

ROLE AND IMPORTANCE OF MANAGEMENT IN CRISIS SITUATION IN THE ENTERPRISE

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Abstract

At today's conditions of the globalism, enterprises stretch out their business in an environment that is continuously changing which appear with harsh competition, entry in the market of the new companies, everyday technology changes etc. which are making harder the business or even the survival of many enterprises. Majority of enterprises are going through crisis, where some of them survive and some of them do not achieve to survive. In these conditions particular importance is being paid to the crisis management which plays important role in overcoming of the crisis at the enterprise with much smaller effects or even in successful survival in some occasions and in general the crisis of the social environment. At the study is being treated the crisis of the enterprise, type and its causes, meaning, role and importance of the crises management, importance of software for managing of crises. Is being treated the crises in Kosova enterprises, causes of crises based to Kosova entrepreneurs and managers, their complaints regarding high norms of the interests, unfavorable tax policies and customs as well as are being treated the problems of survival of Kosova enterprises.

Keywords: Crises Management, Enterprise Crises, Causes, Types of Crises, Kosovo

INTRODUCTION

Enterprise Crises, Causes and its Types

The crisis is the phenomenon of enterprise activity and life. During its activity the possibility exists that the company will fall in business or financial crisis. Attentive work of the manager influences many crises to be eliminated and the enterprise to avoid business, financial, psychological problems that crises cause. The crisis could hit the entire economy, some parts of

the economy, some companies, or only parts of large enterprises. Crises are the types and different phases. Their elimination action imposes recognition during the process of occurrence.

In the manner occurrence and operation phases of crises can be First Potential crisis - is the stage in which the company may not notice the existence of the crisis; Second Latent crisis - is the stage when the crisis emerged but could not be identified with quantitative measurements; and Third Acute crisis - is the stage when its effects are investigated and the company intends to eliminate them. In all three phases, type, volume and visibility can determine the life cycle of the crisis. (Kekovic, Z. 2006).

Crises usually occur as a result of personal mistakes, organizational shortcomings and environmental impact. The manager (leader, entrepreneur), must possess analytical skills to identify the symptoms of the crisis and the impact of their elimination time.

In crisis situations entrepreneurship begins with the recognition and investigation of all the characteristics of the crisis that hit his enterprise, and finding opportunities to influence and anti-crisis measures that the company will exist, function and pass facing crisis . It is important that the company strengthen morally and conceptually for the period following the crisis.

Enterprise crisis characterized by successive losses, the cash flow crisis, low profits, and management must therefore take appropriate measures, appropriate strategies that will bring success in solving fundamental problems and eliminate the causes of the crisis.

Types of Crisis

According to economic experiences in different periods of time were recognized some type or types of crisis, the most common are: Crisis management; Creative leadership crisis; The financial crisis; Social crisis; Organizational crisis; The crisis of promotion and distribution (placement); Business cycle crises; The institutional crisis; General economic crisis or social crisis (the crisis of global character).

Management crisis usually appears first. Indication of the presence of this crisis is continuous failure (several years).

Creative leadership crisis is the crisis in thinking, creation, development and implementation of innovative programs and attractive market. This is one of the most serious crises in the area of entrepreneurial creativity.

The financial crisis appears because of low profitability in the enterprise business. Its consequences are the low level of profit, low earnings of employees, not liquidity, lack of development or underdevelopment of investments and other negative indicators of economic business.

The social crisis is a result of poor interpersonal relations.

Organization crisis appears in the enterprise with arrival of the new people in leading positions as well as with the change of management and with the passing of the organizing of the enterprise from phase of development to the other.

The crisis of promotion and distribution (placement) most commonly caused due to lack of communication and interaction between the company and customers, suppliers and other participants.

Business cycle crisis is being caused due to the flow of business cycle as a part of the activity of the enterprise.

The institutional crisis occurs when the company in a certain activity, works, located and operating in time of crisis politics, ideology, state and administrative and at such reasons cannot affect managers.

General economic crisis and / or social crisis have global character and can include a state, some states or entire world. Regarding this type of crisis the manager must recognize its four dimensions which in any way can influence the activity of the enterprise and these are: Content (character of crisis); Duration of crisis; Depth; and Scope (spreading)

The Causes of the Crisis

The causes of the crisis may be a consequence of the organization but may be imposed by external causes. In external causes of the crisis in which the company cannot influence, are:

- a) General changes in market
- b) Changes in branch (branch)
- c) Global economic crises
- d) Political changes
- e) Legal changes
- f) Natural disasters.

