

**ПРИЛОЖЕНИЕ НА МОДЕЛА ЗА УПРАВЛЕНИЕ И ИЗБОР НА
ОРГАНИЗАЦИОННА СТРАТЕГИЯ В УСЛОВИЯТА НА КРИЗА
ПРИ АСАНСЪОРНИТЕ КОМПАНИИ В БЪЛГАРИЯ**
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**IMPLEMENTATION OF MODEL FOR MANAGEMENT AND
SELECTION OF ORGANIZATIONAL STRATEGY IN TIMES OF
CRISIS FOR COMPANIES MANUFACTURING ELEVATORS IN
BULGARIA**

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Abstract

The diverse crisis situations nowadays pose a number of challenges for managers of organisations in terms of timely forecasting them, cushioning the unfavourable impact of crisis events, developing a system of effective activities aimed at leading the organisation out of the crisis situation etc. In their essence crisis are seen as an unexpected serious threat to the viability of the organizations and also to their stability. The development of efficient organizational strategy by using flexible crisis solutions determines the relevance/topicality of the problems studied in the current publication. With respect to that the article examines and approves a model for selecting an organizational strategy in times of crisis by conducting a comprehensive assessment of both the internal environment and the business environment as well as evaluating the impact of the crisis on the particular organization. The aim of this article is to study, further develop and approve a model for organizational strategy selection in times of crisis after having conducted a comprehensive

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assessment of the organizational characteristics, the environment and the impact of the crisis.

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JEL Codes: *M10, C65, B16.*

1. Introduction

The highly variable, heterogeneous and unpredictable environment in which modern organizations operate has called for tackling many crises situations. Crises are increasingly viewed as a normal phenomenon, which requires from managers to understand them better and to be able to offer appropriate solutions in order to guarantee their quick and successful resolution. An important role here plays the creation of a modern information system of organizations which facilitates the decision-making process.

The ever-changing environment poses significant challenges for the teams who are involved in strategic planning. At present the unpredictable impact the environment has often leads to limiting organizational planning to operational level (Trifonova and Konovalov, 2010). With respect to that, special attention should be paid to the proactive strategic decisions which often considerably enhance the chances organisations have to limit the unfavorable impact of crisis phenomena and processes.

The aim of this article is to study and approve a model for organizational strategy selection in times of crisis after having conducted a comprehensive assessment of the organizational characteristics, the environment and the impact of the crisis.

To achieve the defined goal the following scientific and research tasks will be addressed:

To define organisational crisis and outline their main specific characteristics;

- To group together the most widely used strategic decisions managers make in order to tackle the unfavourable impact of the environment;

- To examine, further develop and implement the three-dimensional model for strategic decision-making in a particular organization in Republic of Bulgaria.

2. Essence and characteristics of organizational crises

It is difficult to provide one common definition of the concept crisis. The etymology and semantics of the term are heavily influenced by the context it is used in. According to Pacheva “the concept crisis has the following semantic layers: solution, critical point, decision, moment of truth, division, bifurcation, pathology, death, but also beginning, recovery, opportunity, potential for positive development, change, adjustment and growth”(2009, p. 32).

For organisations “a crisis is a period of instability, a situation of looming critical changes. The outcome from these changes can be either extremely negative or positive.” (Yarnich, 2007, p. 9) "Crises are the extreme form of a change and mark a pivotal moment in an organization’s life; successful adaptation or death." (Appelbaum et al., p. 287).

Consequently, in terms of the systemic approach a crisis can be defined as an abrupt and unpredictable change in the exogenous and/or endogenous environment which leads to upsetting the balance in the organization. Moreover, the causes of a crisis can be both objective and subjective. (Kuzmanova, 2016).

According to a number of researchers crisis are the result of either endogenous or exogenous causes. The group of exogenous ones can include the following: macroeconomic situation, political conditions, the market conditions and the competitive environment, technological aspects etc.

