

Is employee performance related to effective crisis management? A review of literature.

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In our world of continuous change and severe competition, organizations viability depends on its performance, flexibility, adaptability to changes and quality of products and services, since such parameters create and preserve its reputation and social profile (Ashcroft, 1997).

The debate surrounding the effective and comparative delivery of service in organizations today involves - besides flexibility - employee performance maximization and crisis preventive policies (Okoroh et al, 2001). Crisis management in particular is increasingly being recognized as a field of great importance, if organizations are to respond affectively to changes of all kinds (Mostafa et al, 2004).

Crises by their nature are unexpected, accompanied by time constraint and are of three types: immediate, emerging and sustained (Parsons W., 1996). They may be related to sudden low employee turnover, low product quality or even involve unpredictable events of natural cause. In each case managers are summoned to effectively handle the critical situation by means of human resources, personal knowledge and experience.

The present paper will be an attempt to investigate whether employee performance is related to immediate, emerging or sustained crises, by examining current literature. Moreover the author will examine how can managers use performance maximization as a crisis preventive policy. In more detail the following research questions will be answered:

- How are crises related to employee performance?*
- Can human resources performance enhancement be considered an effective preventive policy?*
- How can managers increase employee performance in terms of preventing crises?*

Key words: employee performance, crisis management

Introduction

Modern industrial and business environments are increasingly complex, changing, hostile, and therefore, dangerous to both the public and the firm (Siomkos 1999). In addition, globalization has imposed one basic rule to success: adaptability to environmental challenges. Therefore successful organizations are those who recognize important environmental issues evaluate their impacts on them and react in order to prevent a potential crisis, which could damage their reputation severely (Kash and Darling 1998).

Organizations' structure and operations generally reflect the identity of professional markets. Business organizations however as part of a continuously changing world are certainly affected by

occurrences of any kind and should therefore be prepared to embrace changes, in ways that will serve their interests.

Structure omissions in terms of functionality, quality of goods and services or poor reaction to unpredictable events is likely to lead in crisis. Employee performance maximization and issuing crises preventive policies are the core meaning of crisis management, which is increasingly being recognized as a field of great importance, if organizations are to respond affectively to changes of all kinds (Mostafa et al, 2004).

Moreover, professional awareness in terms of strengths, weaknesses, opportunities or threats is essential to confronting potential crises (Kotler, 2003). Human resources the most valuable asset of an organization, if properly developed are a company's most effective policy against possible threats and simultaneously reflect its strengths and weaknesses (Maund, 2001).

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About crises..

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Pearson and Clair (1998) state that:

"Crises are a low probability high impact event that threatens the viability of the organization and is characterized by ambiguity of cause, effect and means of resolution, as well as by a belief that decisions must be made quickly"

Each crisis consists of three stages: the prodromal crisis stage in which there are warning symptoms, the acute crisis stage in which symptoms demand urgent attention and the chronic crisis stage in which problems exist for a considerable period of time and demand radical managerial resolution (Kash and Darling 1998). One thing is certain; no attempt to resolve it will mean far-reaching consequences in terms of corporate reliability, which in return will decrease products, consumption and therefore profits.

Finally Mitroff (2004) identifies the following crises types according to the causative reason:

1. Economic related, such as economic downturns, changes in trade policies or profit declines.

2. Human recourses: personnel resignations, lack of transparency, personnel dissatisfaction and low performance.
3. Informational: data loss or data destruction.
4. Reputation - related crises.
5. Crises of physical and natural causes.
6. Terrorism related crises.

The present paper will focus on the potential correlation between human resources and crises prevention or resolution.

