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IMPROVING BUSINESS SUSTAINABILITY BY CONNECTING BUSINESS CONTINUITY MANAGEMENT AND RISK MANAGEMENT

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Abstract

Business continuity management is a tool that provides a structured framework for building business sustainability with the ability to respond effectively, protecting the interests of key stakeholders as well as other key activities that create value for the business. It is the disruption of the enterprise's key activities that can cause problems that enterprises may not be able to handle without proper help and can lead to bankruptcy. The action of various factors from the external as well as the internal environment can change the overall development of the enterprise depending on its reaction to the given change, at the same time, in connection with its initial readiness, ensured prevention of the enterprise. Maintaining business continuity is closely related to ensuring the smoothness of business processes. Business continuity management is a management process that identifies potential threats and their impact on the enterprise's business operations. Therefore, the article aims to highlight the benefits of the implementation of business continuity management in enterprises, which would ensure the course and smoothness of business operations. At the same time, in combination with risk management, it is possible to reach a better understanding of the enterprise and its activities that ensure the running of the enterprise. The importance of business continuity management and risk management lies primarily in the enterprise's readiness to face unexpected situations, while the appropriate selection of methods, techniques, and procedures can help to activate and create a sustainable enterprise system. By implementing business continuity management and risk management, it would be possible to achieve an improvement in the enterprise's response to adverse situations but also in the overall course of the executed processes concerning the operation of the enterprise. Interruption of business operations can be caused by various factors, which have an impact mainly on the ability of the business to function even in difficult, unpredictable situations. Therefore, in this context, the main emphasis is placed on prevention, preparedness, and the ability of the enterprise to respond promptly to changes in the environment and the ability to transform its activities in its entire structure.

Keywords: Business continuity management, continuity, enterprise, risk management, sustainability

1 Introduction

The current turbulent environment presents businesses with complex and uncertain situations that pose dangerous threats to businesses, with respect to their business operations and performance. Functionality and operation in these conditions can be disrupted to such an extent that, if adequate measures are not taken by the enterprise, the enterprise will cease to exist. Interruption of key business activities can create problems that businesses may not be able to handle without proper assistance. The action of various factors from the external as

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well as the internal environment can change the overall development of the enterprise depending on its reaction to the given change, at the same time in connection with its initial readiness, ensured prevention of the enterprise. Maintaining business continuity is closely related to ensuring the smoothness of business processes (De Matteis 2023). Bazzao (2023) argues that business continuity depends on the firm's ability to coordinate the use of its resources in the event of an interruption. Business continuity management (BCM) is a tool that provides a structured framework for building business sustainability with the ability to respond effectively, protecting the interests of key stakeholders as well as other key activities that create value for the business. According to Galaitsi (2023), the sustainability of operations and solutions to the challenges brought about by the field of BCM depends on the extent and magnitude of the disruption affecting the business. Business continuity management is a management process that identifies potential threats and their impact on the enterprise's business operations. De Matteis (2023) considers BCM as one of the most effective processes used by businesses to manage negative situations that can critically disrupt the functionality of the business. At the same time, solving this issue strengthens the resilience of the enterprise's operational capabilities, which are necessary for its sustainability. According to De Matteis (2023), „This is more challenging for small and medium enterprises (SMEs) that, due to their limited organizational and financial resources, are called to be resilient providing an effective response to such threats to safeguard the interests of key stakeholders and protect their reputation and brand“. Sanchez (2023) argues that despite the existing methodologies dedicated to BCM, businesses are vulnerable to interruption and changes brought about by the environment.

Therefore, in combination with risk management, it is possible to reach a better understanding of the enterprise and its individual activities, which ensures the overall operation of the enterprise. According to Galaitsi (2023), perfect risk management ensures that the business is prepared for all emerging interruptions and does not cause it to fail. The importance of risk management and business continuity management lies primarily in the enterprise's readiness to face unexpected situations, while the appropriate selection of methods, techniques, and procedures can help to activate and create a sustainable enterprise system. Through risk management, it is possible to improve the enterprise's ability to manage risks that could interrupt the enterprise's stability. By implementing business continuity management and risk management, it would be possible to improve the enterprise's response to adverse situations, as well as the overall course of the processes, with regard to the operation of the enterprise (Taarup-Esbensen 2023).