Endogenous prerequisites are related to the selected development strategy, the flaws in the corporate strategy and their impact on the organizational structure, the company’s investment and innovation policy, errors in the operational management etc. It should be borne in mind that in reality crises rarely occur in their purity. As it often happens they ensue from a set of internal and external causes which occur either simultaneously or sequentially and determine the individual characteristics of each crisis as a result of inefficient process and adaptation (Abatecola, 2012). In the process of defining crises one should consider the key features of complex adaptive organizations: non-linearity, emergence, self-organization, far-from-equilibrium conditions, coevolution, nested systems and history-dependence. On this ground eight principles of managing safety in complex adaptive systems can be formulated: promote safety as a shared guiding principle, optimize local efficiency, facilitate interaction and build connections, set objectives and prioritize, facilitate novelty and diversity, monitor system activities and boundaries, creating capability for situational self-organizing, and define system boundaries and standardize activities (T. Reiman et al., 2015).

Furthermore, in-company crises could be seen as a natural turning point in the development of the organization. This thesis is justified in the life cycle theory according to which the change process is encrypted in any one unit in a specific form aiming through change to make possible the transfer of one unit from its current state to a new more mature stage of the life cycle. The theory is based on the correlation between the stages of the organizational and product development and the natural development of living creatures. One of the most popular models, presenting the phases from the “birth” to the “death” of the organisation, is developed by I. Adizes. The author states that any system, natural or not, has its own life cycle. When moving from one stage to another the system encounters difficulties. In order to deal with the new behavioural models the organization has to give up “old habits”, to make and introduce the necessary decisions facilitating the change.

The role of the leader is of key importance in managing changes because: problems symbolize disruption caused by change” (Adizes, 2014). The focal point in Adizes’ theory is the “change – problem” cycle which states that the ever-changing environment poses either new challenges or new threats for the organization. In both cases the new situation turns out to be a problem that has to be resolved. In turn, the solution itself results in a new change, i.e. a proactive stance is needed and timely change management on the part of the managerial team in order to avoid turning common organizational difficulties into persistent problems.

From the point of view of the managerial theory it is important to consider the consequences resulting from the impact of the crises. Practice and research show that any deviation from the established order can result in either positive or negative consequences. This means that for some organisations the crisis is a chance for renewal, for others this means destruction or a prerequisite for a long period of shocks. A decisive factor for the results from the developments is the selection of an approach to managing the processes and not only the focus of attention of the result itself. (Adizes, 2009)

The existence of a developed and implemented crisis strategy considerably improves the chances of the organization for successfully overcoming the crisis situation. The goal that crisis management sets is not to completely avert crisis situations (which is absolutely impossible) but to forecast them and duly resolve them which will strengthen the organization and guarantee new market positions. The studies carried out among managers substantiate the statement that in the majority of situations organisations are not well prepared for the crisis they experience. (Wilson and Eilertsen, 2010)

Given the fact that organisations are open social systems, they could not exist in isolation and therefore they get affected by all changes that occur in their subsystems and in the surrounding environment. Their ability to adapt is of key importance to their survival. However, practice shows that sometimes the surrounding environment changes so fast that it is impossible to “catch up with it”. There is also something called inner inertia which includes all organizational rules and policies and provides reiteration of processes. Moreover, the endogenous inertia affects significantly the clients’ confidence and loyalty.

3. Organizational behavior in crisis

Adverse crisis changes in the environment are often related to the abrupt decline in demand and limiting the capital flows. Therefore, to restore the balance organisations resort to implementing defensive strategies, involving lowering prices, profit or expenditure.

In macroeconomic context the decline in demand results, in the first place, in lower production capacity and consequently in expenditure. The key mechanism used to reduce production capacity is closely related to closing down of production subdivisions and laying off personnel. The second possibility that exists for lowering expenditure is usually the result of cutting remuneration.

