



Managing the Enterprise Crisis Caused by the Pandemic

Zvládanie podnikovej krízy spôsobenej pandémie

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Abstract:

This article focuses on the crisis management of a company in a pandemic. The outbreak of the covid-19 pandemic disrupted and negatively affected the private and professional lives of people around the world. The pandemic has hit businesses in many sectors and industries. Following the advent of the covid-19 pandemic, it was important for employers to find their way around quickly, reassess their demands and adapt them to the current situation. The first part of the article is focused on the specification of specific threats of a pandemic in the conditions of the company, the definition of possible types of crises that a pandemic can cause. The next part deals with the effects that a pandemic can cause in the context of social and professional ties in society. Finally, some steps that can lead to more effective preventive measures targeting pandemics are discussed.

Keywords: Crisis Management, Safety, Risk Analysis, Pandemic, Covid-19

Abstrakt:

Tento článok je zameraný na krízové riadenie podniku pri pandémie. Vypuknutie pandémie Covid-19 narušilo a negatívne ovplyvnilo súkromie a profesijný život ľudí po celom svete. Pandémia zasiahla podniky mnohých odvetví a odborov. Po príchode pandémie Covid-19 bolo dôležité, aby sa zamestnávateľi rýchlo zorientovali, prehodnotili svoje nároky a prispôsobili ju súčasnej situácii. Prvá časť článku je zameraná na špecifikáciu konkrétnych hrozieb pandémie v podmienkach podniku, vymedzenie možných typov kríz, ktoré môže pandémia spôsobiť. Ďalšia časť sa zaoberá dopadmi, ktoré môže pandémia spôsobiť v rámci sociálnych i profesných väzieb v spoločnosti. V závere sú diskutované niektoré kroky, ktoré môžu viesť k účinnejším preventívnym opatreniam zameraným na pandémiu.

Kľúčové slová: krízový management, bezpečnosť, analýza rizík, pandémia, Covid-19



Introduction

The population is currently facing a pandemic situation. Our government is trying to stop or at least mitigate the development of a pandemic by ordering measures, thus ensuring the protection of citizens' lives and health. The main priority is the life and health of citizens, but the measures set have a negative impact on businesses. The impact of the coronavirus pandemic on businesses is a large drop in staff due to the quarantines ordered. There is slow cooperation of other entities, so there are also impacts of missing material inputs. These impacts depend on the focus of the company and also on the degree of cooperation with other companies. It is important for the company's management to be aware of the coming crisis and the break in the normal functioning of the company. Compiling appropriate preventive measures will be of great benefit to the chosen company.

1. THREAT OF A PANDEMIC IN THE COMPANY

The basic rule of crisis management is for the company to realize that a crisis has occurred. Awareness that it is a turning point that affects - or directly threatens the operation of the company.

It is necessary for management to abandon the plans set for this marketing year. Create a contingency plan and not solve problems chaotically. It is important in the contingency plan to identify a responsible person who is responsible for critical areas for the proper functioning of society.

Due to the Covid-19 disease, our companies are rightly worried about their continued existence. Due to the spread of the disease, there is a risk that companies will have to reduce their operations, either partially or completely. Limiting their operations will reduce revenues, profits, create fixed costs, and also have a much smaller inflow of money. Such a restriction may also result in a reduction in the market value of the companies and will have an impact on their shareholders.

There are also certain regulations and restrictions that require companies to protect their customers from infection. Related to this is their fear that they will inadvertently neglect or forget something and, as a result, their customers may be exposed to infection. In this way, they may be afraid of the consequences if one of the customers became infected, precisely because of their kind of neglect. Precisely to protect their customers, companies are forced to provide sufficient disinfectants and therefore have much higher costs than before the pandemic.

Whenever a new situation arises, with which our country has no experience yet, hackers use it. Since the onset of the pandemic, more and more fraudulent e-mails have been sent to companies. This is information about coronavirus that a company may or may not trust and can easily fall victim to fraud and lose their money. [1]

Another legitimate threat is that many people are currently completely unemployed or have limited incomes due to government regulations. It is this situation that often leads to companies not paying their invoices on time or at all. Then the companies have problems, because due to the lack of money, for example, they cannot give their employees their wages in time, and in the end, even successful companies, which have not had any problems so far, can go bankrupt.