2 Aim and methodology

Therefore, the article aims to highlight the benefits of the implementation of business continuity management in enterprises, which would ensure the course and smoothness of business operations. At the same time, in combination with risk management, it is possible to reach a better understanding of the enterprise and its activities that ensure the running of the enterprise. By implementing business continuity management and risk management, it would be possible to achieve an improvement in the enterprise's response to adverse situations but also in the overall course of the executed processes concerning the operation of the enterprise. Interruption of business operations can be caused by various factors, which have an impact mainly on the ability of the business to function even in difficult, unpredictable situations. Therefore, in this context, the main emphasis is placed on prevention, preparedness, and the ability of the enterprise to respond promptly to changes in the environment and the ability to transform its activities in its entire structure.

Several scientific methods were used in the preparation of the article, for example, scientific methods focused on the analysis and synthesis of knowledge from domestic and foreign scientific and professional sources in the field of business continuity management and risk management.

Furthermore, an analysis of data from the statistical survey FERMA. FERMA is a Federation of European Risk Management Associations and speaks for the risk management profession in Europe. In 2022, FERMA carried out its traditional survey, which touched on the areas of risk management in connection with the position of risk manager in the enterprise. One of the topics addressed was: „The risk manager’s contribution to sustainability transition“.

As part of the UNIZA Grant project entitled: Model of Risk Management in connection with the impact of the COVID-19 Pandemic on the business environment in the Slovak Republic, a nationwide survey was conducted focused on the interruption of business operations due to the COVID-19 pandemic, the identification of the impact of the pandemic on SMEs in the Slovak Republic, and the identification of the area of business continuity management and risk management was carried out. The results of the survey were obtained using a questionnaire distributed among SMEs in the Slovak Republic. The questionnaire consisted of 22 questions, which were oriented to the issue of business continuity management and risk management and the current situation associated with the COVID-19 pandemic, which mainly affected the business environment of SMEs in Slovakia.

3 Results of the research

The survey was carried out from the beginning of 2020 to the end of 2021 by asking through a questionnaire that was distributed to SMEs operating within the Slovak Republic. 359 responses were returned as part of the questionnaire sent out. A total of 359 respondents took part in the survey, with 67 (19%) SMEs from the business services sector, 38 (10%) SMEs from construction, 12 (3%) SMEs from agriculture, 28 (8%) SMEs from transport and information, 103 (29%) SMEs from other services, 75 (21%) SMEs from accommodation and catering facilities and 36 (10%) from industry. The largest number of SMEs was from the sector of other services (103 SMEs), accommodation and catering (75 SMEs), and business services (67 SMEs). According to the number of employees in the company, the following participated in the survey: 179 (50%) micro-enterprises, 122 (34%) small enterprises, and 58 (16%) medium-sized enterprises. 50% of the answers were micro-enterprises.

One of the questions was focused precisely on the identification of the areas of risk management, business continuity management, and crisis management within the management of SMEs in the Slovak Republic, as these areas are considered to be effective tools for ensuring the prevention of negative phenomena as well as the compliance of individual activities within the enterprise so that their fluency was ensured (Figure 1). The wording of question no. 4: Within your enterprise, you have integrated into the management.... (You can mark several options.).

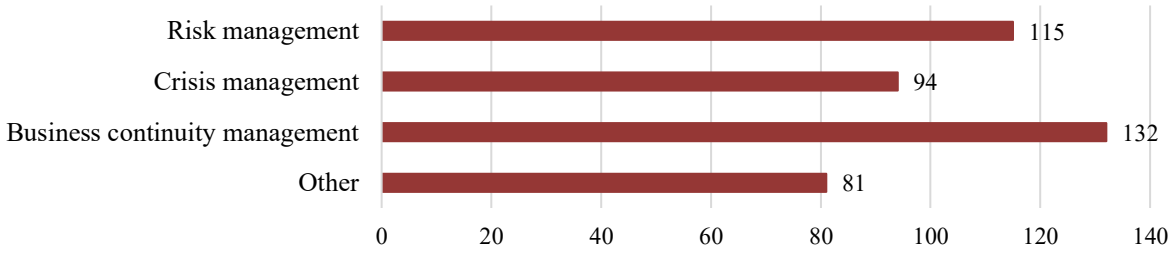


Fig. 1. Answers to question from questionnaire no. 4

From Figure 1, it follows that at most 132 (37%) SMEs have business continuity management integrated into their enterprise management, 115 SMEs have risk management, and at least 94 SMEs have crisis management integrated.