Another alternative is to provide stronger demand over a limited period of time by cutting prices and profit, but this strategy is feasible only for companies with sufficiently large financial resources. Organisations, operating in sectors with considerably stronger competition, experience the decline in prices more acutely which makes those with higher expenditure to exit the market thus giving the others the possibility to survive.

Thus, the question about which would be the most appropriate of all existing alternatives in a particular organization arises. This is due to the fact that in times of crisis it is critical for organisations to make timely and right decisions by utilizing to the greatest extent the available resources. A sharp decrease in prices and profit could boost demand for goods and services but could lead to deteriorating liquidity and the organisation’s inability to repay its debts. The other strategy that can be used to reduce production capacity and from there the number of staff is a prerequisite for loss of market positions which could be hard to restore if the market expands.

To take into consideration the individual characteristics of the organisations a study conducted by the European Central Bank into the impact of the global economic and financial crisis on private companies measured four variables:

industry, size of the company, payment policy and competitive market situation (ECB Working Paper 1778, April 2015).

The study of the European Central Bank focused on how companies in Europe adapt to the shrinking demand and the limited external financing caused by the 2007 – 2009 global recession. The first stage of the empirical research included companies in 17 European countries and was conducted between the second half of 2007 and the first quarter of 2008. The second stage encompassed 11 European countries and was conducted between July and September 2009.

Some important conclusions include:

- 75.9% of all interviewed said they were hit by the crisis.
- 71.5% of them were affected adversely and only 4.4% positively.
- Depending on the industry the percentage of those affected varies from 70.7% to 83.3%. Those most strongly affected were the commercial organisations, followed by companies in the construction and manufacturing sectors.
- In terms of the size of the organization the medium-sized companies with 20–49 staff were the ones that suffered the most.

It can be concluded that how organisations adjust to the adverse changes in the environment depends on three main factors: the type of the crisis, the state of the organization (structural and contextual characteristics) and the environment where the organization operates.

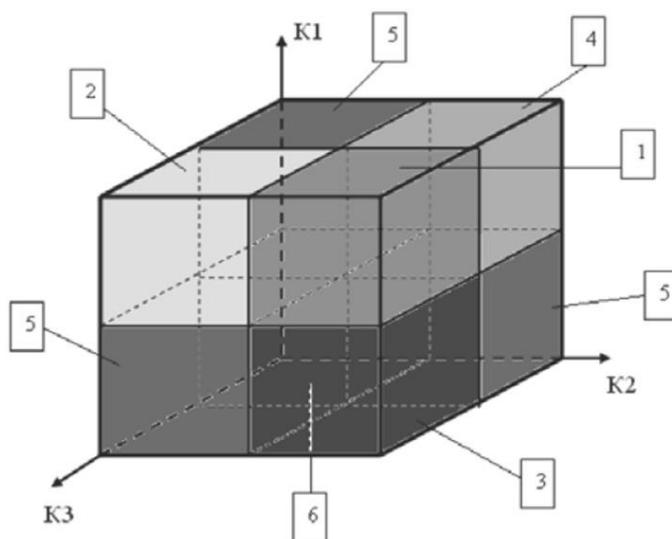
4. Three-dimensional model for the selection of a corporate strategy in times of crisis

According to Trifonova and Konovalov (2010) the existing classical models for strategic planning are based on two criteria (the characteristics of a particular organization and the opportunities provided by the environment) and are not capable of responding to the intensified dynamics of the environment, nor of providing efficient solutions to the problem concerning the selection of long-term strategy in times of crisis. What is more, special attention should be paid to the strategic drift which leads to a delayed update of the organizational strategy relative to the changes in the environment. (Zafirova, 2014, Sirén & Kohtamäki, 2016).