Often the causes of the crisis are in the enterprise itself, some of its causes are:

- a) Inadequate training of management and non-professionalism of management
- b) Inefficient impact of management functions
- c) Weak organizational culture
- d) The dissatisfaction of employees
- e) Poor work organization, etc. (Kešetović, Z. 2006).

For the enterprise that is going through crises exists some possibilities or options and they are:

- The enterprise to leave its activity and not to come at the condition to be sued and its leaders to be accused for criminal offenses,

- The enterprise can continue its work with ruined authority, with damaged image towards the public as well as with financial losses;
- After a long battle with crisis and its overcoming to return or to raise its authority towards the public.

By the weight of the crisis that hit the enterprise as well as the strategies and decisions that will be undertaken will depend that which will be further its flow.

Understanding the Role and Importance of Crisis Management

While the leadership of the crisis is mainly related to political crises, the crisis management as notion is related with undertaking of activities the public and private sphere. Initially term management of the crisis has been attributed to political terminology. There is evidence that the American president John F. Kennedy was the first to use this expression during the Cuban crisis. In this way he wanted to describe the efforts of the American administration in the leadership of an extraordinary serious situation. To prevent or overcome the negative effects of the crisis have not sought the difference between leadership concepts of crisis or crisis management but your report towards it.

With the emergence of crises in different stages, as well as crisis management has earned its place in the management of companies in crisis situations. Successful protective measure against crises is the enterprise business analysis through independent auditing control. The dynamic analysis of the company's business success with comparative analysis of the balance sheet and balance of success which uses revision, shows at which stage of development the company is located at the time of analysis and did it entered at a vortex of crisis (Slović, Krčadin, I. 2005).

Enterprises that have indications that the level of profitability is decreasing compared to the previous period and as well as the enterprises in which was seen the tendency of success decrease show symptoms of the potential crisis condition. For investigation of the earlier crisis should be analyzed continuously and follow the rate of profit of the enterprise, and its direct surroundings and wider.

In global economic conditions the activity of the enterprises is developed in unsecure environment which results with different crises. Management of the enterprise is under continues pressure especially during these years cause of the last economic global crisis.

The management of the crisis can be considered as a whole of activities within the specific form of enterprise management in order to prevent and dominate proceedings which may endanger or impede the further existence of the company.

In case of appearance of crisis at the enterprise the first undertaken activities that are being made for its prevention is the change in managing system and there comes to the stage the crisis manager.

As a main duty of the crisis management is to get drawn the company from the crisis situation and enables the company in further activity by longer period of time. Changes are due to ineffective management of the enterprise in order not to repeat the same form of management, which had not given results. Crisis managers are those individuals or groups of people who are carriers of control planning and implementation of goals, strategies and measures for prevention and crisis prevailing in the enterprise which is critical for the survival of the enterprise (Vidaković, S. 2009).

Application of Crisis Management Software

Finding tools for managing different problems in order to facilitate the work is one of the main concerns of the enterprise business. Research has led to various technological segments of seeking these funds. One of these tools is information technology, especially software, which is at the top of many lists as a tool for solving problems. It has become synonymous with the advanced world and human development.

Since the economic crises are among the main concerns facing humanity, software application in solving the economic crisis is essential and beneficial. The software today is used in almost all modern businesses in order to eliminate the shortcomings that cause economic crises. It has recently started the development and application of software simulators in the field of economy, which are a new segment of software development.

The software is part of the management information system of the enterprise which is present in virtually all sectors of the company that are business development factors. As far as these sectors are important for the development of the enterprise it is important also the software in their work and supervision. Important sectors are considered those that generate income and expenses of the company and they are: supply sector, sales, human resources, accounting, finance etc.

In terms of actual economic development of the supply sector cannot develop in effective manner without help of software. The software used in data storage for all suppliers and to reflect the current state of enterprise financial and material condition. In the case of applications for supply, the software can help determine the most favorable demand making necessary comparisons based on vendor bids. Then the software can determine the optimal amount of demand based to: first amount company needs; second optimal supplier's offer

(depending on quantity required); third The Company's financial condition; and fourth the sales trend based on planning or analogy with previous season's prior periods.

The role of software in the retail sector is of particular importance, because the sale of the company represents the output level of the material and financial level revenues. Supervision of sales together with the supervision of supply gives us material flow statements of the enterprise. The software applies to the supervision of sales, which will play a key role in setting prices and would affect the supply sector as well as material and financial planning.

