

## Chapter 6

# Two Approaches in Assessing Business Continuity Management Attitudes in the Organizational Context

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### **ABSTRACT**

*The paper presents two approaches in assessing the business continuity management (BCM) attitudes in the organizational context: qualitative and quantitative. The first approach - case study analysis is based on a series of in-depth interviews with the key people involved in the BCM processes in Croatia (Chief Information Officers – CIOs, Chief Executive Officers – CEOs and BC managers). The second approach is an empirical research that was conducted among companies in Bosnia and Herzegovina based on Confirmative Factor Analysis (CFA) which is used for psychometrically validation of the measurement scale of BCP and Structural Equation Modeling (SEM) and t-test for the hypotheses testing. The empirical research has shown that there is a statistically significant difference in terms of attitudes of respondents regarding business continuity depending of companies' size and sector that company belongs to. Specifically, financial sector is in all of BCM segments more coherent than other sectors. In addition, qualitative research revealed the results showing that business continuity plan (BCP) and disaster recovery plan (DRP) were the only IT governance areas that were implemented in business practice. The reason for that may be found in the fact that BCP and DRP are very expensive to implement especially for small companies.*

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## **INTRODUCTION**

Today's businesses are increasingly concerned about the risks that threaten the "continuity of business" as they are operating in an e-business environment. They are under continuous pressure to "keep their business in business". Data/information availability is of particular importance because continuous data access and availability is expected by employees, customers, suppliers and other stakeholders. Most businesses today seek for an information system infrastructure that is running 24/7/365 ensuring that data and applications are continuously available. Therefore, every business needs an effective business continuity management (BCM) focusing on several issues of ensuring continuity of business operations with a particular focus on business critical processes. However, BCM is a very complex process that must be integrated throughout the entire organization.

Recently, with advances in Internet/Web technologies and e-business, the need for achieving continuous or "a near 100%" level of data/application availability was brought up yet again. Consequently, the term of business continuity management was coined up and became a significant part of organizational information management. Business continuity strategy has become critical item for both CEO's and CIO's priority lists. According to the Forrester Report (2011), almost 80% of respondents reported that their firms have had to provide proof of BC readiness. Business continuity relies on so-called continuous computing technologies that are aimed at providing an efficient operating environment for an "always-on" computing in terms of an "always-on information system" which is a technological prerequisite for "always-on" business (Bajgoric, 2006). Simply put, implementation of continuous computing technologies provides a platform for continuity of business-critical applications, in other words, for "keeping business in business".

The main objectives of this chapter are twofold. First, an analysis of the state of the BCP in transition economies and defining the influencing factors of BCP. Second, the validation of the measurement model of business continuity planning using as a framework model presented by Oyha and Gokhale (2009) for the logistical business continuity planning (LBCP) operations. In order to meet these objectives, Croatia and Bosnia and Herzegovina were selected as transition economies of South-Eastern Europe.

The first – a qualitative approach, was based on a case analysis employed to identify circumstances and factors that influence BCM activities in real business environment. Case study analysis was based on a series of comprehensive and in-depth interviews with the key people involved in the BCM processes in Croatia (Chief Information Officers – CIOs, Chief Executive Officers – CEOs and BC managers).

The second approach was based on an empirical research that was conducted among companies in Bosnia and Herzegovina. A BCP questionnaire for the logistic operations suggested by Oyha and Gokhale (2009) was adapted and used in order to apply it for all organizational functions. Confirmative Factor Analysis (CFA) which is employed for the psychometrically validation of the measurement scale of BCP and Structural Equation Modeling (SEM) and independent t-tests for the hypotheses testing were used within the quantitative approach.

It is important to highlight that business continuity is the management segment which is in particular relevant issue for banks and other financial institutions. Therefore, Basel Committee issued regulative that addresses the management of operational risk and provides specific guidelines for business continuity. Even if these regulations are designed for the banks and financial institutions, the principles regarding operational risk management and business continuity planning can be applied to most industries and to organizations of all sizes. In addition, business continuity is the issue which is regulated by many national laws related to financial institutions. Furthermore, since discontinuity in business processes can lead to

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