Employee performance and crises

Walt Disney has once said: "You can dream the most beautiful place on earth ... but it takes people to create it". According to Bouradas (2005, p. 50-51), human resources are a unique source of values, capabilities and competitive advantage. Productivity, functionality, development, progress, creativity and initiative are non-tangible assets of great value, upon which depends the viability of the organization itself. Information exchange, profitability and strategic implementation at all levels cannot exist without human resources contribution. In more simple words people are the source of knowledge and therefore are source of power. Human contribution to organizational progress can be fully presented in the following figure:

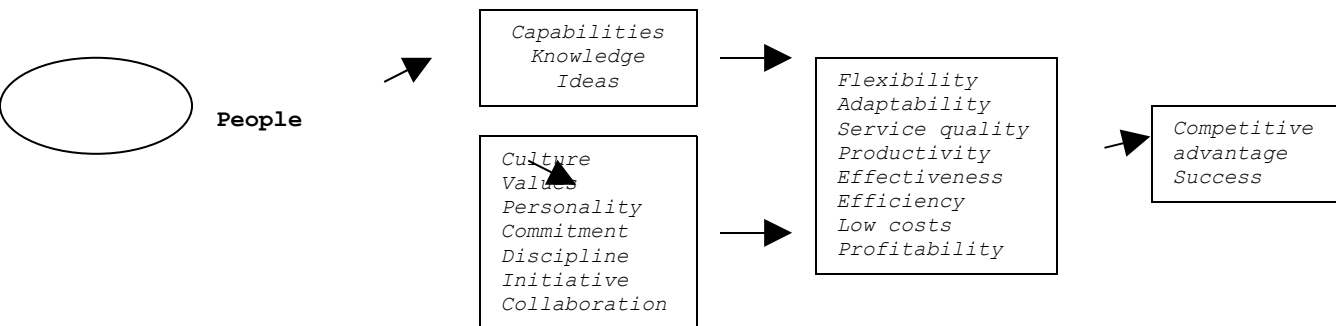


Figure 1: people contribution to continuous competitiveness and success. (Source: Bouradas, 2005, p.51)

According to Naylor (2004) the organization without problems exists only in a stable environment, that is, in an environment where change takes no place. However in a world market of uncertain and fluctuating conditions, organizations face the challenge of forecasting the changes to come, evaluating their impact as well as the costs of making the wrong choices. In that respect organizing, leading and communicating are the corner stone in each organizational structure and form the context of its operations (Naylor, 2004).

Organizational climate and job satisfaction are interrelated and of direct impact on employee performance: organizational climate refers to the functional concept and general organizational goals, while "job satisfaction" reflects employee perceptions regarding their work conditions management or opportunities for training and development (Keuter et al, 2000). The link between organizational climate and job satisfaction is well recognized and has been studied in a variety of work settings (Biggs et al, 1995; Silver et al, 1997).

Moreover, according to Youngjoon et al (2004) professional satisfaction depends on the following nine parameters: emotional and physical demands of work, home and work conflict, degree of professional autonomy and development, role conflict, workload, shift schedule, co-worker and management support and resource inadequacy. Finally, Professional autonomy is also ranked as a factor of great contribution to occupational satisfaction and it is defined as "the amount of job related to independence, initiative, and freedom either permitted or required in daily work activities" (Jansen et al, 2004).

The ability of the organization to attract and develop its human resources and moreover cultivate organizing cultures of commitment, will provide the field of employee performance maximization at all levels and under any circumstances (Bouradas, 2005, p.53). Consequently, organizational culture sets relevant operations structures, from which job satisfaction derives.

Consequently sustaining a competitive advantage in the marketplace depends on the following parameters (Brightman & Moran, 1999):

- Organizational structures which are acceptable by the subordinates and can be shared among each management level (Barnard 1938).
- Management and leadership styles that inspire common goals and purposes.
- Citizenry: awareness of the existing human resources in terms of capabilities and commitment.
- Relationships between internal and external customers.
- Features of the organization that impact professional performance and commitment to the organizational success.

Crisis resolution

According to Augustine (1995), there are two kinds of crises: those that you manage and those that can manage you. Ignoring the probability of a crisis may increase the difficulty of managing it. The key to effectively resolve a crisis is its early detection and appropriate reaction on behalf of the organization. Moreover, strategic planning, which includes crisis management planning, may increase organizational responsiveness to situations, which will threaten or are threatening a company's public image. The right strategy in general provides for preventive measures, and treatment or resolution efforts both proactively and reactively (Kash and Darling 1998).

