Analysis of how Strategic Planning Influences Crisis Management Styles in Manufacturing Firms in Ghana.

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Abstract

Purpose: This study aimed to analyze how strategic planning influences crisis management styles in manufacturing firms in Ghana.

Methodology: The study adopted a desktop research design. Relevant books references and journal articles for the study were identified using Google Scholar. The inclusion criteria entailed materials that were related to strategic planning and crisis management.

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.

Conclusion: It is clear from literature that organizations that aim to handle crisis well be pre-planned to adapt to changing circumstances, have leaders able to inspire their people with a sense of hope and direction, have an organizational culture that values disciplined planning whilst fostering an ability to be creative and innovate, plan and make decisions carefully in a structured way, yet be responsive and able to move quickly and boldly, and have teams able to recognize patterns and integrate disparate information in order to make sense of a chaotic situation, while being sensitive and alert to subtle changes to the environment as the situation evolves.

Recommendation: Organizations 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. Also, employees should be trained on the positive and negative effect of crisis. Finally, employees should also be sensitized on how to adapt to changing circumstances that might occur before, during and after crisis.

Keywords: Crisis management style, manufacturing firms, strategic planning.
1.0 Introduction

Manufacturing remains a critical sector in both the advanced and developing world. The manufacturing sector has seen a challenging and turmoil filled operating environment impacting demand, and growth prospects. Companies in the manufacturing sector must keep their facilities and lines fully functional, sometimes even on a full time basis. Strong business continuity and disaster recovery plans are critical to their success (Thakor, 2015). A strong crisis management framework that is regularly exercised is also a critical part of managing disruptions around the world that may impact the manufacturing firm (Saka, 2014). Manufacturers must have strategic plans in place to ensure that disruptions are avoided in the face of multiple risks, including weather, natural disasters, vendor/third-parties, cyber-security, operational risk, and insider threats. Crisis management style, particularly in the manufacturing sector, can make the difference between an extended and costly disruption and a quick resumption of operations. The worst-case scenario, of course, is absolute failure and this has consequences that are far-reaching, such as affecting the financial well-being of stakeholders and the loss of livelihood for one’s hard-working employees. According to Wolf and Floyd (2017), when a crisis strikes, it can really test the mettle of employees and the leadership skills of your management. If the immediate decisions made are hasty and without the adequate and correct information informing said decisions, more problems can ensue. It is therefore crucial that a company has a detailed plan in place to lessen any potential disorder and confusion that come hand-in-hand with emergency situations.

When a manufacturing firm has a detailed plan on how to handle potential disorder and confusion that come hand-in-hand with emergency situations, it can be said to have a strategic plan. According to Steiner (2010), strategic planning is the process of predicting the future status of an organization through the SWOT Analysis. 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. On the other hand, 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 (Karam, 2017). Similarly, 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.

For manufacturing firms to have effective crisis management, they require to have ready strategic plans because a crisis may have to be dealt with immediately, while strategic plan normally take months or even years to formulate. Also, strategic planning normally assumes a reasonable control level over organizational processes and relationships, while a crisis may significantly inhibit such control (Wijetunge & Pushpakumari, 2014). Furthermore, during a crisis, the magnitude and severity of the threats can overwhelm management to such an extent that it prevents the formulation and implementation of strategy. In addition, strategic planning tends to maintain a range of options while during a crisis, only one or a few options may be left to the manufacturing firm to choose from.

In times of crisis, it is important to integrate crisis management with strategic planning to manage crises effectively. It is therefore the purpose of this study to analyze how strategic planning influences crisis management styles in manufacturing firms in Ghana.
2.0 Literature Review

2.1 Theoretical Framework

2.1.1 The Crisis Management Planning Model

There are many frameworks and methodologies for strategic planning and management, however it should be noted there are no fixed rules regarding the right framework one most follow (Maleka, 2015). The researcher further argues that there are many framework cycles through some variations on basic phases that should be considered in a strategic plan. These are analysis or assessment which requires an understanding of whether the current internal and external environments have been developed. This strategic plan seems to agree with the crisis management planning model. According to Gonzales-Herrero and Pratt (1995), the Crisis Management Model is a useful way of studying a crisis as it divides it into different phases. These are the planning, preparation, response, and recovery. The planning phase starts at preparedness, where organizations agree on how to respond to a given incident or set of circumstances. It advocates on thinking the unthinkable following with a risk analysis as well as threat assessment and finally looking for various mitigation strategies. This is for the leaders and managers to sense the warning signals of a crisis and prepare the employees to face the same with courage and determination.

