CRISIS MANAGEMENT STRATEGIES FOR THE ATTAINMENT OF BUSINESS CONTINUITY MANAGEMENT BEST PRACTICES.

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Abstract

Crisis management is a critical function in an organization because its effects can be disastrous if not effectively managed. It can result to loss of specialised employees leading to disruption of key functions. This research sought to investigate crisis management strategies for the attainment of business continuity management best practices in mobile telephone service providers in Kenya. Specifically the research investigated the strategies for managing; specialised staff turnover, technological changes, natural and manmade incidences and obsolete supplies for the attainment of Business Continuity Best practices. Descriptive research design was used in this research. The population of study consisted of fifty-nine heads of departments taken from the five mobile telephone service providers in Kenya namely; Safaricom Ltd, Airtel Ltd, Equitel services, Communication Authority of Kenya and Telkom Kenya. Census approach was used to select the units of study which were the heads of departments in the firms of study. Primary Data was collected from the five mobile telephone service providers in Kenya. A semi-structured questionnaire was used to collect the data. Descriptive statistics, inferential statistics and multiple linear regression were used to analyse the data. The study established that Crisis management strategies were weak and only partially related to BCM Best practice. The null hypothesis was accepted that; there is no relationship between crisis management strategies and BCM best practices. The study recommended that telephone service providers should put in place crisis management strategies in order to prevent occurrence of eventualities that may put the organization at risk.

Key terms: Specialised Staff Turn – Over, Obsolete Supplies, Technological Changes Natural and Man Made Incidences.
1.0 INTRODUCTION

Crisis management is a strategic activity whose aim is to minimize risks thus making it possible for an organization to take greater control of its own destiny. It is a planning process for crisis management in order to mitigate against possible undesirable occurrences and devise favourable strategies for risk minimisation. A crisis is an event that occurs suddenly; demanding quick reaction, distorts organization strengths, creates uncertainty and puts an organization’s reputation at risk. Depending on its intensity, it can permanently change an organization’s character (Millar, 2008). According to Fearn – Banks (2006) crisis management is a process of planning for unpredictable eventualities. He also adds that crisis is an issue that is difficult to resolve because of pressure of time, high uncertainty as well as limited control. Crisis management is therefore of great importance to every organization (Burnett, 2008).

Crisis management is a new field of study and practice, which has attracted empirical studies on its management. Mostafa (2006) conducted a research on Egyptian hospitals on crisis management preparedness entitled “Strategic Preparation for Crisis Management in Hospitals: Empirical Evidence from Egypt”. The study focused on hospital managers’ perceptions concerning the preparation for crisis management. The findings indicated that there was a positive relationship between external strategic orientation and readiness for crisis. He also found out that there was a positive relationship between long-term strategy and readiness for crisis. Firms should be proactive in the prevention of crises by ensuring that, skilled human resource is under protection at all times to avoid high staff turnover, requisitioning only the supplies needed at a particular time in order to avoid obsolete supplies and keeping abreast with the latest technology. Risk assessment is also important in order to anticipate and shield against any incidences in advance (Gartner, 2010).

The main aim of crisis management is to device strategies that make it possible for an organization to deal with a crisis successfully and in a timely way. A crisis management team should be in place to make critical decisions in case of a crisis. The team takes the responsibility to management crisis and to restore order.
1.1 Problem statement

Business ventures including Mobile telephone service providers all over the world operate in highly dynamic environment. The dynamism in the environment is a cause of risks, disasters and crisis, which require mitigation. The environment in which mobile telephone service providers operate is highly sensitive and prone to risks that arise from technological changes, specialised staff turnover, natural and manmade incidences and obsolete supplies. All these risks can lead to a crisis which needs to be managed effectively for the firms to attain resilience. Crisis management is one of the elements of Business Continuity Management (BCM) which is a key mitigation strategy that ensures the long-term survival of a business. The role of BCM best practices has not been fully discussed in literature instead emphasis has been put on reactive approaches whenever organizational crisis occurs (Wong, 2009). Herbane et al. (2004) hold that organizations that adopt BCM best practices can easily recover from crisis with no much change on their competitive position. The crisis management strategies used by mobile telephone service providers in Kenya are not known.

Belluz (2007) posits that crisis management is one of the approaches of protecting assets and resources in enterprises worldwide. It is an approach, which is able to control threats faced by an organization. The approach is appropriate for identifying an organization’s strengths and opportunities coming from external business environment. Crisis management approach is also appropriate, for the reduction and mitigation of any threats and uncertainties. Pearl (2006) emphasis the advantages of crisis management; it reveals the goals of an organization, analysis potential organizational risks likely to occur in future, facilitates future anticipation as a way of controlling uncertainties, makes it possible to develop actions to counteract risks in the organization and assess the benefits of those activities. This research therefore aims at interrogating crisis management strategies for the attainment of business continuity management best practices in the mobile telephone service providers in Kenya.

