Influence of Contingency Recovery Plans on Performance of Processing Firms in Brazil

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Abstract

Contingency recovery plans refer to a collection of measures, either written down or communicated to all that shows how the firm will react when calamity or challenges strike the firm. The study examined the influence of contingency recovery plans on performance of processing firms in Brazil. A disaster can happen anytime, and a company should be ready for it and a firm should create an ideal strategy to reduce the impact of disaster and proceed on with the critical functions. A contingency plan is a back-up strategy, activated in case of an incident that disrupts firm’s operations and puts staff members at risk. The study discovered that firm continuity planning and disaster recovery planning are the most vital aspects of a firm but are often ignored. Firms need to make a well-structured strategy and document for calamity recovery and firm continuation, even before a catastrophe happens. The research concludes that contingency recovery plans and firm performance is positively and substantially related. It was noted that a unitary improvement in contingency recovery strategies boosts the processing firm's performance. It is additionally concluded that contingency recovery plans include having a disaster recovery group, the development of preventative measures to reduce the effects of a disaster and creating a time frame for the recovery plans in the firm. The research recommends that there should be a disaster recovery group which is always prepared for the recovery plans within the firm. Furthermore, there is the need to have preventative measures established in the firm to reduce the effects of a certain calamity. A written recovery strategy that defines how the firm will respond when a calamity or disaster strikes should be prepared.

Keywords: contingency recovery plans, performance, firms, Brazil

1.0 Background of the Study
A contingency is things which happens outside the range of normal operations and might negatively influence a company's ability to run (de Jong, Zacharias & Nijssen, 2021). Basically, the goal of contingency planning is to always be prepared, making it a crucial aspect of the planning process for everyday operations. Prepare for the unexpected with the help of a well-thought-out contingency plan. All businesses, no matter how big or little, need backup plans (Mahmood Albalaki, Abdullah & Kamardin, 2019). The objective of a contingency plan is to enable a firm to go back to its day-to-day functions within the shortest time possible after an unpredicted event. The contingency plan safeguards resources, reduces client inconvenience and determines important staff, designating certain responsibilities in the context of the recovery (Adaurhere, 2019). For example, human resources can establish worker evacuation strategies; support employee benefits programs, like health care or employee's compensation; or employ temporary workers as required. Businesses were hit by the coronavirus pandemic in 2020, forcing many workers to work remotely (Kaushik & Guleria, 2020). Hence businesses were required to implement a remote work strategy. Some companies were unable to allow employees to work from home during the outbreak, so they took extra precautions to ensure the safety of their employees and customers. Although contingencies can be planned for, the nature and scope of such negative events were often unpredictable. Firms and investors ought to prepare for different contingencies by conducting analyses and putting protective measures in place (Xu, Hitt & Miller, 2020).

Contingency recovery plans include the formation of a disaster recovery team and the development of precautions to mitigate the effects of a disaster (Sawalha, 2021). The development of time frames and the establishment of a communication system is an important factor in a firm's contingency recovery plans in preparation for any unforeseen risk. The importance of contingency recovery plans is to allow the firm to continue operations as closely as possible to the previous actions (Chandra & Paras, 2021). Fischer, Halibozek and Walters (2019) reported that contingency recovery plans refer to a collection of measures, either written down or communicated to all that shows how the company will react when calamity or challenges strike the company. The main goal of the contingency recovery strategies is to contain and reduce the loss which can be realized by the company in the future. The importance of the contingency recovery strategies is to enable the company to proceed with its functions as close to the previous actions where possible (Dias, Patuleia, Silva, Estêvão & González-Rodríguez, 2022). Globalization has rearranged the global economy into huge chain of networks that are characterized by consistent innovation in their quest to stay competitive. In these intricate structures, dealing with new risks or adjusting to new opportunities is a constant business fact. Nagamura (2019) argued that despite extreme situations, such as accidents or calamities, the need to go back to normalcy quickly is important to the performance of those affected. When their own output is at risk, companies seldom tolerate delays in reestablishing operations after disruptions, regardless of whether the interruption was caused by an accident or any other unforeseeable circumstance. There has been a proliferation of post-disaster recovery and resuming strategies, sometimes referred to as contingency plans (Der Sarkissian, Cariolet, Diab & Vuillet, 2022).

