competence (the ability to focus on problem solving) was put in the first place by 80.6% of respondents (25 out of 31), coming in second place by 71.0% and in third place by 67.7%, the biggest differences were shown only in the last three competencies, to which the participants gave different importance, although, as said, in specific practice all of the listed (1 - 7) special competencies are important. The importance of ranking lies in the fact that in each individual case it is objectively not expected that the candidate for crisis manager would have all general and specific competencies developed equally, and therefore the greatest weight should be given to the most important knowledge, skills and values.

## 7. Discussions and Conclusion

The aforementioned research thus confirmed the findings from the previous discussion that crisis managers who deal with solving the most difficult business or organizational problems, in addition to the general (basic) competencies of each manager, require specific knowledge and skills to be able to manage complex and demanding cases of entrepreneurial crises. Leadership and management require different competencies based on different situations (Van Wart & Kapucu, 2011), so a manager who may be very successful in calm (normal) times may not be suitable for running a company in an acute crisis. A common mistake is the appointment of holders of demanding tasks of resolving the crisis and curing the company according to the principle of the results of managing different, well-established companies or non-profit organizations with state aid or even acquaintances and associations, belonging to a certain political option, etc., but not by professionalism or possessed general and special competencies. When such a manager finds himself in the midst of an outbreak of an acute crisis, it is understandable that solutions cannot be optimal (visible errors are less common, however much more serious problems are missed or unused opportunities or worse decisions than potentially available, which can only be "seen" in the long run). The probability of a successful resolution of the crisis is therefore significantly

Table 2. Specific competencies of the crisis manager by importance.

| Competence | Rank |
|---|---|
| Ability to focus on solving problems in difficult situations and more complex circumstances brought about by the crisis, by engaging, applying and combining acquired knowledge in complex and unpredictable circumstances | 1 |
| Entrepreneurial instinct with professional management skills, the ability to cope and act in exceptional situations, but with a clear understanding of the circumstance faced; | 2 |
| Extensive business experience and experience in reorganisation cases for the necessary heuristic and experiential decision-making (managers more than masters of heuristics or decision-making by experience and less than managers of algorithms) | 3 |
| Knowledge on the basis of which it can assess the possible reactions of an individual participant of the organization or interest group and assess the consequences on the course of rehabilitation (know that we could predict) | 4 |
| Skill and experience in local and international negotiations, especially in emergency situations | 5 |
| Expert communication skills | 6 |
| Willingness to take on the role of facilitator and mediator | 7 |

higher if crisis managers are selected according to the criterion of the most important specific competencies. The level of successful resolution of acute crises (business rescue rate) is quite low, which, among other things, shows, on the one hand, the exceptional complexity of running a company in a crisis, on the other hand, confirms the finding that there are practically no "corrective exams" in these procedures ("almost every crisis contains both the roots of success and failure"; Augustine, 2000: p. 3). This, in turn, emphasizes the importance of selecting the correct method of eliminating the crisis and, in particular, the appointing of members of the crisis team. "Effective crisis management can significantly reduce the damage caused by the crisis, but good crisis management is very demanding. One of the things that makes it difficult to respond to a crisis is that crises are pushing organizations into a new and rapidly changing environment where old individual thought models and understandings are no longer useful and need to be updated." (Roberts, Madsen, & Desai, 2007: p. 120).

In today's turbulent and uncertain business, technological and general social environment, crises of one kind or another are already an inseparable part of modern business (for-profit organizations) and operation (non-profit organizations). Organizations facing difficulties must be managed with skill and professionalism. In such cases, strategic management takes on the role of crisis management, which must be tailored to the specific characteristics of the crisis situation that poses a threat to the organization's continued existence. One of the four necessary conditions for the successful rehabilitation of companies in existential difficulties is a capable, competent management team with the necessary powers, without which even good projects will be doomed to fail. However, since crisis management in a particular organization means solving problems of the highest level of complexity, a crisis manager must apply a tailored temporary management style, which can be called "mild dictatorship" (somewhere between the commanding and autoritative style). In order to make effective decisions, a manager must have developed personal competencies that will enable the solution of the business problem and the achievement of the set goals. During crises, a crisis manager must possess specific competencies among other fundamental ones. Slovene and Serbian participants in the survey had specific experiences with crises and crisis management. It was established that among the seven identified groups three most important competencies were noted among participants. The competence to focus on solving problems in difficult and complicated situations that the crisis brings forth was considered a number one priority. This is done by engaging, using, and combining knowledge obtained in previous complex and unpredictable circumstances. The probability of a successful resolution of the crisis and the preservation of the company will be much higher if crisis management is appointed as a result of checking their special competencies; otherwise, the probability of success will be significantly reduced due to less appropriate decisions.

## Conflicts of Interest

The author declares no conflicts of interest regarding the publication of this paper.

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