In human resources sector software affects in planning and determination of the optimal number of employees in the enterprise and helps to set the right people in the right places with lower costs.

It could not be imagined accounting and finance sector of the company without software surveillance. Today the generation of financial and accounting data recording regarding the accounting transactions is being done through software. Many accounting actions that are being performed so far are not part of the work of accountants since they are carried out by software, which provides data automatically that previously were adopted after long and hard work of accountants and financiers.

Financial analysis are currently in an advanced stage of development, since today we can go to financial analysis generated by software so quickly and easily, which without software would take many years and as such would be worthless .

Simulation of the Economic Crisis through Software

This type of simulation presents an achievement that is continuously developing in software world. Simulation presents a speeded act of economic trend with aim to present economic condition in a future time. Accuracy of this simulation depends completely by the accuracy of the needed data for this simulation.

For the simulation to be accurate particular importance have parameters which define the economic flow. Experts should deal with determining of these parameters which would be area itself that would be developed time by time. In putting in action the simulation of the crisis through software would be noticed weakness and omissions regarding the knowledge about parameters of economic development.

Simulator of economic crisis would be accurate as the data entered with which he would be ministered. This simulator would use data depending on its intention. Here we can separate microeconomic and macroeconomic development. In microeconomic development would be included data of our enterprise, of the competition as well as other data that would determine business development of our enterprise. While macroeconomic development would include a

wide range of factors starting by trends of world economic development then those of the state and activity of private business development (Baloku, K. 2009).

So through crisis simulation via software we will be able to take appropriate decisions concerning the management and overcoming crisis situations in the enterprise.

CRISES IN ENTERPRISES OF KOSOVO

According to experts of economic issues in Kosovo the economic crisis is deepening even more, due to the lack of implemented economic policy. It's a deep economic crisis in Kosovo because mainly were developed the service enterprises, which have transformed Kosovo into a consumer market. About 80% of the goods that are necessary for the internal market, respectively for our population, we import from overseas, so large percentage of Kosovo imports products could be manufactured in our country. Economic growth of 3%, 40% unemployment, extreme poverty 10%, and high trade deficit, are figures that show that Kosovo's economy is in crisis for several years.

Not good economic processes taking place now currently are signal that Kosovo will be faced with further economic deterioration. We need to change the existing policy reforms that are fundamental to economic policy, fiscal policy, credit and foreign trade, which should be changed and enter at the function of protecting and promoting local business development. Kosovo possesses conditions for more dynamic economic development which would be achieved with more efficient managing. In financial reports or in economic development records that are being performed by the Central Bank of Kosovo and International Monetary Fund is not seen that Kosovo is in crisis condition even though with this norm of development is half under norm of development that developed countries have. Representatives of the Government of Kosovo continuously are declaring that are focused in economic activities which aim economic development of the country in particularly increasing of employment and creating of preconditions for the support of private sector (<http://koha.net/?id=27&l=63016>).

Based to the data of the Ministry of Trade and Industry of Republic of Kosovo, small and medium enterprises in Kosovo constitute above 90% of total number of businesses and absorb around 65% of new working places, therefore small and medium enterprises in Kosovo participate with the highest economic development. In recent years they have seen the development has stagnated. According to entrepreneurs some of the causes of stagnation are: unfavorable fiscal policy and lack of state support. They consider that they never consider their capacities scarce financial and human resources and have never had a flexible approach by the Tax Administration and Customs of Kosovo. Manufacturing businesses in Kosovo have demanded from state institutions to subsidize in various ways local producers, since according

to them with increasing sales of local products, in addition to business benefits, benefits also the consumer with more quality products and simultaneously benefits the state by collection of taxes and employment. So the causes of the beginning of the crisis, according to the statements of the owners and managers are legal factors and not the inadequate management of their enterprises.

As examples of dealing with problems that hinder their development, will mention two manufacturing enterprises from Kosovo, one is called "SCAMPA" which deals with the production of bags and bags of biodegradable waste and the other company "Pestova" which deals the production and processing of potatoes.