Although there are some companies that have a good contingency plan readily available to assist them in critical scenarios, a lot of companies still do not have a plan i.e. they do not even care to have one (Fan, Liu, Huang & Zhu, 2019). It is wanting to know that few companies do not have proper data back up plans established. A disaster recovery plan or any contingency strategy will not assist in getting profits for firms however it will definitely assist in preventing losses more so

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huge losses (Niemimaa, Järveläinen, Heikkilä & Heikkilä, 2019). A disaster can happen anytime, and a company should be ready for it. Relying on the nature of the company and its size and other aspects, a company should create an ideal strategy to reduce the impact of disaster and proceed on with the critical functions.

Just like an emergency plan, a contingency plan is incredibly useful if something fails (Kassem, 2020). By identifying potential challenges, people will be able to do something about it to avoid them from occurring. A plan will additionally provide clear guidelines on what to do if an incident occurs. A contingency plan is a back-up strategy, activated in case of an incident that disrupts firm’s operations and puts staff members at risk. The goal of the plan is to protect information, reduce interruption and keep everybody as risk-free as possible. A firm might never have a case to use a contingency plan, but it is critical to have one in place, make sure it is updated and train workers what to do if the need emerges (Baigorić, Turulja & Alagić, 2022). Nobody can forecast the future or how external factors and market problems will influence its ability to continue to operate (Loureiro, Miguês & da Silva, 2018). But companies can be prepared for events beyond their control. Using a "what if" process, companies create backup strategies, often called business continuity plans, to determine unforeseen situations which might influence their functions, like earthquakes, fires, violence and other events and how they will react to every event (Mehrotra, Butts, Kalashnikov, Venkatasubramanian, Rao, Chockalingam & Huyck, 2020).

2.0 Literature Review

Pavlov, Ivanov, Pavlov and Slinko (2019) reported that in any big firm, it is important to have strategies that make sure there consistency in its operation. This is the reality which is experienced daily by the big logistics firms doing business worldwide. An effective plan of action for dealing with unforeseen problems might be crucial. Defining the best plan of action in the event of an emergency is a challenging subject that calls for a wide range of tools and personnel. In the event of an emergency, the system can be restored to normality with minimum loss of data and in the shortest amount of time possible thanks to the many procedures and recovery mechanisms included in the contingency plans. In the research, we take a look at what's already been written on being ready for the unexpected. In particular, we focus on illuminating the traits shared by distinct economic sectors. Firm continuity plans, contingency planning, project management, the Millennium bug, terrorist risks, government bodies, military and space goals, informatics resources, standards, criteria, and execution approaches are only few of the many themes covered in the vast literature. The effectiveness of a simple framework for emergency preparation is also evaluated.

A study by Di Pietro, Raponi, Caprolu and Cresci (2021) argued that information systems are important due to a number of unanticipated events like power shortages, disk failure, tools destruction, fire and terrorist attacks. Therefore, it is crucial to begin IS contingency planning to safeguard against loss due to such occurrences. The goal of the study was to develop a backup strategy for the university's information systems in case of a catastrophic failure. The study was conducted as a descriptive case study using a cross-sectional design. Primary data was collected from the sampled population using questionnaires. Users of information systems at New York University were given a single survey. The technical staff was also polled using a separate survey. All of the information system's final consumers at New York City University and the 250 technical staff at the ICT Centre made up the study's population. Seventy end users and seventy technical

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staff members were selected by simple random sampling based on a predetermined method for determining sample size. Results from end users show that business effect evaluation, recovery methods formula, strategy testing, performing workers awareness program and strategy maintenance are important stages in creating an IS backup strategy. According to the findings, the student management information system, the human resource management information system, and the finance management system are the three most crucial information systems at New York University. The verification server, web server that supports the three essential IS systems determined (SMIS, HR MIS, FIMS), database server, e-mail server, trainee database, LANAVAN with related routers, hubs, and fibre links, and power supply are the bare minimums required to run the essential information systems. Based on the results of the BIA, recovery methods, and strategy appendices, a backup plan for IS was developed.