1.2 Objective

To assess crises management strategies for the attainment of Business Continuity Management best practices for mobile telephone service providers in Kenya.
1.3 Hypothesis

Ho: There is no statistically significant relationship between crisis management strategies and attainment of business continuity management best practices for mobile service providers in Kenya

2.1 Literature Review

Crisis management strategies are of special importance to the mobile telephone service providers because the firms will be in a position to respond quickly to risks. Teams should be put in place that would make decisions in extra ordinary situations (Rozek & Groth, 2008). Scholars have classified crisis into many categories for example Coombs (2002) has classified it into nine categories; natural disasters, malevolence, technical break downs, human break downs, challenges in supplies, technological changes, organizational misdeeds, workplace violence and rumours. Coombs (2009), later grouped crisis into five clusters namely; rumours, natural, disasters, malevolent accidents and misdeeds for such as obsolete supplies.

Ritchie (2006) suggests that further research and empirical work as well as the conceptual framework in risk and crises management is required. There is need to understand the practice of risk and crisis management in businesses. Belluz (2007) posits that crisis management is one of the approaches of protecting assets and resources in enterprises worldwide. It is an approach, which is able to control threats faced by an organization. The approach is appropriate for identifying an organization’s strengths and opportunities coming from external business environment. The strength of an organization is measured by the number of skilled employees and their retention ability. Crisis management approach is also appropriate, for the reduction and mitigation of any threats for example various incidences and other uncertainties. Pearl (2006) emphasis the advantages of crisis management; it reveals the goals of an organization, analysis potential organizational risks likely to occur in future, facilitates future anticipation as a way of controlling uncertainties, makes it possible to develop actions to counteract risks in an organization and assess the benefits of those activities.

Crisis management has undergone progressive evolution during the last 20 years (Jacques, 2007). Coombs (2007a) considers crisis management as a critical function in an organization because if it is not effectively managed, it can result to loss of specialised employees leading to disruption
of key functions. The safety of human resources is of great importance. It would take a long time to recover from the loss of well-trained human resources in case of an incidence. It is unfortunate that some companies are not aware of the real costs of employee turnover. Employee turnover is expensive to an organization and affects business performance. It is difficult to manage employees’ turnover. In research by Pearson & Clair (2008) stated that when turnover rate rises organizations should recognize that their workforce and financial performance are at risk. Therefore, organizations should lay strategies to mitigate and eliminate or lower the turnover.

The risks around obsolescence of control systems can be easily reduced through effective management. Obsolescence management, when carried out correctly, will save money. Costs will be saved many times through prevention issues taking place, reduced downtime if breakdowns do occur and extending the life of equipment, which means not having to upgrade full systems before it is necessary. To deal with obsolescence risks, strategies should be derived on a priority basis, with the highest risk components dealt with initially. Two main strategies that can be employed that is areactive obsolescence strategy-being reactive when problems occur and a proactive obsolescence strategy - having put plans in advance and implementing them (Coombs, 2007).

Crisis management has not been fully explored (Pauchant & Douville, 2013; Smith & Sipika, 2008; Reilly, 2007). Nevertheless, Wisenblat (2009), states that crisis management is a strategic field, but in practice and but theory developments are still in their early stages. Simola (2005) further says empirical studies as well as development of conceptual frameworks related to risk and crisis management are not available at a strategic level. Simola goes on to say that, there is a notable absence of theoretical framework on crisis management and recommends more intensified research on crisis management.

Mostafa (2006) conducted a research on Egyptian hospitals on crisis management preparedness entitled “Strategic Preparation for Crisis Management in Hospitals: Empirical Evidence from Egypt”. The study focused on hospital managers’ perceptions concerning the preparation for crisis management. The findings indicated that there was a positive relationship between external strategic orientation and readiness for crisis. He also found out that there was a positive relationship between long-term strategy and readiness for crisis. According to the Sapriel (2007)
Model, crisis management involves an integrated method of controlling a crisis in order to prevent specialised staff high turn – over and safeguard the strategic goals of an organization. The integrated method involves external and internal stakeholders where a long term –strategy should be discussed. Storkey (2011) emphasizes that crisis management is about tactical response when dealing internal resources in an organization.