The next step includes the preparation stage. It includes contingency planning, simulations, training and education. It ideally should include lines of command and control and division of activities between organizations (Sandada, Pooe & Dhurup, 2014). This avoids potentially negative situations, actions, and use of valuable resources like time and finance. For example, poor planning may result in three separate agencies all starting from an official rest center for victims of a disaster. Following an occurrence of an emergency, the agencies move to the response phase, where they execute their plans, and may end up improvising on some areas of their response (these gaps are initially in the planning phase, which are inevitable due to the individual nature of most incidents). Agencies may then be involved in the recovery phase following the response phase, where they assist in the clean-up of the incident or help the people involved overcome their mental trauma.

The final phase is recovery, which involves taking steps to ensure no re-occurrence is possible or putting additional plans in place to ensure less damage is done. This should feedback into the preparedness stage, with updated plans in place to deal with future emergencies, thus completing the cycle.

2.2 Empirical Review

2.2.1 Personnel Training and Crisis Management

According to Dubrovski (2007), a crisis may come from prevailing internal causes of the organization. Generally, managers make decisions and take actions based on the best information available to them at the time. Managers make vital judgments but despite good intentions, get tired and careless and are, therefore, prone to mistakes. Almost all crises feature elements of human error (Drennan et al., 2015). Dubrovski (2007) posits that companies often make things worse for themselves, not because they mean to, but because the people at the top, who must make important decisions during and following critical incidents, can get trapped into the victim mode, and thus fail to respond properly. He further contends that although the state of the crisis in the company
can be affected by various interrelated external internal causes, the essence of the causes arguably lies in the management of the company which could be reduced through proper management training programs.

Ghazi (2017) collected data using quantitative and qualitative analyses of 190 questionnaires administered to hotel managers in Egypt when identifying how organizations respond to crises using different leadership styles. He identified four types of managerial responses namely escape, containment, cooperation, and confrontational style. Among the four, escape leadership style was considered the worst because management does nothing about the crisis, while confrontational method is the best as it is a scientific method of dealing with the crises. On the other hand, cooperation technique was characterized by the involvement of every team member, while containment included the reduction of the negative effects of the crises without solving the problem entirely. It was notable that many managers who advocated for the escape strategy were often in denial of the happenings around them and lacked the proper crisis management skills that could have been acquired through proper training. However, Withers, Corley, and Hillman (2012) suggested that a quality board could reduce the impact of a crisis and enhance leadership efforts. Individuals who had the pre-requisite training on crisis management were found to manage any given situation much better than those who lacked this. Similarly, Dowell, Shackell, and Stuart (2011) found that organizations with independent and smaller boards were more capable of enacting dynamic change and less likely to experience failure following a crisis.

2.2.2 Pre-set Guidelines and Controls in Crisis Management

Aljuhmani, and Emeagwali (2017) conducted a research which aimed at identifying the internal and external orientation in strategic planning. A sample of 75 respondents was distributed among employees operating in Ramtha, Jordan. The study found that the attention to the internal facets (mainly incorporated through the pre-set banking guidelines) positively influenced the impact of a crisis in the banking sector without reference to the other sectors of the economy. In a report reviewing the risk management guidelines by the Central Bank of Kenya (2013), detailed pre-set guidelines were indicated to all institutions, on the minimum requirements for risk management systems and frameworks. The purpose of these guidelines was to reduce financial risk of the financial institutions in Kenya. Gathaiya (2017) conducted a study on the issues affecting the three collapsed banks in Kenya from the year 2015 – 2016, namely Dubai Bank, Chase Bank and Imperial Bank. The researcher quantified and analyzed issues affecting the collapsed banks. It was concluded that the one of the factors that led to the collapse was lack of observance to the pre-set guidelines of the Central Bank of Kenya. The lack of adherence had a negative impact not only to the organization but on the Kenyan economy as a whole.