Fan, Liu, Huang and Zhu (2019) revealed that firms that have contingency plans in place are more likely to withstand unexpected events and disruptions and recover quickly from them. Such firms are also better positioned to minimize losses and ensure business continuity even in the face of adversity. The research concluded that the most effective contingency plans are those that are well-planned, communicated, and executed. The plans should be comprehensive, covering a wide range of potential scenarios, and be regularly reviewed and updated to ensure their relevance and effectiveness. It is also essential for firms to involve all stakeholders in the planning process to ensure a collective understanding of the plan's objectives and procedures. Moreover, the study has demonstrated that contingency planning is not a one-time event but an ongoing process that requires regular monitoring and evaluation. Firms need to continuously assess the effectiveness of their plans, identify potential weaknesses, and make the necessary adjustments to improve their resilience and ability to recover from unforeseen events. A written recovery strategy that defines how the firm will respond when a calamity or disaster strikes should be prepared. It is suggested that there is need to have a time frame established for the recovery plans in the firm. The communication system for the recovery plans in the firm should be effective to make sure there is smooth sharing of the information. The government also should provide some subsidies to the firms in events of crisis. It is suggested that firms should make sure that the contingency allocation is sufficient to cover potential events that were not explicitly accounted for in the budgets. Furthermore, firm management should ensure that contingency funds are effectively managed in the firm. The contingency allocation should be based on the anticipated magnitude of the risks if they occur. It was also suggested that firms should develop a well-structured plan and documentation for disaster recovery and business continuity even before a disaster happens.

Burgner, Ikizler and Dwyer (2020) noted that organization continuity planning and disaster recovery planning are the most vital aspects of an organization but are often ignored. Organizations need to make a well-structured strategy and document for calamity recovery and organization continuation, even before a catastrophe happens. Calamities may be brief or might last for a long period, however when an organization is ready for any kind of misfortune, it prospers hard and survives. The research will clearly differentiate the distinction between disaster recovery plan and institution continuity plan, will express the sections of each strategy and lastly, will give a strategy that organizations may use to make better backup strategy so that they will not fail when something unanticipated takes place. The study will put forward a listing of suggestions that an organization may comply with to maintain adequate strength and resources to respond and come out of the situation successfully.

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Pati, Nandakumar, Ghobadian, Ireland and O'Regan (2018) performed research to explore the effect of contingency recovery plans on performance of large manufacturing firms in Ireland by evaluating company structure, information technology, dynamic skills and management qualities as the research variables with legal and regulatory environment as the moderating variable. The research used a cross-sectional study design and descriptive study layout and the study philosophy was positivism. The research population was 200 large scale manufacturing firms where a sample size of 50 firms was chosen. Data was gathered through the administration of questionnaires to operations supervisors. The study's findings revealed that the performance of big manufacturing enterprises in Ireland is significantly affected by the use of contingency recovery techniques. Researchers in Ireland found a correlation between firm structure and the success of major industrial companies. It was also discovered that dynamic talents have a favourable and considerable influence on the performance of big Irish manufacturing enterprises. A favourable and considerable influence of management characteristics on the performance of big manufacturing enterprises in Ireland was found in the study's findings on the link between management qualities and company performance. Based on these results and conclusions the research advised that large manufacturing firms in Ireland are required to develop much better framework approaches since they lead to high performance. Moreover, the research suggested that firms ought to make sure they have a specialized firm framework, high nature of the span of control, centralized framework and have departmentalization. On the relevance of IT, the research suggested that large manufacturing firms in Ireland should have an improved information technology system in regards to having written down IT policy, high rate of both IT software and hardware adopting and regularly develop IT skills of the workers via training. The research further suggested that large manufacturing firms need to also spend more in research and development, training, networking and innovation. On the management qualities, the research suggested that large manufacturing ought to implement techniques that urge their leaders to have management qualities as it has a favorable impact on performance. To do that, the firms should urge and established strategies that promote idealized impact, intellectual excitement, inspiration motivation and individualized factor to consider as they affect performance positively. The research developed an ideal model which suggested that firm framework, information technology; dynamic skills and management qualities have a substantial impact on firm performance.