With regard to that, Trifonova and Konovalov developed a three-dimensional matrix adding another variable – impact of the crisis on the organizational development. Graphically the model is presented as a cube with a projection along three axes: K1 – endogenous characteristics, K2 – characteristics of the environment and K3 - impact of the crisis (fig. 1). Each of these variables is

determined through expert evaluation based on 4 indicators assessed on the scale from 1 to 10. The importance of the indicator is also considered (related to the development of the industry), the aggregate group weight being ten points.

Figure no. 1 Three-dimensional model for strategic decision-making



Source Trifonova and Konovalov (2010)

Variable K1 – internal characteristics.

Trifonova and Konovalov outline four indicators based on the balanced system of indicators developed by Kaplan and Norton (Kaplan, Norton, 1996; 2001):

- financial state of the organization;
- market position (consumers);
- internal processes;
- intangible assets.

Variable K2 – external environment.

This variable indicates the opportunities and threats the organization faces related to the external environment. The evaluation of the environment includes four components:

- impact of the economic and political situation;
- opportunities for market development;

- technological superiority and know-how in the industry;
- impact of social and ecological factors.

Variable K3 – impact of the crisis.

This group outlines four typical of each industry or enterprise indicators.

In this specific case the crisis indicator with the strongest impact on elevator manufacturers in Bulgaria will be discusses:

- trends in construction industry;
- government regulation;
- media coverage and public confidence;
- providing financing.

Along with that the methodology of Jeffrey Caponigro is useful for the analysis – it makes possible the monitoring of the environment and enhances the resistance of organisations to crises (Caponigro, 2000).

Considering the results from the summing up of the individual indicators the numerical value of the three variables K1, K2 and K3 is arrived at, which graphically corresponds to a specific sector from the three-dimensional model. Each of the sectors represents a specific state of the environment, the organizational characteristics and the threats faced by the organisations. The information thus summarized is the starting point for strategy selection:

- section 1: corresponds to a strategy for organizational activation and growth. It is characterized with good opportunities for market development, limited impact of the crisis and stable organizational characteristics.

- section 2: the organization needs a diversification strategy due to the limited impact of the crisis, the good organizational characteristics and the limited opportunity for growth in the current markets.

- section 3: the selection of a stabilization strategy to enhance and introduce programmes for improving quality, lowering expenditure, enhancing flexibility etc is appropriate. In this case the environment provides good opportunities for development, the impact of the crisis indicators is weak but the organization needs optimization in order to be able to take advantage of them.

- section 4: strategy to preserve the status quo. This can also be rendered as a stabilization strategy where the organization has good positions but the likelihood for crisis is high.

- sector 5: in this case the most appropriate choice is the restructuring strategy which should be focused on the weak indicators. There are three possible alternatives:

* The internal indicators are not good, the impact of the crisis on the organization is strong but the external environment is stable which gives the organization time and opportunity to solve its problems.

* The threats that the environment poses exceed the opportunities, the crisis has serious impact on the organization but it has sufficient resources to handle the situation.

* The organization is not in good condition, the environment does not offer opportunities for development but the organization operates in a sector which is not strongly hit by the crisis, i.e. the decline period can last long and the organization has the opportunity to implement a recovery programme.

- section 6: it is characterized with worsening of the three indicators which makes the selection of the liquidation strategy the most appropriate one. It does not include full or partial sale of the assets and is the last resort, to be selected only when no improvement is possible.

5. Application of the three-dimensional model in “Liftcom” AD

The article is based on Liftkom AD case study due to the following reasons:

1. It is a subsidiary of an international company whose main business is installation and maintenance of elevators, escalators and platforms for people with impaired mobility. The company sells its products in Bulgaria and exports some of its production. This is why the company’s performance is subject to the effects of both the crisis in the country and the global financial and economic crisis.

2. Although the company is not the largest enterprise, it is one of the leaders on the market for the installation and maintenance of elevators in Bulgaria.

3. The company was founded in 2001 in Bulgaria and has had a significantly long history, thus making it possible to track the changes that have occurred in it before and after the crisis.