Moreover, during a crisis, consumers can blame any of the following as being responsible for the harm: the manufacturer, the marketer, the distributor, or the end-user (i.e. misuse of the product). Consumers combine their causal attributions with the actions that the company takes to handle the crisis, and finally decide whether or not the firm involved in the product harm crisis was successful in dealing with it. Consumers express approval of the organizational responses, by repurchasing their products again (Siomkos 1999).

Despite the fact that crises are always possible to emerge, research on crisis management has so far been of normative or prescriptive nature, ending in guidelines related to matters such as communication

with the media or management and employee general disposition (Sheafer and Mano-Negrin, 2003). Crisis management involves careful planning and should be both preventive and reactive and part of the whole strategic management process (Mitroff, 2004). According to Pollar and Hotho (2006) and Aschroft (1997) effective crises resolution involves the following:

1. Detection of the causative event or potential crisis-provoking situations.
2. Careful selection of the crisis resolution team members, including a spokesman representative.
3. Establish a communication room and train available human resources through crisis simulation programs.
4. Establish positive feedback between all management levels and personnel before and during a crucial event.
5. Crisis plans are to be revealed to each member of the selected management group.
6. In case crisis appears transparency and honesty will be more appreciated from the media and public.

How can managers increase employee performance in terms of preventing crises?

Today's managers must have a global view of operations strategy. Rapid growth in world trade and emerging markets like china and Eastern Europe means that many organizations extend their operations globally. New standards of global competitiveness include quality, variety, customization, convenience, timeliness and cost. This globalization of strategy contributes efficiency and adds value to products and services offered the world, but it also complicates the manager's job and leaves no margins for mistakes (Heizer and Render, 2004, p.28-31).

Ovretveit (2005) suggests that leadership should promote continuous improvement through the following steps:

1. Understanding the organizations' present condition regarding quality will reveal its potential of future growth, as well as the underlying problems in functionality and employee performance.
2. Reorientation of enterprise goals and clear description of them to all management levels will unite human capital and inspire a sense of promotion.
3. Structural and line management process changes should be welcome if such a venture serves organizational interests. New rules and processes should be clearly described to employees, in order to achieve their immediate adaptation to change.
4. Encouraging positive feedback could be proved an affective diagnostic tool of eminent or underlying crises, it will establish a sense of management support consequently allowing employees to fully develop their capabilities, and thus increase performance levels.
5. Training programs regarding new technologies will also increase occupational performance.
6. Crisis simulation exercises are also necessary since they will provide peer insight to the organization's performance overall.

Soltani et al (2003) in their study on performance management have also found that HR performance evaluation is of vital importance and should be designed in the context of total quality management

programs. Continuous monitoring of performance management programs, full commitment of top and senior management, integration of internal and external customer expectations according to performance standards and careful staff selection have also been proved of considerable significance in the performance maximization process. Quality-focused performance evaluation should focus on the following:

1. Improvement of employee performance.
2. Customer orientation.
3. Involvement of employees.
4. Performance evaluation as a quality effort.
5. Collective responsibility.
6. Qualified supervisors.
7. System factors.
8. Focus on process.
9. Absolute standards.
10. Management driven.

From the previously mentioned we may conclude that crises prevention or crises management require functional structures and committed human resources, that is satisfied people who shall be willing to cooperate so as to reassure the organizations' interests. Lack of communication between employees of any management level, will be obvious to the public and probably lead to poor reaction of far-reaching consequences.

Concluding remarks

Living in a world of crises means always be ready to deal with them. Bland (1995), suggests that: " over the years I have learned that the best way to prepare a company or organization for a crisis is to start with the training and then go backwards to the development of a manual... one reason is that successful crisis management calls for an understanding of the psychologies involved - and you can't learn psychology from a manual".

Crises are in most cases unexpected and cause disruption. One can never be absolutely prepared to deal with such events successfully unless trained to do so. In that respect theoretical training, brainstorming, simulation exercises, media training and quality audit, should be part of employee and management development programs. Human resources have been and will always be the key to organizational problems and the reason of organization problems as well. Managers should bare in mind that employee performance might resolve crises as well as cause them and therefore be proactive and focus on flexible and constantly improving leadership styles.

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