1.1 Dissemination of Covid-19

A person infected with covid-19 exhales or coughs, releasing droplets of fluid that are infected. The released droplets fall on the surrounding surfaces, which are also handled by other employees. In this way, other employees can become infected with the covid-19 pandemic if they touch their mouths, eyes, or nose after handling contaminated objects. [2]

When they move within about 1 meter of a person with a covid-19 positive person, they can become infected by directly inhaling droplets that the covid-19 positive person is exhaling or coughing up. Most people infected with covid-19 have mild symptoms that are very similar to the flu. More serious manifestations of the disease and a more severe course of this disease are manifested mainly in people over the age of 65, but also in people with serious diseases such as a weakened immune system, heart disease, diabetes, lung disease. [2]

SARS-CoV-2 - This type of virus transmits the primary and mostly form of airborne droplets arising in the respiratory tract of infected persons, and these are then transmitted to other persons. The entry point is the mucous membranes of the intake, such as the mouth, nose, eyes. The virus is transmitted to a healthy person in close proximity to a person infected with the coronavirus. This is, for example, a conversation in the normal length of people in an enclosed space without respiratory protective equipment. The virus is transmitted between people by droplets or aerosols and is then spread by distance. Contacts with contaminated surfaces or from contaminated hands may also occur. [2]

This type of virus can be spread not only by people who are demonstrably suffering from Covid-19 but also by people who have no influence and do not even know how to infect their organism. The virus can spread as early as 1-2 days before the onset of symptoms. [2]

Typical disease symptoms include: [3]

- Temperature above 37.3 ° C
- Difficulty breathing
- Loss of smell and taste
- Pain in the neck, head, back, muscles, joints
- Nausea
- Fatigue
- Diarrhea
- Rhinitis
- "Covid's fingers" may occur in children.

2 TYPES OF CRISIS

The consequences that a pandemic can cause are affected by what a particular company is dealing with, resp. what is its focus. Companies are most concerned about the partial or complete reduction of the company's operations, which leads to a significant reduction in cash flow, reduced revenues, and this, in turn, can also reduce the company's market capitalization.

As a result of a pandemic, various crises can occur that can adversely affect the operation of the business. There may be many crises, but for a pandemic-related situation, I would address the crises listed below, which I think are most related to it.

2.1 Economic Crisis

The economic crisis is common in our society from time to time because it repeats itself with a certain regularity. However, at the beginning of this year, no one expected the crisis to come so quickly, without warning. Of course, this problem is global. The economy can get into huge trouble in all countries due to the pandemic. None of us knows what will happen tomorrow, so it is impossible to estimate what huge effects this unexpected situation will have on the economy.

2.2 Financial Crisis

The financial crisis is closely linked to the economic crisis. As a large number of people have now lost or will lose their jobs, there are major funding problems. Certainly, every company had ever solved the problem with the maturity of invoices when the customer did not pay them on time or at all. At present, there is certainly a much greater risk that invoices will not be paid on time or at all. Businesses will then have problems with the lack of finances, and this can lead to further crises.

2.3 Personnel Crisis

This crisis is now also relevant, as many companies have been forced to lay off their employees. However, this crisis can also be understood from another point of view. Due to the way the quarantine system is set up during a pandemic, the company may simply not have enough employees at once. Most of the company's employees may end up in the ordered quarantine, and there will not be enough employees present to continue its operation.

2.4 Personal Crisis

Due to the pandemic, there is no doubt that many people have mental problems, for example, because a situation has arisen that no one was prepared for and no one likes not knowing what will happen tomorrow. Many people are concerned about their jobs, how they will be able to repay their mortgages, how they will support their families when they have no income. This, of course, leads to certain personal crises that he often can't deal with.

2.5 Business Crisis

This crisis is a broader issue that includes economic, legal, and managerial aspects. In this case, it is important how the company has been so far, especially in terms of finances. This is the basis for its further operation.

2.6 Production Crisis

Many companies can face this crisis in a pandemic. As the production of the necessary material for a given company may be stopped due to government regulations, there is a high probability that the supply of the necessary material for production will be delayed. At the same time, the crisis may be related to the ordered

quarantine of employees, and thus the company will lack the necessary number of employees to ensure the necessary production.

3 EFFECT OF THE CRISIS

The coronavirus pandemic has affected businesses in many sectors and industries. Employers had to reconsider their current operations. Those who have so far rejected the Home-Office, new technologies, online operations, contactless transactions, etc., had to quickly reconsider their position. Shops, establishments, administrative services, and restaurants have moved their business to the online environment.

3.1 Shopping Online

It is very likely that due to the constant closure of establishments, it will become more advantageous for companies to set up e-shops. This method is much safer for everyone, as retailers do not come into personal contact with customers, making it less likely that coronavirus transmission is likely. As a result, however, their offices will be closed, and there will no longer be enough staff to run the business. It is thus very likely that many people will lose their jobs. However, this type of business has already been saved by many companies today, as they were forced to close their premises and without this way of shopping, they would not be able to continue doing business at all for some time.