Enterprise Scampa, based to the owner since the beginning of the work on 2007 faced with not good business environment in Kosovo. The owner of this company considers that fiscal politics in Kosovo are not favourable at all for the activity of his business since the taken credit at the bank for establishing of this business was with high norm of interest. The norms of interest for credits in Kosovo are actually 12.9%. Unstable supply with electricity, high energy prices, limited access to finance are some of the main barriers to faster development of small and medium enterprises. As a result of these difficulties, the profit is low. Unfavorable tax policies and customs are considered obstacles to successful economic business enterprises.

Enterprise "Pestova", located in Vushtrri enters at the category of medium enterprises, is facing many problems. Infrastructures in Kosovo as electricity, water problems are some of the causes which obstruct successful business. Limited approach in finances, high credits all these make uneven with some foreign producers of the activity. This enterprise more than 50% of the raw material produces by themselves but the other part is being imported from Italy, Netherland, Austria and Slovenia. Fiscal package is not in favor of its activity, as manufacturing enterprises are still not released from tax for raw materials, while producers in the region have better conditions to exercise their activity. Manufacturing enterprises, which in most developing countries are seen as a sector that generates employment and economic development in Kosovo are facing many problems, one of them as it is mentioned is also taking credits with high interest (Krasniqi-Veseli, L. 2012).

CHALLENGES AND SURVIVAL PROBLEMS OF KOSOVO ENTERPRISES

With increased competition was hampered the survival of the Kosovo enterprises, they are facing survival challenges which are phenomena in many other countries. Closure of enterprises in Kosovo is on a higher rate compared to the enterprises in developed countries and the region. According to the Central Bank of Kosovo in the first quarter of 2014 were closed 436 companies or 29 companies more than in the same period last year. There is no doubt that the

closure of enterprises has negative consequences for the economy of Kosovo and must look for solutions for reducing the rate of closures. Before finding solutions we should focus on diagnosing the problem, which means determining the factors that have contributed to the closure of enterprises in Kosovo. In most cases the enterprise owners blame public institutions charging them for the wrong economic policies, high taxes, high interest loans, etc.

No doubt that in closure and low performance of enterprises have role also wrong politics of public institutions but also the environment in Kosovo is not on favour of enterprises including not loyal competition, high level of corruption and a number of other factors.

Reasons should be required also at the enterprise owners which do not manage their enterprises with modern managing principles and are far away from the reality of changes in business environment. Professional improvement was not developed in needed level. Lack of trained personnel was showed as weakness of enterprises that aim to expand their activity. (Mustafa, L. 2014).

With the increasing impact of globalization and technology development enterprises of developed countries have begun to adopt new models of management, with the aim of increasing productivity and maintaining market share, for increased overall performance of the company will avoid risks the possible closure of the enterprise. We can say that professional managers of enterprises are open and flexible to the changing business environment. (Mustafa, L. 2014).

Kosovo's economy is largely dominated by family companies, whose situation changes compared with those of developed countries. Most of these companies are managed by their owners. Management of the owners can be justified for those enterprises that consist of an 8-9 people that fall into the category of micro enterprises. But even the small enterprises some of the authorities should delegate to professional managers, as the medium and large. Delegation of powers is one of the key factors to avoid the risk of closure of enterprises, because the delegation of duties to a professional manager means change management approach. Professional managers will bring a new spirit in crisis management through the implementation of new practices that will affect the performance and productivity growth. (Mustafa, L. 2014).

CONCLUSION

Enterprise crisis in today's conditions are very often, the essence of crisis management is for the enterprise to avoid crisis or to overcome them more easily.

Professional managers must bring a new spirit in crisis management through the implementation of new practices that will affect the performance and productivity growth. With the increase of globalization and development of technology enterprises of developed countries

started to adopt new models of managing with aim of increasing productivity, keeping the market, avoiding of possible risks of causing crisis.

In Kosovo with increase of competition was made difficult the survival of enterprises, closure of enterprises is in a higher norm compared with enterprises in developed countries and countries in the region. Closure of enterprises has negative consequences for economy of Kosovo therefore should be requested solutions for decrease of the closure level. In most of the cases enterprise owners blame public institutions accusing them for wrong economic politics, high taxes, and loans with high interests, etc.

Reasons should also be required to owners, managers and companies who do not manage their enterprises with modern management principles and are far from the reality of changes in the business environment. Professional improvement is not held at the proper level. Lack of trained personnel has shown a weakness of enterprises that intend to expand their activities.

Professional improvement of staff, training of personnel, experiences of management according to modern principles of managing influence for enterprises to be more opened and flexible towards the changeable environment to be more close to the reality of change in business environment and business success.

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