Mostafa (2006), has argued that there are only a few empirical studies that have analysed the factors that affect crisis management as a result of technological changes in the Arab world. Atiyy, (2009) has also stated that there are generally few empirical studies in Arab and African countries on crisis management dealing specifically in technological changes. In Western countries, research on crisis management has focused mainly on descriptive and normative research without any mention of changes in technology. However, the researchers are fragmented (Barton, 2008, Greening & Johnson, 2006 and Shrivastava 2008). Sheaffer& Mano – Negrin (2008) argue that there are three main reasons for the few empirical researches on crisis management and technological changes. The first is because crisis management is in its evolutionary stage and therefore not fully developed. The second is because researchers are not willing to commit themselves to issues, which seem to be contrary to successes in technology. The third one is the multidisciplinary nature of a firm’s downturns and this makes it complicated for the derivation of coherent and well – argued operational hypotheses on changes in technology in relation to crisis management. In West countries, many studies on crisis management and technological changes are based manufacturing, oil and chemical sectors and very few in the service sector (Shrivastava 2008).

An empirical study by Harrigan (1983) based on natural and manmade incidences involved the importance of strategy formulation and planning in order to manage crises in the external environment. Schoonhoven (1981) adds that in order to enhance the functional performance of an organization there is need to undertake a detailed analysis of the external environment (natural incidences). Contingency Theory gives a basis for understanding the impact of strategic planning on natural and manmade incidences when faced with crises, risks and disruptions in order to attain long- term survival of a business. Mills et al. (2005), confirms that executives and top-level managers play an important role by providing support and commitment in the development
of crisis management strategies. The strategies provide tactics for managing various internal incidences and any changes in the external environment of the business.

A study conducted by Demeester and Grahovac (2005) on the role of the executive support in strategy development was rooted on perspective Contingency Theory approach in dynamics of external environment when faced with natural and manmade incidences. It stated that, organizations should redesign their strategic decision making process because external and internal conditions keep on changing. The most commonly used approach to managing a crisis as a result of various internal and external incidences is scenario planning. The approach enables organizational leaders to have a better understanding of the environment to avoid disastrous events and to put in place efficient and effective plans for coping with crisis and disasters when they strike.

Scenario planning should be dynamic to cope with the changing environment. Kisi (2006) conducted two studies based on contingency theory. The first study was on the supportive role of senior management in strategic planning for effective crisis management and scenario planning. The study concluded that scenario planning is an important approach when dealing with crisis. The second study was on training and development of specialised staff to enhance skills and minimise high employee turnover. This study established that there are different types of training that organizations can use namely in house, outsourced and web base training. The study concluded that in house was more preferred to the other types of training. The two studies also added that managing crisis requires a crisis management team comprising of competent people. Kilcourse (2006) conducted an empirical study for determining the role of developing and training special skills human resource. The study was grounded on contingency theory with an aim of enhancing the competences, skills for managing contingencies of globalization, economic crisis and technological changes. The study concluded that scenario-planning technique is a critical approach to crisis management.

This study represents a step towards closing the gaps in crisis management literature. While the study focused on Mobile telephone service providers, it is still of much interest to any other organization interested in crisis management as a way of attaining business continuity management best practices. The reviewed literature has shown that crisis management is an area of study that is very new and therefore needs further studies.
3.0 Methodology

This research was both quantitative and qualitative and used descriptive research design. Bryman & Bell (2007) argues that using both qualitative and quantitative research allows triangulation to be applied. They therefore agree that it is important to combine both quantitative and qualitative studies. Qualitative and quantitative research also assists the researcher to be specific and accurate in the interpretation of data. It also gives the researcher the ability to interpret some phenomena and complex perceptions obtained from qualitative data (Bryman & Bell, 2007). Descriptive research design was used in this study to describe the application of BCM best practice in mobile telephone service providers in Kenya. The variables of interest were: emergency response strategies, crisis management strategies, disaster recovery strategies and business continuity planning strategies.

In this research the population of study was the heads of departments of the registered mobile telephone service providers under the Communication Authority of Kenya (CA) by June 2015 namely; Safaricom Ltd has 12 departments, Airtel Ltd 11, Equitel 15 departments, Orange Telkom 10 departments. The 11 departmental heads of Communication Authority of Kenya being the regulator of the sector were also studied, making a population size of 59 departmental heads. The departmental heads at the headquarters were chosen because BCM best practice is the responsibility of senior management. This agrees with Foster & Dye, (2005) who states that BCM best practice is the responsibility of senior management. Ashford (2008) also agrees that senior managers are the people who have the power to integrate BCM best practices into their organizations. Sawalha (2011) studied BCM in Jordan firms at managerial level. Management has the responsibility for BCM best Practice and takes a leadership role in the implementation of BCM best practices. The census approach was used in this research therefore all the departmental heads were studied.

