Company Crisis Management in Facing the Covid Pandemic 19

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Abstract

This article discusses Corporate Crisis Management in Facing the Covid 19 Pandemic which includes the Crisis Management Stage, Crisis Management during the Pandemic Period and the strategies undertaken. The current economic uncertainty encourages continued creation of unemployment due to limited human resources during the Covid-19 pandemic. It is possible that a number of companies are facing unfavorable financial conditions. Companies and organizations of 102 Dominant companies experience financial problems and resource problems which are considered to have a burden on the company so that it needs to reduce resources, the rest problems with resources and marketing have an impact. So in the face of a crisis due to a pandemic, it would be better if companies were smarter in managing finances.

Keywords: Crisis Management, Companies, Covid-19 Pandemic

Introduction

A company or organization, in carrying out its duties and roles, will not run smoothly continuously. Over time, an organization will experience a conflict which often leads to a crisis which at times can threaten the company's existence. Surely no company ever expects to have to deal with a crisis. Crises are different from everyday problems and are often of public and media interest. A crisis is a big problem that comes unexpectedly and can have a negative or positive impact on the related organizations.

A crisis is a situation that has reached a very difficult or dangerous point causing tremendous panic within the company (Clark, 1917). A crisis is an event that can be present at any time to mess up all existing planning (Smith 2013). For this reason, it must be handled and managed through an appropriate plan, so that the crisis can be restored to a normal situation. The most relevant type of crisis is a crisis caused by natural disasters. Natural disasters, such as earthquakes, volcanic eruptions, floods, and fires can occur in the environment around us and people are always helpless against them.

Crisis Management Concepts

Crisis management is a process that addresses an organization with a major event that threatens to harm the organization, stakeholders, or the general public (Pearson & Clair 1998). Crisis management theory is generally based on how to deal with crisis bargaining and negotiation, crisis decision making, and monitoring crisis developments or crisis dynamics. crisis management

deals with threats that have already occurred. Thus, crisis management in a broader sense is a technical skill needed to identify, assess, understand and resolve serious situations, especially from the moment they first occur to the point of recovery. So the essence of crisis management is an effort to reduce the uncertainty and risk factors to the lowest possible level, thereby being able to present as many certainty factors as possible. Crisis is a term which means that the time of crisis testing can be considered a turning point in life history, namely a turning point in life whose impact has a significant impact, in a negative or positive direction, depending on the reactions shown by individuals, or a broader group of companies / organizations.

No one can escape and escape from the sway of the flow of change. Changes that are left unmanaged, if they are resisted, will develop into conflict. Satisfactory conflict resolution will bring the parties in a cooperative aftermath condition, unsatisfactory resolution, which is usually because they want to be fast, in the end will lead to combative aftermath, this combative resolution will present a new conflict, which is not impossible, will develop into a crisis. .

Crisis management is a process that uses public relations activities to deal with negative consequences, such as damage to an organization (Regester & Larkin 2008). The goal of crisis management is to stop the negative impact of an event through the preparation and implementation of several strategies and tactics.

So the essence of crisis management is an effort to reduce the uncertainty and risk factors to the lowest possible level, thereby being able to show as many certainty factors as possible. In fact, what is called crisis management begins with the step of seeking as much information as possible about alternatives, as well as on probabilities, even if possible regarding the certainty of occurrence, so that decisions regarding steps that are planned to be taken can be based more on as much as possible and completely. as possible and as sharp as possible the information.

Crisis management differentiates crisis situations into: pre-crisis and crisis. A pre-crisis situation is a situation that is still calm and stable, even without companies a crisis will occur, while a Crisis Situation is detailed in the stages of prodimal, acute, chronic, and concluding. At the prodomal stage, there are companies, at the acute stage, there is damage, at the chronic stage, a crisis.

Crisis Management Stage

As a process, crisis management is not just one thing. This process is divided into three phases. The crisis management stage is divided into pre-crisis, crisis response, and post crisis.

Pre-Crisis

This phase focuses on prevention and preparation. Prevention includes finding ways to reduce the risk that could lead to a crisis. Meanwhile, preparations include making a crisis management plan, selecting members of the crisis management team, and training team members to adapt to future crises. Laurence Barton explains in full what to do as a form of crisis management in his book entitled Crisis in Organizations II.

Crisis Response

In this phase, management must act directly to respond to the related crisis. Crisis response is what management does and says when a crisis occurs. Public relations or PR plays an important

role in responding to the crisis. One of them is by assisting and accompanying the process of developing messages sent or delivered to related agencies.

Post Crisis

After a crisis, the company or organization can return to business as before. Although the crisis is no longer the main point of management's attention, further attention is still needed. The company is expected to fulfill the commitments made when a crisis occurs. When this is done, further information notification is required to be disseminated to the public or related parties. In addition, it is hoped that an organization or company can look for ways to better prepare for future crises.

Crisis Management in Pandemic Times

In crisis management there is crisis communication. Crisis communication is the key to the success of crisis management itself. Crisis conditions must be conveyed to all elements, namely society, consumers, and also employees of the company itself. For example, when there was a Covid 19 outbreak, the company had to be able to provide information regarding work regulations during the outbreak and also steps to avoid contracting the virus.

Crisis management can be defined as a process that deals with an organization with a major event that threatens to harm the organization, stakeholders, or the general public (Massey 2001). There are three elements that are most common in defining a crisis: the threat to the organization, the element of surprise, and the decisions of short time.