3.2 More Frequent Card Payments

From the beginning of the pandemic, citizens were advised to pay by card if possible. Until then, many people, especially the elderly, had paid mostly in cash. However, since the spring of this year, most of these people have changed their method of payment and have already stayed with it.

3.3 Loss of Staff

Since the beginning of the pandemic, a huge number of people have been quarantined. If someone infected with coronavirus goes to work because, for example, they have no symptoms, they risk infecting other co-workers. If more workers are in contact with the infected person, then a large number of employees are quarantined at once. Then there are problems in the company because there are not enough employees to ensure its operation. Orders that are contracted will not be completed on time, and with the missing employees, not everything can be achieved as originally planned.

3.4 Decrease in Demand

Many people have lost their jobs due to the pandemic, and demand may also fall. Restaurants have been forced to close their establishments, and it is so clear that suddenly there is much less demand for food and drink. Breweries, for example, will start to suffer as well, as they were used to much higher sales while restaurants were open. On the contrary, manufacturers of medical supplies and common food certainly have the same demand for goods, if not higher.

3.5 Cash Flow Problems

Of course, if companies have fewer orders, there will also be less cash flow. Companies can start laying off employees because they will not have enough money for their wages. They can also fail.

3.6 Only the Strongest Companies will Remain

The big problem for me is that large shopping centers and supermarkets can be easily opened, but smaller shops are obliged to close their establishments. At the same time, if it were the other way around, there would not be so many failing companies after the pandemic. Of course, large stores would much more easily withstand their closure for such a long time, as they have many times higher turnovers than smaller stores. It is for them that this situation will be liquidated, and only the strongest will really survive. It is a pity that after this experience, everyone will think carefully about whether it makes sense to do business or not. Now everyone will be scared, and rightly so.

3.7 Work from Home

Already in the spring, many companies introduced in-house work for their employees, if at all. Undoubtedly, this was a sensible solution to avoid contact with other people as much as possible. I think that this form of work suited the employees themselves much more. Some companies will keep this way of working even when the pandemic ends. Of course, this is not the case, for example, in manufacturing companies, where people need to work on machines they cannot have at home.

4 FACTORS HELPING TO OVERCOME THE CRISIS

It is very important to realize that in this crisis, most companies cannot function as they have done so far. We cannot follow what we planned before the pandemic and just deal with the fact that our plans are not working. Instead of our original plans, it is necessary to draw up a crisis plan, according to which we will behave.

The worst thing we can do is start to panic. This behavior would not bring anything good, on the contrary, it could complicate the whole situation even more and make the company more difficult. It is necessary that there is someone in the company who will be the leader and will have the whole situation under control, will assure all employees that while maintaining peace of mind, the company will continue to operate, albeit with some limitations.

Of course, it is best if the leader is the owner or manager of the company. If this is not possible, you need to have a representative. Every leader needs five crisis management tools – organization, leadership, planning, control, and personnel work.

In times of crisis, it is necessary to obtain and transmit undistorted and accurate information. This information must be passed on to all employees, and the most important information should always be in the same place and need to be updated as necessary.

During the sale, it is necessary to take an inventory at the beginning of the pandemic, which will determine when and whether we can send some orders. Obviously,

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over time, depending on how long the pandemic lasts, the store will not be able to process all orders on time. Therefore, it is necessary to constantly communicate with customers so that they know about every change, about the change of the date of delivery of the order, etc. All written and telephone communication must be archived. In the case of telephone processing, it is also good to prepare all important information agreed with the customer in writing, for example, to confirm these facts by e-mail. As part of the inventory, it is important that all contracts are checked, especially with regard to, for example, sanctions in the event of non-compliance with the agreed order deadline. It is recommended that the customer always be given a real reason why his order will not be able to be delivered on time as agreed. After the end of the pandemic, it will be possible to demand compensation from the state for the problems that have arisen, for example, due to the ordered quarantine of a large number of the company's employees. That's why it's good to have everything written in writing.

When it comes to planning orders or a production plan, it is a good idea to create orders manually and discuss with others all possible options, what may be the risks, which is a priority for the company.

The main thing is to find out whether there will be a sufficient number of employees for the given order, whether there will be a problem with obtaining the material or meeting the deadline. Even when planning, it is necessary to communicate sufficiently, and again all communication is archived. It is good to have an operational staff that will be tasked with planning orders. This staff should constantly check everything and provide regular information to the top crisis manager.

It is necessary to pay attention to supply as well. Since none of us knows how long the pandemic will last, it is good, especially with foreign suppliers, to arrange sufficient supply in time. It is basically certain that, after some time of crisis, there will be supply problems, especially in the case of foreign suppliers. Therefore, it is important that companies start negotiating sufficient supplies with suppliers as soon as possible. On the other hand, it is not a question of companies starting to buy meaningless stocks of everything, even what will not be needed in the near future. Again, even in this case, it is appropriate that there is constant communication with suppliers on how the situation is evolving.