The mobile telephone service providers were selected for study because they contributed 5.6 % to the GDP and a further 1.9% from non- tangibles in 2015 (Deloitte LLP, 2015) and this is projected to increase in subsequent years. According to the Economic Survey of Kenya 2016, internet service providers increased by 24.9% and internet users increased by 35.9% by 2015. The annual investment in telephone service providers was 36.2 billion and internet 3.3 billion in 2015. These statistics show a high growing sector.
3.1 Data collection

The survey method of data collection was used to collect primary data using semi-structured questionnaires, which were administered through personal interviews to the 59 heads of departments. According to Knight, (2009) and Saunders et al., (2009) the method is expensive for the researcher. However, it was applied in this research because it was found to be the most appropriate to handle the confidential and sensitive information. The method would also guarantee a high response rate, enable the researcher to probe the respondents and give feedback to clear any misunderstanding.

3.2 Data analysis

Data were analysed using descriptive statistics, inferential statistics and Multiple Linear regression. Descriptive statistics are used by researchers to work out different statistical procedures such as graphical presentations of frequencies, numerical comparisons of variables, minimum, maximum, sum and means, frequency distributions, percentages and frequency tables.

Multiple Linear regression was used to determine the overall fit (variance explained) of the model and the relative contribution of each of the predictors to the total variance explained (Pallant, 2007). The linear regression Model is stated as follows:

\[ Y = f (\beta_1 + h_1 + h_2 + h_3 + h_4 + \varepsilon) \]

Where:

- \( Y \) = Crises Management strategies
- \( \beta_1 \) = Constant variable
- \( h_1 \) = Specialised Staff Turn - over
- \( h_2 \) = Obsolete Supplies
- \( h_3 \) = Technological changes
- \( h_4 \) = Natural and Man Made Incidences
- \( \varepsilon \) = Error term.

The regression coefficients for BCM Best Practices to show the independent variable (Crisis management strategies) and its indicators in terms of level of influence in the attainment of BCM Best Practices were used in the research.
4.0 RESULTS AND FINDINGS

The research sought to find out the level of organizational preparedness for natural and man-made incidences, technological changes, obsolete supplies and specialised staff turnover for the attainment of crisis management strategies. The effectiveness of crisis management strategies were rated on likert scale of 1-5 Where, 1 = highly ineffective 2 = not effective 3 = neither effective nor ineffective 4 = effective, 5= highly effective.

Table 4.1: Effectiveness of Crisis Management Strategies

<table>
<thead>
<tr>
<th>Crisis Factors</th>
<th>Firms</th>
<th>Man-Made and Natural Incidence</th>
<th>Specialised staff Turnover</th>
<th>Technological changes</th>
<th>Obsolete Supplies</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Safaricom</td>
<td>4.0</td>
<td>3.85</td>
<td>4.0</td>
<td>4.0</td>
<td>3.9</td>
</tr>
<tr>
<td></td>
<td>Airtel</td>
<td>3.8</td>
<td>3.0</td>
<td>1.74</td>
<td>3.0</td>
<td>2.8</td>
</tr>
<tr>
<td></td>
<td>Equitel</td>
<td>3.8</td>
<td>3.5</td>
<td>3.6</td>
<td>4.0</td>
<td>3.7</td>
</tr>
<tr>
<td></td>
<td>Mobile</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Telkom</td>
<td>3.0</td>
<td>3.2</td>
<td>2.0</td>
<td>3.0</td>
<td>2.8</td>
</tr>
<tr>
<td></td>
<td>CA</td>
<td>3.8</td>
<td>4.0</td>
<td>4.0</td>
<td>4.0</td>
<td>3.9</td>
</tr>
<tr>
<td>Aggregate Mean</td>
<td>3.68</td>
<td>3.51</td>
<td>3.06</td>
<td>3.68</td>
<td></td>
<td>3.48</td>
</tr>
</tbody>
</table>

The research found out that organizations have different levels of effectiveness when responding to crisis. Safaricom had the most effective crisis management strategies for natural and manmade incidences at a Mean (SD) = 4.00 (0.34), Airtel, Equitel and CA had a Mean (SD) of =3.80 (0.40) each, while Telkom had a Mean of (SD) = 3.00(1.00) which was the lowest mean score. Coombs (2002) advises organizations to have clear plans for crisis management such as natural disasters. In respect to the level of preparedness in managing specialised staff turnover, Communications Authority of Kenya had a Mean (SD) = 4.00(1.00) and Safaricom had Mean SD= 3.85, (0.6), Equitel had a Mean SD=3.5(.60) while Telkom had a mean SD= 3.20(.80) and Airtel had the lowest Mean SD = 3.00(.50). Gartner (2010) states that firms should take quick actions to prevent specialised staff turnover by ensuring skilled human resource is under protection at all times.