The model implemented in Liftkom AD case study is applicable for other companies as well.

Now an attempt at evaluating the current state of the organization will be made and a selection of a development strategy based on the introduced three-dimensional model.

The company was established in 2001 and specializes in the construction, production and installation of elevators. In 2010 Liftcom Service - a subsidiary was set up whose core activity is maintenance, repair and modernization of elevators in operation.

The data for the research are provided in the financial reports and the balance sheets published on the company's internet site. The numbers used in the model represent the results from the expert assessments and estimates presented by the team for crisis management in the company.

The three variables which are the input for strategic decision making for development will be considered in tables 1, 2 and 3.

Table no. 1 – Internal competences at Liftcom AD

N	Indicators	Weight	Evaluation										Result (grade x weight of the indicator)
			1	2	3	4	5	6	7	8	9	10	
1	Financial state	3								X			24
2	Market	2						X					12
3	Internal	2					X						10
4	Intangible assets (know-how and motivation)	3						X					18
Total		10											K1 = 64

As far as the evaluation of the variable internal competence is concerned the following clarifications should be made:

- The indicator with the highest weight is the financial state of the organization. It guarantees the necessary independence and the financial resources needed for new developments and innovation whose goal is future development and bigger market share.

- The evaluation of the indicator for market position is more difficult because the organisation operates in a lot of geographical markets and there are not sufficient empirical data. As far as its Bulgarian market is concerned Liftcom AD is one of the organisations with the largest share but it meets very strong competition on foreign markets.

- Internal processes indicator. The organization has introduced ISO 9001 quality system and an ERP system. Nevertheless, it needs to develop an organizational structure with clear direct and functional connections between the units. Currently, the implemented horizontal structure implies agility and flexibility

but limits the accountability and does not guarantee the adequate flow of information along the information channels.

- Intangible assets indicator. An absolute competitive advantage of the organization is the experience it has gained in constructing elevators and designing the technological solutions it provides. It should be borne in mind that as far as this indicator is concerned the company should pursue to improve the organizational microclimate, the qualification and motivation of staff involved in manufacture.

A conclusion can be drawn that Liftcom AD has good market positions, the capital needed for expansion and entering new geographic and product markets.

Table no. 2 – Impact of the environment on the performance of Liftcom AD

N	Indicators	Weight	Evaluation										Result (grade x weight of the indicator)	
			1	2	3	4	5	6	7	8	9	10		
1	Economic situation	4					X							20
2	Competitive environment and opportunities	3							X					21
3	Technological development of the industry	2						X						12
4	Social and ecological factors)	1				X								8
Total		10												K1 = 61

A starting point for the evaluation of the indicators forming the variable impact of the environment are the following factors:

- The most important indicator is the economic and political situation because the elevator is not a necessity and the solvency of the people is one of the factors that determine demand. In addition, it should be borne in mind that political crisis (such as the conflict in Ukraine and the trade restrictions imposed on Russia) require adjustments in the adopted market strategies and the demand for new markets.

- Despite the unfavourable economic and political events, the competitive situation in the industry is good because there are high barriers to entry, the market provides opportunities for expansion because there is need for replacement of all obsolete equipment.

- The technological development in the industry depends on the trends observed in the field of new construction. It often happens that new architectural projects call for changes in the construction and manufacture of elevators. Another source of innovation can be found in suppliers of machinery and electronic devices.

- The final indicator in this group related to social and ecological factors exerts less impact. What matters in this case is the share of the population in the cities and villages in terms of the size and height of the buildings they inhabit.

It can be concluded that due to the high barriers to entry and the relatively strong specialization, the external environment offers good opportunities for development.