From the results of the responses, it can be concluded that a maximum of 37% of enterprises see the importance of implementing business continuity management in the enterprise. This low percentage represents respondents who have experience in at least one of the above areas that would improve business performance, and ensure efficient management of resources and inventory within the enterprise. It is through business continuity management within the enterprise that the management and use of these resources would be aligned in the event of a crisis, which was also reflected in the enterprises that had embedded risk management, crisis management, or BCM into the enterprise in other survey questions.

In the case of question no. 22: *In what form would you welcome the possibility of raising/expanding awareness in this area*? forms of gaining awareness in the field of risk management and business continuity management within the interviewed enterprises were identified.



Fig. 2. Answers to question from questionnaire no. 22

52 SMEs stated that they would welcome the creation of a risk or business continuity manager position, 127 SMEs would welcome employee training in the area of risk management and business continuity management, 98 SMEs would welcome consulting with an external employee in the area of risk management and management business continuity, 67 SMEs would welcome standardization in the area of risk management and business continuity management.

The survey shows that SMEs were not prepared to handle a potential crisis and lacked prevention, which caused the interruption of business operations and even their demise. At the same time, ignorance and lack of information in the field of risk management, business continuity management or crisis management. However, businesses are interested in the possibilities of raising awareness in the mentioned areas.

4 Business continuity management and risk management

Business continuity management is a collection of activities that deal with ensuring the progress and smoothness of the enterprise's operations. Ensuring business continuity through BCM is possible by integrating other disciplines, such as risk management. The key elements of BCM development, from which the whole process begins, are conducting Business impact analysis (BIA) and Risk assessment, which is part of risk management. Based on the BIA, the times until the enterprise is able to withstand the interruption are identified, and subsequently, the identified times and selected incidents are connected in the strategies. Based on this, adequate plans are prepared for how the enterprise should react in the event of a breach (Heng 2015, Šimková 2021).

BCM is a process whose goal is the identification of potential threats and their impact on the business operations of the enterprise. BCM includes business recovery and recovery, crisis management, accident management, emergency management, and contingency planning. BCM provides a structured framework for building an enterprise's ability to effectively respond to threats and protect its business interests, as well as other key activities that create value for the enterprise. At the same time, when identifying risks, it takes into account the effects of internal and external threats on the enterprise. BCM is about predicting missteps and taking planned and rehearsed steps to ensure the safety of business operations. In BCM, it is not only about recovery after an accident, but it leads to the setting of the business environment and culture of the enterprise, which would prevent failures and the impact of crises (Heng 2015, Vuletic 2019).

4.1. Connecting between business continuity management and risk

The entire system of the enterprise is based on planning measures, prevention, response, restoration, and ongoing monitoring and evaluation of whether the set goal has been achieved. By implementing BCM and risk management in the enterprise, it is possible to improve the enterprise's response to extraordinary events, as well as the overall course of the processes, with regard to the operation of the enterprise. By connecting BCM and risk management, it is possible to achieve a better understanding of the enterprise and its individual activities that ensure the running of the enterprise, as well as the prevention of negative phenomena that can affect the enterprise. The importance of risk management and BCM lies primarily in the enterprise's readiness to face unexpected situations, while the appropriate selection of methods, techniques, and procedures can help to activate and create a sustainable enterprise system (Figure 3) (Buganová 2012, Hudáková 2019).



Fig. 3. Connecting between BCM and risk management
(Source: According to Hudáková, 2019)

Thorough prevention and incorporation of BCM and risk management into all business activities reduce the negative effects that may occur. Effective risk management helps to maintain the stability and competitiveness of the enterprise, as well as to ensure the operational viability and thus the sustainability of the business. It is necessary to put a lot of emphasis on planning and predicting worst-case scenarios, as well as on measures that should ensure the continuity of key activities (Hudáková 2019).

Business continuity management provides a structured framework for building business sustainability with an effective response capability that protects the interests of key stakeholders as well as other key activities that create value for the business (ISO 22301 2019). At the same time, the introduction of risk management into the enterprise provides prevention of bad direction of the enterprise, ensures the readiness to cope with unexpected situations, and increases not only the response to the situation that has already arisen but mainly promotes the sustainability of the business itself.

5 Business sustainability

Currently, businesses are exposed to complex and uncertain situations that bring businesses inescapable challenges associated with their very operability. Enterprises are constantly exposed to situations for which their management must be prepared and be able to respond flexibly, as functionality and operation in these conditions may be interrupted and may even cause the enterprise's demise. In recent years, the importance of the position of risk manager as well as continuity manager has been highlighted. The risk manager or continuity manager plays an important role in the enterprise. They are the enterprise's personnel resources that constantly work with risks and represent the position against unfavorable situations in terms of decision-making.

