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The problem of the divergence of measures in corporate crisis management

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Abstract

The emergence of crisis and critical situations in a company raises fundamental questions regarding both its continued existence and its future development. In such circumstances, management must address urgent short-term problems while simultaneously preparing and implementing medium-term measures that create the conditions for sustainable recovery. The central challenge of crisis management therefore lies in the divergence of measures: actions that are effective in the short term are often inconsistent with, or even detrimental to, medium-term recovery and development objectives. Despite the practical importance of this issue, the existing literature on crisis management and turnaround procedures tends to classify measures by business function while paying insufficient attention to their time horizon, sequencing, and mutual divergence.

This paper examines the problem of divergent measures in corporate crisis management through a theoretical discussion, an analysis of cases from Slovenian business and insolvency practice, and the author's long-standing professional experience in the field. Particular attention is devoted to the relationship between short-term stabilization measures and medium-term development measures, especially in situations of acute existential crisis. The empirical part of the study includes an analysis of 67 Slovenian companies for which compulsory settlement proceedings were initiated between 2013 and 2020. The findings show that only 19.4% of these companies were still operating in 2026, indicating a very low recovery success rate. The results suggest that short-term financial and liquidity measures alone are insufficient to ensure successful recovery. The main reason for failure lies in the absence of medium-term measures, particularly those aimed at developing an updated, modified, or entirely new business model capable of restoring competitiveness and long-term viability. The paper argues that successful crisis resolution requires the careful preparation, implementation, and balancing of measures with different time horizons. Corporate recovery can only be achieved if crisis management goes beyond immediate stabilization and simultaneously addresses the medium-term conditions of sustainable business renewal.

Keywords: crisis, crisis management, corporate recovery, turnaround, divergence of measures, business model, compulsory settlement, recovery success rate