Table no. 3 – Crisis factors with strong impact on the activity of Liftcom AD

N	Indicators	Weight	Evaluation										Result (grade x weight of the indicator)	
			1	2	3	4	5	6	7	8	9	10		
1	Trends in construction industry	4					X							20
2	Government regulation development	2						X						12
3	Media coverage and public	3						X						18
4	Providing financial resources	1							X					7
Total		10												K1 = 57

In The final variable to be considered includes the crisis indicators with the strongest impact on the activity of the company and is based on:

- Trends in the construction industry. The organization is heavily dependent on the trends in the construction sector. Despite the fact that relative stabilization

and recovery of the real estate market have been observed, the consequences from the 2008-2009 mortgage crisis have not been overcome. Reducing the weight of this factor would be possible if the government initiated a programme of replacing the obsolete elevators or regulating their decommissioning and forcing citizens to provide the resources for the new elevators.

- Since this sector is heavily regulated every government regulation or standardization is a prerequisite for crisis. Currently Liftcom AD meets all the requirements for manufacture and commissioning of elevators.

- The public is extremely sensitive to elevator safety and this is why all accidents with elevators have considerable media coverage. This makes communication in times of crisis of paramount importance. At present the company receives public approval but the sector as a whole has bad reputation.

- One of the factors with strong negative impact on organisations in times of crisis is the lack of external financing. Since the company has adopted a policy of making payment before delivery and the elevators are designed and manufactured individually, rather than as mass production, the burden of this threat is limited in the case of Liftcom AD.

The evaluation of all three variables shows that Liftcom AD is positioned in sector 1. This implies that the organization is not under threat of unfolding crisis, has good organizational resources and its market share is growing. In this situation a growth strategy is appropriate which can be implemented either through the manufacture of new products or through entering new markets.

However, it should be borne in mind that the results of all indicators position the company in the lower end of sector 1, i.e. the organization should put aside resources to be used for improving the processes and forecasting the changes in the environment because any abrupt deterioration in any of the variables can be detrimental to the organisation's existence.

The maximum evaluation of each of the variables is 100 points and the minimum is 10. The grades are arranged in ascending order from the worst or weakest indicator – '1' to '10', i.e. the higher the grade the more positive the impact of the indicator on the performance of the organization.

The model uses K1, K2 and K3 variables which have one drawback – they are standardized within the 10 to 100 points range. This suggests that 55 points is in the middle of the scale which makes the interpretation of the results difficult. Another drawback is that the model gauges 3 variables (K1 – intraorganisational characteristics, K2 – external environment and K3 – impact of the crisis), while a more general gauge would be much more appropriate to compare one company

with another one and to track the company's development. This is why the model was further developed in the following way:

In the first place, the values of the variables are transformed by being standardized within the 0 to 1 range. To this aim Min-Max Transformation is used in the following way:

$$x'_i = \frac{x_i - x_{\min}}{x_{\max} - x_{\min}} \quad (1)$$

where x'_i are the new (transformation) indices with values $x'_i \in [0;1]$. For further information see IBM SPSS Statistics 22 Algorithms. P.53.

Secondly, three periods are compared:

- 2006 – 2007 – the period before the start of the crisis in Bulgaria, i.e. the last pre-crisis year;
- 2009 – 2010 – this is the period one year after the start of the crisis;
- 2015 – 2016 – this the period after having relatively overcome the crisis.

Thirdly, the authors suggest and explain the essence, calculation and implementation of an integrated indicator for organization management.

The results are presented in table 4.

Table no. 4 – Results related to the development of Liftkom AD

Variables	2006-2007 r.	2009-2010 r.	2015-2016 r.
K1 – endogenous characteristics	0.489	0.478	0.600
K2 – characteristics of the environment	0.611	0.300	0.522
K3 - impact of the crisis	0.622	0.656	0.522
General indicator	0.574	0.478	0.548