In contradiction, a study by Demirgüç-Kunt, Detragiache and Gupta (2004) conducted on the recent banking crisis in Mexico and East Asia showed different results. The aim of the study was to establish the how the banking system was affected by the pre-set guidelines and controls through a quantitative analysis of data covering 36 banking crises derived from 35 countries. It was established that the banks’ crises were characterized by cost inefficiency although the amount of deposits did not significantly decline. The study was conducted using aggregate bank data obtained from different countries. It also took into consideration the economic performance of a country after financial crisis. The research showed that only the large and healthy banks that continued operating before and after the crisis. The findings of this research were disputed on ground that it
did not consider the challenges facing small banks during the crisis and how these challenges affected them after the crisis. It was therefore not accurate to state that only large institutions were able to survive a crisis. Furthermore, the study failed to mention any strategic planning practices that the banks had implemented before the crisis.

2.2.3 Contingency Fund in Crisis Management

According to the OECD (2017) report, many donors included an emergency reserve in their annual humanitarian budget that was available for unforeseen events thereby requiring urgent funding. Any left-over funds were to be released at the end of each financial year and made available for regular activities if no crisis requiring its use occurs. Contingency funds provide donors with a degree of financial preparedness as funds available can be released rapidly to help shorten the lead time between crisis onset and delivery aid funds. Colesanti (2014) assessed the benefits of Federal Acquisition Regulations Emergency procurement provisions and concluded that it facilitated speed and efficiency when agencies responded to crisis situations. However, one drawback of the study was that it opened avenues to fraud and waste. This concern was prevalent during times of crisis. Similarly, Andrieș and Ursu (2016) conducted a study to determine how the financial crisis affected the efficiency of banks in Europe. The study collected data from 783 commercial banks within the European Union during the period of 2004-2010 and generated data on profit efficiencies and costs. The financial crisis had a major negative impact on the European Union banks that led to the merger and eventual closure of a majority of the banks in Europe. A large number of the small private banks were unable to maintain cost efficiency and were affected by profit inefficiency.

2.2.4 Profitability during Crisis Management

Monye and Ibegbulem (2018) studied the effect of strategic planning on organizational performance and profitability. They 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.

Similarly, 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.

Also, 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.

3.0 Findings

3.1 Concept of Crisis Management

Crisis management has been divided into three phases namely; pre-crisis, during crisis, and post-crisis. Karam (2017) classified the phases of crisis management as crisis planning, crisis response, crisis evaluation, and learning. 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). Burnett (1998) cited by Karam (2017) stated that there are 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. 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.

3.2 Strategic Planning and Crisis Management Style

The main crisis management styles are escaping, confrontation, cooperation, and containment. Appropriate strategic planning can help employees in manufacturing firms to adopt the best crisis management style during a crisis (Oparanma & Wechie, 2014). Confronting style 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 refers to 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 (Patrik & Richard, 2017). 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 escape/avoidance style refers to when those concerned 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.

Table 1: Descriptive statistics of crisis management styles as preferred by managers in manufacturing firms.

<table>
<thead>
<tr>
<th>Crisis Management Style</th>
<th>Mean</th>
<th>Standard Deviation</th>
<th>Relative Weight</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Containment</td>
<td>3.82</td>
<td>0.583</td>
<td>76.8</td>
<td>1</td>
</tr>
<tr>
<td>Escape</td>
<td>3.75</td>
<td>0.597</td>
<td>74.5</td>
<td>2</td>
</tr>
<tr>
<td>Cooperation</td>
<td>3.57</td>
<td>0.622</td>
<td>70.5</td>
<td>3</td>
</tr>
<tr>
<td>Confrontation</td>
<td>3.43</td>
<td>0.625</td>
<td>69.7</td>
<td>4</td>
</tr>
</tbody>
</table>

From analysis of different literature, the researcher compiled a table to summarize descriptive statistics of crisis management styles as preferred by managers in manufacturing firms. This study found out that containment style ranked first with a mean of 3.82 and a relative weight of 76.8. This finding implied that managers in manufacturing firms perceived this style as the top priority and widely used style in crisis management. The top usage priority of this style can be explained by the fact that majority of researches were conducted during the significant effects of the COVID-19 when the top concern of managers in manufacturing firms was to contain the crisis from its inception and limit it to a minimum. The highest attribute in this style has been to work on limiting the crisis in a limited scope within manufacturing firms in Ghana so as not to spread. Meanwhile, the less attribute was of this style was working on not spreading rumors and exaggerations when talking about the crisis so as not to exacerbate its effect.