Szász, Demeter, Rác and Losonci (2020) conducted research to investigate the influence of contingency recovery plans on the performance of the Siloso Beach resort in Singapore, amid COVID 19 pandemic. The research used the informative study style. The target population involved workers from the sampled Siloso Beach resort in Singapore. The key participants in the research were the workers from the management and the assistant workers. Surveys were utilized to gather the information. The findings of the research indicated that contingency recovery strategies and firm performance is favorably and substantially related. It was also noted that contingent strategies are positively and substantially related to resort survival ($\beta=0.058 \ p=0.002$). It was found that contingency recovery plans explains 20.2% of the variants in the performance of the resort. According to the research’s results, it was concluded that backup recovery plans is favorably and substantially associated to resort performance. Contingency recovery plans involves contingency recognition, creating a contingency recovery plan, identifying preventative measures and protection systems to be utilized in scenarios of an emergency, and establishing contingency planning techniques. The planning likewise involves assigning appropriate resources to be utilized

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in case an adverse event happens. Contingency recovery plans is entirely about establishing strategies to recoup from difficult situation. The contingency recovery plans includes phases written down or communicated to all that shows how the resort will respond when calamity or tragedy strikes. The contingency recovery plans additionally include creating a communication channel for the recovery plans in the resort. The research suggested that the administration ought to include other staff members in the development of contingency recovery plan strategies. It is suggested that the resort to make sure that the contingency allocation is enough to cover prospective occasions not explicitly accounted for previously in the budget plans. In addition, the management of the resort should make sure that there is good administration of contingency money within the resort. Moreover, it is suggested that the contingency allocation be anchored on the anticipated magnitude of the risks if it happens. The research recommended that the resort ought to have a calamity recovery team which is constantly ready for the recovery plans in the resort. A written recovery plan that defines how the resort will react when disaster or challenge strikes should be drafted. It is suggested that there ought to be time created for the recovery plans in the firm. The government also is required to provide some subsidies to the resort in events of crisis.

Pham, Dao and Bui (2020) conducted study to examine how contingency factors affected the performance of the firms and its budgeting system in a Brazilian fabric industrial firm. We utilized the contingency concept to comprehend the impact that alters in the environment; technique, structure, technology and size have on management control systems. The study case was a textile firm situated in southern Brazil, that has over 6000 workers and 700 cost facilities distributed in eight manufacturing plants, we get proof concerning the propositions that backup factors affect the growth of the firm, hence, define, and characterize the budgeting system, the typology, elements and reasons for use. From the triangulation of interviews, document evaluation, questionnaires and observation, we found that the environment was the primary agent in the development of the firm, compelling the firm to redirect through a strategic renewal, guided by an external professional. After executing the strategic renewal, the firm realized an increase in profits, number of stores and production volume. These improvements were noted in budgeting plan method changes, resorting to the technique zero-based and middle-up guidance. To the factors for use were incorporated the technique formation, besides operational planning and performance assessment.

Filipović, Krišto and Podrug (2018) noted that poor performance can be avoided with proper planning. The purpose of this research is to examine the efficacy of several approaches to preventing the disruption of university operations in the event of a global pandemic brought on by a new coronavirus (COVID-19). The University's best course of action in dealing with the coronavirus pandemic has been determined after careful consideration of all available options. A linear programming model was created to assess the worth of a university's backup plan as it attempts to reduce the likelihood of an outbreak while still serving the educational requirements of its students. A post-questionnaire was utilized in gathering data from 10 universities in USA. The data findings showed that contingency plans are important and increase the sustainability of American universities. According to the study, contingency plans and sustainability are positively and substantially related. It was recommended that universities should come up with for different contingencies by conducting analyses and putting protective measures in place.

Murray and Watson (2019) investigated the impact of business continuity and disaster recovery plans on the survival of Port-au-Prince's commercial banks. The research was carried out in the financial sector, among commercial banks in Port-au-Prince, Haiti. The descriptive research design

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was used in the study. The research utilized survey layout with a sample of 200 participants gotten from managers through stratified sampling who were selected by simple random sampling from commercial banks. Self-administered surveys and personal interviews were utilized. Data evaluation was done utilizing detailed analysis followed by data discussion on bar graphs and tables. The research found that businesses often undervalue business continuity and catastrophe recovery planning despite its critical importance. The research concluded that business continuity and disaster recovery planning are positively and significantly related to commercial bank survival in Port-au-Prince. The research suggested that commercial banks should develop a well-structured plan and documentation for disaster recovery and business continuity even before a disaster happens.