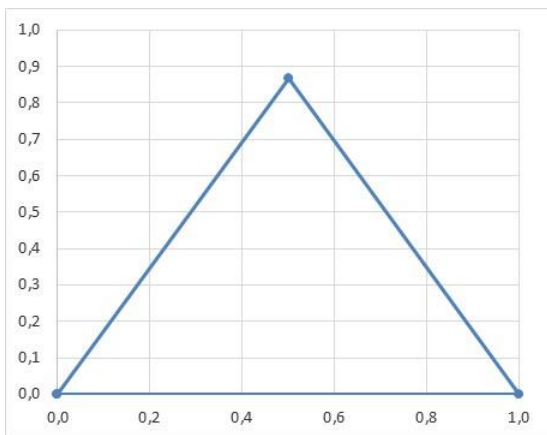
Table 4 illustrates that the first variable related to the internal organizational characteristics before the crisis had the lowest value of a little below the middle of the scale (0.5), it remained unchanged after the start of the crisis and increased during the past years. What is more, its value at the moment is the highest of all three variables.

The second variable relates to the external environment. Its value during the pre-crisis period was high (0.611), sharply dropped to 0.3 during the crisis (i.e.

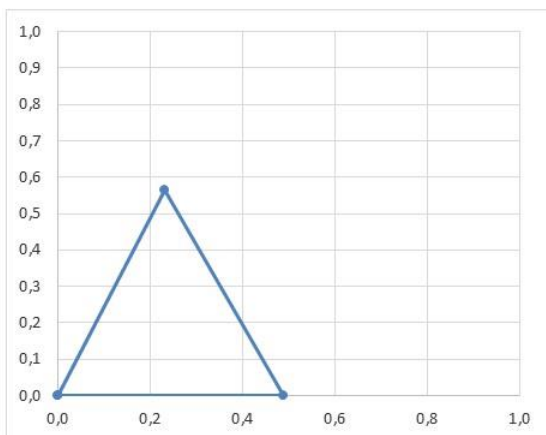
more than two times) and then went up but it still has not reached the pre-crisis levels.

The third variable characterizes the impact of the crisis. Its highest value was immediately before the crisis (0.622), increased after the crisis (0.6565) and over the past years it has fallen below the pre-crisis level.

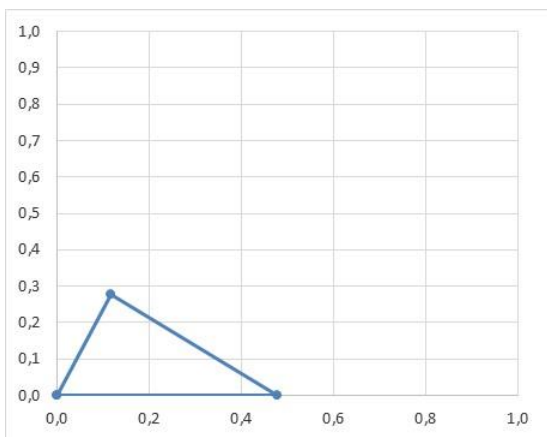
Figure no. 2 Max possible values



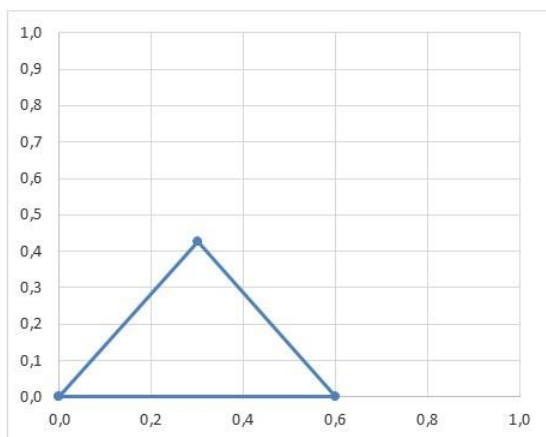
Result for 2006-2007



Result for 2009-2010 z.



Result for 2015-2016 z.