In terms of responding to Technological changes, different companies seem to have various level of effectiveness in responding to technological changes. The study found that Communications Authority of Kenya and Safaricom had the most effective strategies for
responding to technological changes with a Mean SD = 4.00(0.60) each, followed by Equitel with a Mean SD = 3.6(.30) and Telkom with a Mean (SD) = 2.00(0.5), Airtel had the lowest Mean SD = 1.74(.40). Ochieng (2015) observed that the mobile telephone sector easily adapts to technological changes because of their nature of business.

The study found that Safaricom, Equitel and CA had the most effective strategies of responding to crisis related to obsolete supplies at a Mean of (SD) = 4.00(1.00) each while Airtel and Telkom (K) had the lowest score at 3.00(.60) each. According to Rozek & Groth, (2008) Organisations need to requisition only those supplies that are needed at a particular time in order to avoid obsolete supplies.

The findings on the level of effectiveness of Crisis management across the five organizations show that the overall level of preparedness for crisis management differs significantly. Safaricom and CA had the highest effective crisis management strategies at a Mean (SD) = 3.9(0.7) each followed by Equitel at a Mean (SD) = 3.7 (.5), Airtel and Telkom had the lowest Mean (SD) = 2.8 (0.5). The findings produced a statistically significant analysis of variance in terms of level of effectiveness of crisis management strategies (F (4, 44) = 3.38, p= 0.09.

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>.490</td>
<td>.241</td>
<td>.175</td>
<td>.612</td>
<td>.09</td>
</tr>
</tbody>
</table>

The results show that Crisis management strategies are weak and only partially related with BCM Best practices, $r^2 = .241$, $p = .09>.05$ and so null hypothesis was accepted that there is no relationship between crisis management strategies and BCM best practices. This means that the alternative hypothesis was not accepted.
4.1 BCM BEST PRACTICES REGRESSION COEFFICIENTS

Table 4.3 Regression Coefficients

<table>
<thead>
<tr>
<th>Variables</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>18.7</td>
<td>7.978</td>
<td>2.354</td>
<td></td>
</tr>
<tr>
<td>Natural and Manmade plans</td>
<td>NMI</td>
<td>.477</td>
<td>.063</td>
<td>.490</td>
</tr>
<tr>
<td>Specialised staff turnover</td>
<td>SST</td>
<td>-.110</td>
<td>.085</td>
<td>-.120</td>
</tr>
<tr>
<td>Technological Changes</td>
<td>SCT</td>
<td>.173</td>
<td>.095</td>
<td>.169</td>
</tr>
<tr>
<td>Obsolete supplies</td>
<td>OS</td>
<td>.004</td>
<td>.028</td>
<td>.004</td>
</tr>
</tbody>
</table>

a. Dependent Variable: BCM Best Strategies
b. Independent Variable: Crisis Management Strategies

Crisis Management strategies were measured by the following parameters; natural and manmade, specialised staff turnover, technological changes and obsolete supplies. The results are as follows: natural and manmade plans accounted for 47.7%, specialised staff turnover accounted for 11.0%, technological changes accounted for 17.3% and obsolete supplies accounted for 4%. The overall results shows all the parameters in crisis management strategies were not significant as they were all below 50%.
5.0 CONCLUSION

To assess the crisis management strategies in the attainment of BCM Best Practices, the study analysed the level of organization preparedness during a crisis. The findings revealed that organizations had the highest level of preparedness for natural and man- made incidences at a means of 3.68. The level of preparedness for obsolete supplies scored a mean of 3.68. Preparedness for specialised staff turnover scored 3.51 while preparedness for technological changes scored 3.06. The findings showed that there are differences amongst the five firms with Safaricom and CA having a mean (SD) = 3.9(0.7) each. This meant, the two were highest in crises management strategies put in place. Equitel was second with a Mean (SD) = 3.7 (0.5), this was followed by Airtel and Telkom at a Mean (SD) = 2.8 (0.7) each. Therefore, the firms in mobile telephone service providers have high crisis management strategies in manmade/natural disasters and obsolete supplies. The study concludes that Crisis management strategies are weak and only partially related to BCM Best practices, \( r^2 = .241, p = .09 >.05 \) therefore null hypothesis was accepted that there is no relationship between crisis management strategies and BCM best practices. This means that the alternative hypothesis was therefore rejected. Mobile telephone service providers in Kenya should therefore devise strategies for the attainment of BCM best practices.
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