For example, the impact of the COVID-19 pandemic as well as the anti-pandemic measures taken by the government have also affected most businesses in the world as well as society as a whole, affecting all business sectors. As also shown by the UNIZA Grant Project survey, many enterprises in the Slovak Republic did not survive after the significant drop in demand caused by the restriction of customers entering the premises. Establishments that were only generating sales when their operations were open were unable to cope with the restrictions imposed. Therefore, it was sectors such as accommodation and catering establishments that had the most difficulty in adapting and were most affected by the pandemic. It was not easy and in some cases impossible to adapt to the changes. The impact of constant changes in the enforcement of the social distancing policy has

created significant complications for enterprises in sustaining their business. Business sustainability has become a significant problem. Survey showed that the sustainability of business continuity depended precisely on the implementation of risk management and business continuity management into the enterprise, whereby the management system would be improved.

FERMA (2023) claims that „Risk discussions at Board/top management levels are more frequent, and the risk manager's involvement in corporate strategy and sustainability has consolidated. Resilience is more than ever a priority for the top management, and the role of the risk manager is evolving as a consequence".

FERMA is a Federation of European Risk Management Associations and speaks for the risk management profession in Europe. In 2022, FERMA carried out its traditional survey, which touched on the areas of risk management in connection with the position of risk manager in the enterprise. One of the topics addressed was: „The risk manager's contribution to sustainability transition". FERMA (2022) sees the sustainability of businesses in the involvement of risk managers in „environment, social and governance-related risks in their enterprise. In 2022, this included more than half of the panel interviewed (56%) "(Figure 4).

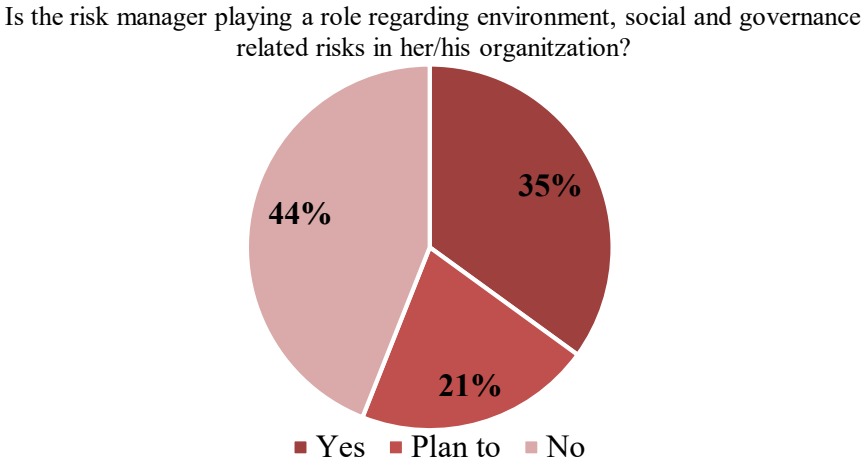


Fig. 4. Risk manager and their role regarding environment, social, and governance-related in the enterprise (Source: FERMA, 2022)

According to FERMA (2022), 32% of respondents say they have regular, closed collaborations based on a clear mandate in 2022. This closer collaboration between risk management and CSR indicates better alignment between ERM and sustainability approaches. „Although ESG-related risks threaten the companies' objectives, sustainability is at the same time a fantastic opportunity for many organizations. The risk management community needs to work together with professionals in the sustainability function to build resilience and take advantage of the opportunities" (FERMA 2022).