The general indicator is calculated as an arithmetic unweighted average of all three indices K1, K2 and K3. In this case no weights are used since the authors believe that the three indices are equally important. It has been observed that the general indicator for the development of the company is close to the middle of the

scale with values lower than 0.5 immediately before the crisis and over the last years it has slowly recovered reaching the pre-crisis values.

6. Geometrically integrated indicator

An alternative to the integral indicator for management, presented above, is the so called geometrically integrated indicator. The three variables (K1, K2 and K3) can be presented graphically as triangles and each of the three sides is measured by the value of the respective variable. Since the variables can have values between 0 and 1, the area of the triangle can be calculated by using Heron's formula as follows:

$$A = \frac{1}{4} \sqrt{(K1 + K2 + K3)(-K1 + K2 + K3)(K1 - K2 + K3)(K1 + K2 - K3)} \quad (2)$$

where A is the area of the triangle.

The area calculated with this formula can vary from $A_{\min} = 0$, when at least one of the indices (K1, K2 or K3) equals 0, and to $A_{\max} = 0.433$, when all three indices are equal to 1.

The indicator of the triangle area should be rescaled once again within the 0 - 1 range in the following way:

$$A_{Final} = \frac{A}{A_{\max}} \quad (3)$$

The calculated geometrically integrated indicator has the following several characteristics:

The indicator is standardized within the 0 to 1 range, reaching its maximum when all three indicators K1, K2 and K3 have maximum values.

The indicator equals 0 if at least one of the three indices is equal to 0.

The indicator makes possible the comparison between the company's current state and the perfect state.

It is possible to compare the company's state during different periods of its development.

The results related to Liftkom AD are as follows:

Geometrically integrated indicator in the case of Liftkom AD table 5.

The following conclusions can be drawn on the basis of the results.

Firstly, before the crisis the value of Liftkom AD's geometrically integrated indicator $A_{Final_2006-2007} = 0.32$ which means that the company was using a third of its full potential.

Table no. 5 – Geometrically integrated indicator related to the development of Liftkom AD

Years	2006-2007 r.	2009-2010 r.	2015-2016 r.
A_{Final} (Area)	0.320	0.152	0.296

After the start of the crisis the indicator fell nearly two times and equaled $A_{Final_2009-2010} = 0.152$. Currently the geometrically integrated indicator recovered its values but it is still below the pre-crisis levels $A_{Final_2015-2016} = 0.296$.

Conclusion: It could be claimed that this further developed model can be used to track the development of any company during different periods, for example, before the start of a particular crisis, during the crisis, as well as a few years later. Further to tracking the general development of the company, the model can be used to track the development of the three aspects measured through the separate indicators – intraorganisational characteristics of the company, the external environment and the impact of the crisis. What's more, the model will make it possible to compare in the future the state of one company with the state of another one – both as overall performance and in terms of the individual aspects.

7. Conclusions

The use of the three-dimensional model provides a fast and accessible way to evaluate organisations and the opportunities for their expansion. Without being exhaustive it could be broadly implemented in practice, especially among smaller companies with limited resources that need a low-cost algorithm facilitating the selection of organizational strategy.

Another critical advantage of the model is the chance for preliminary development of templates for each of the indicators K1, K2 or K3 which can be used in two fields:

- to evaluate the selected strategy where all that is needed is to enter relevant values of selected indicators on regular basis. This will considerably facilitate the organisation in selecting a strategy in turbulent environment;

- to develop preliminary scenarios for development which are among the key elements of crisis management.

Along with its advantages the model features some limitations and flaws. Firstly, an algorithm for more precise evaluation of indicators should be developed. The fact that including only four indicators in the groups of the gauged variables is a prerequisite for omitting important information has been considered.

However, the aim set in the beginning of this article – to study and further develop a model for choosing of corporate strategy in times of substantial changes and instability – has been achieved. The three-dimensional model is a flexible and easily accessible method for shaping the organizational strategy and a means to adapt to the changes in the environment and the selection of efficient crisis decisions.

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