The second preferred crisis management style was found to be the escape style with a mean of 3.75 and a relative weight of 74.5 percent. This implied that managers in manufacturing firms perceived this style as the second alternative in crisis management. This indicates that some managers in manufacturing firms recognize the inability and failure to face the crisis because of the strength of a crisis such as COVID-19. This is true when managers in manufacturing firms believe that continuing operations can increase the impact of crisis, fear of failure in the face of crisis, or lack of resources or powers granted to face the crisis. Therefore, they resort to escape from the crisis in different forms, such as temporary lock down, justifying the causes of the crisis, focusing on other defects and inadequate performance, the media blackout on the crisis, or claiming that the crisis has been controlled. The highest attribute in this style was crisis circumstances prevent the manufacturing firm from facing the crisis. Meanwhile, the less attribute was to pretend that the managers in manufacturing firm controlled the crisis through measure such as social distance, wearing nose masks and cleanliness.

The third ranking crisis management style was cooperation with a mean of 3.57 and relative weight of 70.58%. This confirms that some managers are aware of the importance of the cooperation of all employees in manufacturing firms in the face of crises, since it is not only the managers alone can effectively confront the crisis. The highest attribute in this style was to consult the employees on opinion, knowledge, and experience in dealing with manufacturing firms’ crises. Meanwhile,
the less attribute was to coordinate the efforts of the managers, employees and the authorities outside the managers in manufacturing firms which can cooperate with them in controlling the crisis. Finally, the confrontation style ranked fourth with a mean of 3.43 and relative weight of 69 percent. This finding implied that managers in manufacturing firms perceived this style as the less usage priority and rarely used style in crisis management. This indicates that managers in manufacturing firms are less willing to utilize the confrontation style. This indicates that managers in manufacturing firms do not face crises in a scientifically based way. Managers in manufacturing firms must stay away from random and reaction policies in the face of crises. Rather, they must follow the scientific and proactive planning approach to face crises. They can achieve this by predicting and preventing the expected crises, designing advance scenarios and plans of confrontation, finding the priorities agenda, forming crisis team with required resources, designing an effective crisis communications and information system. They can also achieve this by quickly gathering sufficient and accurate information on the crisis specifying the necessary resources and capabilities to confront the crisis, define the responsibilities of the participants in confronting the crisis, harmony and complementarity between the various efforts exerted to confront the crisis. Finally, managers in manufacturing firms can use crisis assessment and follow-up, and learning lessons from the current crisis to prevent their occurrence in the future. Managers must plan ahead what needs to be done in confronting crises, how to do it, when, who to do, predict events and draw scenarios. The highest attribute in this style was putting a comprehensive plan to address the crisis while the less attribute was specifying the necessary resources and capabilities to cope with the crisis.

4.0 Conclusion

The study results are considered logical since the manager who actively exercises strategic planning is less escapable and more able to manage the crisis, either by using the method of cooperation, confrontation or containment. The clarity of vision and the identification of the hotel's mission and objectives accurately and analyzing the internal environment to know the strengths to strengthen and weaknesses to address them, as well as analysis of the external environment to know the opportunities available to exploit well and identify external threats to overcome them, all helps the hotel manager not to escape the crisis and face them with full force and to benefit from them in the future and to work to avoid recurrence.

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 manufacturing firms 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.

5.0 Recommendations

Organizations 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. Also, employees should be trained on the positive and negative effect of crisis. In addition, employees should also be sensitized on how to adapt to changing circumstances that might occur before, during and after crisis. Finally, 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.

**Funding Sources**

The authors received no financial support for the research, authorship, and publication of this article.

**Conflict of Interest**

The authors declares no conflict of interest.

**References**


Exit from the Board During Organizational Crisis