Contractual transport is important, and we must find out whether it will be possible to cooperate with other carriers in case our carrier has problems, due to which we will not be able to use its services furthermore, whether the existing carrier has the capacity for the current situation, where it will be necessary to supply all contractual partners much more. It is also important to find out if they have sufficient measures to protect their employees from their possible infection and the spread of the disease to our company. For our own transport, we need to find out if our employees are not at great risk if they are in contact with a large number of foreign employees. It is good to decide whether it would not be appropriate, for example, for special disinfection of cars entering the premises of our company.

During production, we must focus on the crisis team, determine who manages production in the event of a crisis. It is a good idea to have a representative for each member of the crisis team to represent them if they become infected or quarantined so that the crisis team is maintained with the same number of members. In this case, it is important that the members of the crisis team and their representatives are sufficiently

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separated from each other so that there is no situation where the member and his representative have to quarantine at the same time. Here, it is appropriate for a team member, for example, to work in a company and his representative at home to ensure that they are adequately separated. It is good to have control over the supply and an overview of whether their supply is not endangered in any way.

In the economic field, it is good to divide measures into urgent and measures with a longer-term impact. The most important thing for us to keep the company running is to secure enough money to pay our debts. Therefore, it is advisable to start resolving the situation with the bank immediately and, if possible, to agree on, for example, deferral of payments or increase operating financing. This is also related to social and health contributions, which should be postponed in agreement with the social administration and health insurance companies. Then it is also possible to agree with suppliers to defer our payments. It is also good to provide more cash at the cash register in case of a quick emergency. Having more cash ready at the cash register can be used, for example, in case of quick help to one of the employees, if he is in a crisis situation and it is necessary to inform his employees about this possibility. All companies should have their strategic plan and their goals, as well as paths to these goals. It is these activities that can reduce the effects of the crisis or at least minimize these effects in some way.

The company prepares an annual financial plan from the strategic plan. A financial plan and a cash flow development plan are important for companies that implement in order to create and monitor and evaluate their activities. It is necessary to create various alternatives through analysis, such as the development of management and the state of funds. This is important for the company to have an overview of the entire development. It is good to have a crisis financial plan for three months, given the development of the current situation.

The most important process at the time of the crisis is the established risk management system. It is necessary for the company to be able to react quickly and professionally, and losses are minimal. Businesses that have business continuity plans in place have a big advantage over others. These plans record when the situation is activated, such as the crisis staff. The plan also includes responses to the crisis situation.

Also important is management reporting, which is adapted or changed in a short time due to the crisis. As part of reporting, it is important to have an overview of all current information, new government regulations, and communication with banks. As a result of the pandemic, businesses will have to ask the state for help. Therefore, it is necessary to monitor all current information so that we know about all possibilities.

Fundamental steps to limit the spread of Covid-19 in society, I propose these strategic steps: [4]

- Implement measures that eliminate risks or minimize the number of workers per shift.
- The use of disinfectants is ensured by placing disinfectant gel containers on the premises of the company.
- Wearing drapes or respirators in all areas of the company.

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- If possible, it is advisable to measure the temperature at the entrance to the building with a non-contact thermometer.
- Ensure more frequent and more efficient cleaning of the company's premises.
- Modification of the workplace, place for catering, and rest of employees so that a two-meter spacing between them is maintained.
- It is possible to change the place of work after an agreement between the employer and the employee. You can go to Home-Office. However, it is necessary that an agreement is reached, not a regulation.
- The employer may agree with the employee to take leave. The employer must notify the employee in writing of the time of taking the leave min. Fourteen days in advance, unless otherwise agreed.
- The employer may agree with the employee on temporary leave without compensation of wages or salary if the employee agrees. It cannot be ordered by the employer to the employee.
- If the employer provides wages to its employees due to the fact that they had to close their premises or significantly reduce production activities, the Antivirus program can be used.
- It is important that the employer communicates with its employees on an ongoing basis and informs them about the implementation of anti-epidemic measures, as in case of failure to inform, there is an unintentional violation of the measures.

Conclusion

The coronavirus pandemic is still culminating these days, but we do not know when this culmination will occur, and therefore we do not even know when government action in the form of quarantine, prohibition of cross-border travel, restrictions on the sale of goods, and provision of services, etc. will end, resp. Whether and when any new restrictive measures will not yet appear. That is why it is important to have a company ready for different variants. The aim of this work was to specify the threat of a pandemic in the company. An introduction to the types of crises that a pandemic requires and the effects that occur during a pandemic. The last part is a summary of steps to prevent the company from the Covid-19 pandemic.

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