3.0 Research Findings

The study discovered that firm continuity planning and disaster recovery planning are the most vital aspects of a firm but are often ignored. No one knows what the future holds, or how its capacity to remain operational will be impacted by external variables and market issues. Firms need to make a well-structured strategy and document for calamity recovery and firm continuation, even before a catastrophe happens. The main goal of the contingency recovery strategies is to contain and reduce the loss which can be realized by the firm in the future. A disaster recovery plan or any contingency strategy will not assist in getting profits for firms however it will definitely assist in preventing losses more so huge losses. Firms create backup strategies mostly called business continuity plans, to determine unforeseen situations which might influence their operations, like earthquakes, fires, violence and other events and how they will react to every event. Regardless of size, all firms require contingency plans. Recovery and resumption methods, mostly called contingency plans have emerged to remedy from post-disaster scenarios.

These plans safeguard resources, reduces client inconvenience and determines important staff, designating certain responsibilities in the context of the recovery. Firms and investors should prepare for different contingencies by conducting evaluations and putting protective measures in place. The creation of time frames and the development of a communication system is a key factor in a firm's contingency recovery plans in preparation for any unforeseen risk. There are some firms that have good contingency plan readily available to assist them in critical scenarios, while other firms do not have a plan.

During a crisis, contingency plans provide information to leadership teams on how to best react and what to do next. Establish a testing schedule to identify any weaknesses and the effectiveness of the plan, and review the plan on a regular basis, especially when there are any changes to the firm that may affect the plan. This will ensure that everyone is on the same page as to what needs to be done in the event of an emergency. When disaster happens, firm should be ready with a detailed plan for resuming operations as soon as possible. The faster a firm recovers from an unexpected event, the less damage it will do to its employees, reputation, and bottom line.

4.0 Conclusion
The research concludes that contingency recovery plans and firm performance is positively and substantially related. It was noted that a unitary improvement in contingency recovery strategies boosts the processing firm's performance. Contingency recovery plans include having a disaster recovery group, the development of preventative measures to reduce the effects of a disaster and developing a time frame for the recovery plans in the firm. The contingency recovery plans additionally consist of developing a communication system for the recovery plans in the firm. A contingency plan can be time-consuming to develop, but if a firm ever needs to use it, it will be glad that they create one. In addition to developing a solid contingency plan, the firm should make sure that it is kept up to date. In light of the COVID-19 pandemic, the importance of contingency planning has become even more evident. Firms that had robust contingency plans were better able to navigate the disruptions caused by the pandemic and ensure business continuity. The pandemic has underscored the importance of contingency planning and the need for firms to be prepared for a range of potential disruptions. Firms that prioritize contingency planning are more likely to achieve sustained success and remain competitive in an increasingly unpredictable and volatile business environment.

Contingency recovery plans play a crucial role in enhancing the performance of processing firms in Brazil. The study has revealed that firms that have contingency plans in place are more likely to withstand unexpected events and disruptions and recover quickly from them. Such firms are also better positioned to minimize losses and ensure business continuity even in the face of adversity. The research concluded that the most effective contingency plans are those that are well-planned, communicated, and executed. The plans should be comprehensive, covering a wide range of potential scenarios, and be regularly reviewed and updated to ensure their relevance and effectiveness. It is also essential for firms to involve all stakeholders in the planning process to ensure a collective understanding of the plan's objectives and procedures. Moreover, the study has demonstrated that contingency planning is not a one-time event but an ongoing process that requires regular monitoring and evaluation. Firms need to continuously assess the effectiveness of their plans, identify potential weaknesses, and make the necessary adjustments to improve their resilience and ability to recover from unforeseen events.

5.0 Recommendations

The research recommended that there should be a disaster recovery group which is always prepared for the recovery plans within the processing firms. Furthermore, there is the need to have preventative measures established in the processing firms to reduce the effects of a certain calamity. A written recovery strategy that defines how the firm will respond when a calamity or disaster strikes should be prepared. It is suggested that there is need to have a time frame established for the recovery plans in the firm. The communication system for the recovery plans in the firm should be effective to make sure there is smooth sharing of the information. The government also should provide some subsidies to the firms in events of crisis. It is suggested that firms should make sure that the contingency allocation is sufficient to cover potential events that were not explicitly accounted for in the budgets. Furthermore, firm management should ensure that contingency funds are effectively managed in the firm. The contingency allocation should be based on the anticipated magnitude of the risks if they occur. It was also suggested that firms should develop a well-structured plan and documentation for disaster recovery and business continuity even before a disaster happens.

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