In contrast to risk management, which involves assessing potential threats and finding the best way to avoid them. Meanwhile crisis management deals with threats that have occurred. The true crisis is a catalyst for everyone, especially the company to be better. For example, during the current Corona virus crisis. This certainly triggers companies to carry out digital transformation and accelerate industrial change. Like studying and working at home which will become a habit after the corona virus has subsided.
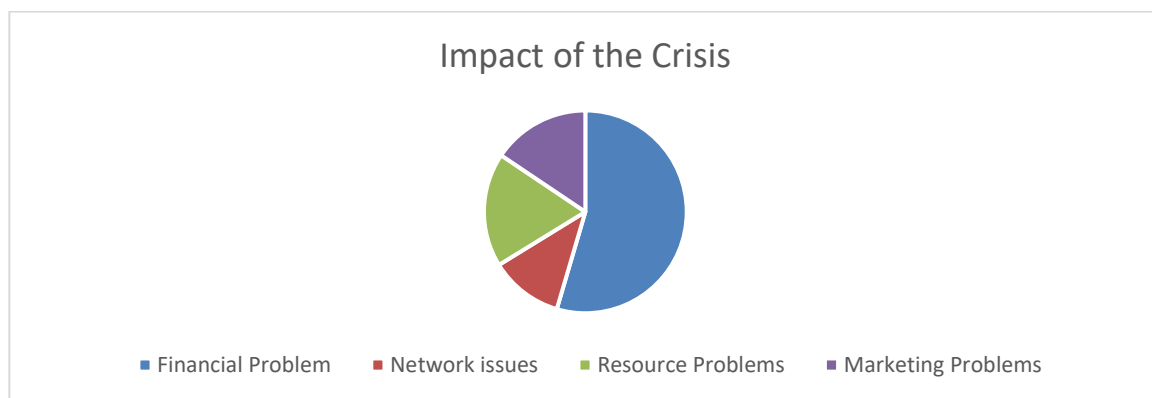

Figure 1 . Impact of the Crisis

Source: Primary Data

Based on the data above, a number of problems dominate the company and organization from 102 dominant companies experiencing financial problems and resource problems which are considered to have a burden on the company so that it is necessary to reduce resources.

The second step after identifying a financial problem is to find a solution gap or way out. Focus on what the Company can control. For example, the company where the Company works cuts wages for efficiency by up to 20% in line with a drastic decline in sales. The incident was beyond the company's control, considering that the Company's status was only an employee. Lingering over the company's decision will only stress the Company out. It is better to focus on what the Company can do so that the problem does not spark new problems. So, when the Company's revenue decreases due to the COVID-19 pandemic, what the Company can do is make cash flow adjustments so that finances do not run into a deficit, obligations remain fulfilled. For example, so that the repayment burden can still be paid off, the Company can make massive savings so that there is still sufficient financial space to cover other necessary items.

As a result, layoffs or employee layoffs are steps taken for efficiency, or because the company is no longer able to operate. The current economic uncertainty has encouraged the creation of unemployment and poverty. It is possible that this could happen to anyone, who may not be in a bad financial condition at this time. So in facing a period of economic crisis due to a pandemic, it would be better to be smarter in managing finances. This helps you to be able to maintain your financial capacity until the pandemic ends, and the economy returns to normal.

Strategy undertaken

It is undeniable that entrepreneurs in various industrial sectors have suffered a major blow due to the Corona Virus pandemic. The application of work from home (WFH), shifting employees to the core business pivot is the last option to survive in the midst of the global economic crisis. (Beck & Hensher 2020). Despite facing a dilemma, the company is also trying to follow the government's appeal not to lay off its employees. Some of the following strategies can be used as alternatives for the company. Employees can be transferred to a division that has a larger workload or to a new division formed after a change in strategy. Instead of layoffs, employees can still contribute to helping the company through times of crisis.

Companies need to evaluate whether they are able to survive with the current strategy or need to create a new strategy (Schwartz & Davis 1981). If the current business strategy is still possible to be carried out simultaneously with the implementation of WFH, it can be maintained. However, if the existing strategy does not work, then it will be forced to change the business model such as focusing on a particular target market group or changing the way sales (on-site to online) can be taken. Company steps in taking policies and legowo employees are needed in responding to the pandemic Corona virus. The challenges of implementing work from home to the appeal not to lay off employees have made the company more limited in determining the direction of the company's business going forward (Mark, 2006). Supporting business strategies in the midst of a crisis, Present online attendance application is able to accommodate company needs so that employee monitoring is more efficient. The strategy relates to (1) Forming a Crisis Team, the first thing that needs to be done when a company is experiencing a communication crisis is to form a crisis team. As the name suggests, this team will focus on dealing with the crisis

that occurred, including analyzing the problems that caused the crisis and its consequences on the company, determining the steps that need to be taken, and conducting evaluations. The company's crisis team also needs to collect and filter information that can be used in dealing with crises. Choose carefully what information to convey to the public in order to overcome a communication crisis. (2) Change the perspective of a crisis into a challenge. If handled properly and quickly, a communication crisis within the company can be turned into a good opportunity for the company. If passed well, a crisis can make the company more famous or increase the company's reputation. (3) The third step is to create a transformation agenda. The agenda includes three areas, namely initiatives to increase sales, Initiatives to improve internal processes, Initiatives to improve organizations and human resources.

Conclusion

Crisis management needs to be directed at aspects related to areas or units experiencing financial problems and resource problems. The views in this article suggest that how to overcome them is to reach more customers and find the best solution for each problem. By always trying to treat customers well, the company will be able to win the hearts of the public and last for a long time. Companies need to evaluate whether they are able to survive with the current strategy or need to create a new strategy. If the current business strategy is still possible to do it simultaneously with the implementation of work from home.

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