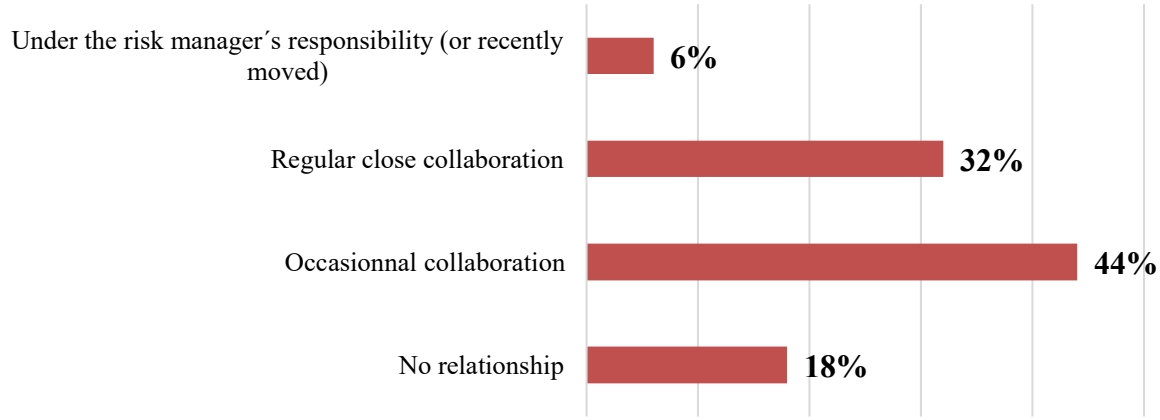


Fig. 5. Risk manager´s interactions with CSR/Sustainability
(Source: FERMA, 2022)

„The percentage of risk managers having no relationship with ESG decreased from 29% in 2020 to 18% in 2022“ (FERMA 2022). FERMA (2022) see „risk managers taking additional responsibilities, especially for business continuity and crisis management. Risk managers are also increasingly involved in sustainability matters“.

6 Discussion

Risk management within the enterprise does not act as a separate management system but should be an integral part of enterprise management. By implementing risk management in the enterprise, it is possible to ensure the smoothness of the management activities of the enterprise, at the same time it becomes a process of continuous improvement of management, with the aim of achieving the set goals of the enterprise (Masar 2022). Hopkin (2013) understands risk management as risk management with the aim of achieving an optimal result in accordance with the plans and expectations of the enterprise.

The enterprise and the overall business environment can be influenced by various factors from the external but also the internal environment of the enterprise, which can influence the future direction of the enterprise through their action. The importance of introducing risk management into the enterprise lies in the enterprise's readiness to handle unexpected situations, prevent the bad direction of the enterprise, and increase not only the reaction to the already created situation but mainly to ensure the sustainability of the business itself. Due to the fact that business risks are specific to each business and each business has a different business environment, risk management can be applied in all types of environments and can be implemented in all types of businesses.

The implementation of risk management as well as business continuity management is a prerequisite for increasing the resilience of business sustainability. As mentioned in the previous sections, the constant threat of risks caused by business interruption requires an adequate approach by managers and the use of appropriate tools to combat new threats. Torabi (2016) see „The risk manager or continuity manager plays an important role in the enterprise. They are the enterprise's personnel resources that constantly work with risks and represent the position against unfavorable situations in terms of decision-making“.

Risk assessment focusing on processes, information, human resources, technology, etc., and their timely resolution is a prerequisite for rapid recovery of critical processes after a crisis. It is very important to link prevention and response in preparation for emerging changes and this is what the link between risk management and business continuity management makes possible.

On the other side, there is also the view that it is not necessary to identify and analyze risks but to focus only on the company's assets and deal with their recovery, regardless of what has disrupted them (eBRP Thoughts 2023).

In general, it can be stated that business continuity management is a response tool that enables the use of prepared proactive strategies for high-risk events, while risk management focuses on achieving the goals of the organization as a whole. A view with which we share is presented by Toplins (2018), who argues that „Business Continuity Management can be part of the action plans to achieve those business objectives, for example – to ensure the business resumes its operations continuously in the event of a disruption“.

It is in relation to these approaches that the direction of future research should also be based, as increasing the resilience and sustainability of organizations is one of the key prerequisites for the functioning of any economy.

7 Conclusion

Interruption of business operations can be caused by various factors, which have an impact mainly on the ability of the business to function even in difficult, unpredictable situations. Therefore, the emphasis should be placed mainly on prevention, preparedness, and the ability of the enterprise to respond promptly to changes in the environment and the ability to transform its activities in its entire structure. By effectively implementing BCM and risk management into the enterprise's management, it is possible to ensure preparedness and improve the enterprise's response to possible changes in the environment. Through BCM and risk management, it is possible to ensure the continuity of business operations and activities at all levels. Enterprise management often forgets the importance of preparedness and prevention and sees behind it only costs that should be invested in preventive measures. However, the basis of the success of any business is the preservation of a number of key activities and processes that are necessary for the preservation of its existence. In this case, preventive measures would be ensured as well as the overall preparation of the enterprise, as well as the reaction and subsequent restoration to the normal state before the crisis. In this context, together with the presented survey, it follows that the position of

risk manager and continuity manager is irreplaceable in the enterprise and their importance grows along with the requirements of enterprises.

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