Public Relations Measures For Managing Corporate Crisis In A Competitive Business Environment

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Abstract

One notable measure of corporate stability and growth in today's highly globalized and competitive business environment is the ability of organizations to stave off shocks, disruption and conflicts in their operational environment. Organizations that are able to overcome their varying crises are better positioned to achieving their corporate objectives and vice versa. Many organizations lose their stability and by extension, their future on account of their inability to effectively manage their crises situations. This paper discusses in detail, the nature and sources of corporate crises as well as provides viable public relations strategies and model for dealing with the hydra before, during, and after its occurrence in organizations. Only with strong public relations strategies, the paper notes, could organizations in today's highly competitive business environment be sure not to be drowned by the ever emerging and constant crises.

Keywords: Public Relations, Organization, Crisis, Corporate Crisis, Communication

Introduction

One of the obvious constants of corporate life today is the inevitability of disruptions or crises. Like change and competition, these disruptions and crises have become permanent growth features of all organizations that any firm that fails to appreciate their inevitable presence soon finds itself on the other side of the divide. The frequency of occurrences of crises in organizations today, with their inherent adverse effects is even more discerning. At some times, such disruptions and crises come with the force and potentials of blowing the organization out of existence. At some others, they merely take cost tolls on the organization. And so, for organizations, the issue is not whether crisis would occur but how do we respond to it when it comes. The extent to which an organization successfully handles a particular crisis greatly determines its future. If a crisis is not carefully and successfully handled no matter how little it is perceived, its negative effects to the organization are always very devastating.

This indeed is the challenge of public relations. Realizing that improper handling of any crisis has its negative image implications on an organization; it becomes obviously expedient that public relations measures be put in place as mechanisms by organizations to addressing or managing such various crises. Public relations measures or strategies in this respect could be proactive (before), reactive (after) or futuristic (in advance). The key to public relations crisis management, argues Tench and Yeomans (2006:397), is preparedness. To them, being prepared is vital to effective crisis management as crisis is identified first before it happens and if per chance it does occur that it does not get out of control.

More than all other corporate measures, public relations strategies contribute more to the successful handling of crises in organizations. In evaluating the public relations measures for managing corporate crises, we have discussed/analyzed the following sub-themes in this paper:

i. Theoretical Framework
ii. Nature of Corporate crises
iii. Sources and effects of corporate crises
iv. Public Relations options for managing corporate crises.
v. Conclusion

Theoretical Framework:

One may begin to wonder why there are increasing spate of organizational crises today than ever before even in the midst of developments in technology and information super highway which tend to have enhanced the workplace environment and its operational styles. The expectation from this advancement obviously should have been that organizations remain better managed with less or no reports of crises or conflicts. But realizing that corporate crises emerge from two main sources – environmental forces and management failures (Lerbinger, 1997) – we cannot but doubt the optimism in the expectation that technological advancements are enough to stop corporate crises. This is so because as earlier argued, corporate crises are regular features and constants in the life of every organization. As a result, no amount of technological advancements or innovations could stop crises especially some of them that emerge from natural occurrences or disasters.

In this regard, we can pigeon-hole corporate crises in two frameworks. Firstly, there are obvious natural forces which cause unavoidable disasters or crises in organizations which these organizations have little or no control of. For such situations, organizations must battle such crises whenever they emerge. For such unexpected disruptions, crises are seen more as permanent features of organizations.

Then secondly, corporate crises should be seen from the perspective of the marketplace which is shrinking each day because of the increasing nature of market segment. As a result of the growing fierce and hyper competition for the control of each market segment among organizations linked with the high number of brands in the marketplace, it is obviously impossible for organizations not to experience crises. There are bound to be individual and corporate malevolence and backlash from these fierce competitions which are more permanent. For this, corporate crises should be seen as functions of differences in shared values and shared goals among competing organizations.

In a related study, Robbins and Coulter (1999:455) and Ghosh (2000:249) in Ejere (2006:3) however situated conflicts in organizations along three theoretical constructs, namely:

i. The ***traditional school*** which holds that conflicts are bad and as such tend to harm the organization thus requiring the avoidance of conflicts by organizations. For them when they occur, their causes should be determined with a view to avoiding a reoccurrence. These may come in the form of industrial relations crises which usually emerge as a result of disagreements between staff on perhaps certain welfare matters.

ii. The ***human relations school*** asserts that conflict is a natural and inevitable occurrence in all organizations and as such requires its acceptance and the rationalization of its existence. This may come in the form of natural disasters like fire incidents which could destroy certain essential facilities or installations thereby crippling operations of the organization to the point of not meeting order supplies.

iii. The ***interactionist school*** which holds that conflict could be a utility or benefit to an organization which, in most cases, provide effective performance in organizations. Sometimes, crises could become source of strength and opportunity for organizations. For instance, an organization could suffer a sudden high rate of labour turnover which would consequently weaken the organization's competitiveness. Such situations may usher in brighter days for the organization with very discerning and perceptive mind.

The crisis life cycle model propounded by Nwosu (2006) is equally very relevant to this paper. This model according to Udechukwu (2012) is hinged on the understanding and assumption that every crisis has an estimated life span and evolves in three segments of *pre crisis, on crisis* and *post crisis*. To a good extent, it is assumed that whatever dusts that are raised by any crisis are expected to be cleared at the post crisis period. Nwosu (2006) restated that the model likens crisis to a living organism that has a gestation period – a birth stage, a toddler stage, a maturity stage, and a decline stage. In the views of Nwosu, organizations could prevent crises by being alert and able to identify the early stages of the sets of events that may lead to crisis and then nip them in the bud.

All in all, organizational conflicts or crises can be said to be functions of the very fast-changing and not-easily-predictable world we live in at the moment (Nwosu, 1996: 104).

Nature of Corporate Crisis:

What does crisis really mean and what does it represent for corporate organization? In the denotative sense, the Webster's Universal Dictionary and Thesaurus defines crisis as "a turning point… a time of serious difficulties or danger." Viewed therefore from the organizational or corporate standpoint, crisis is a turning point or a time of serious difficulties or danger for an organization. In a similar shared view, Nwosu (1996:106) says that crisis in an organization is an event, issue, occurrence or situation that could be described as a turning point, for better or for worse. Even though from Nwosu's (1996) perspective, crisis has both the positive and negative valences for organizations, it is usually the negative types of it that organizations are much bothered and concerned about. Nevertheless, organizations should be able to explore and exploit their positive crisis situations for their optimum and maximum benefits.

In the more common sense and understanding, corporate crises are seen as recurring or incidental breaches in the natural order of things or disruptive forces that can destroy organizations. Such disruptive occurrences could be product adulteration resulting in user death or health complications; industrial crisis leading to work disruptions in the organization; intra or inter - organizational disputes and protracted legal tussle either internally or externally; all forms of official scandals and corruption. Crises could also occur in organizations by natural or environmental forces such as fire disasters, industrial accidents, earthquakes, accidents or air crash and other national disasters etc. The Institute for Crisis Management (ICM) defines a crisis as "a significant business disruption that stimulates extensive news media coverage. The resulting public scrutiny will affect the organization's normal operations and could also have a political, legal, financial, and governmental impact on business. Other more instances of crises that could befall organizations according to Okereke (1994) and Fink (2000) in Nwosu (1996:107) include sabotage, sexual harassment in the workplace, adverse government policies, poor financial liquidity, unacceptable mergers or takeovers, lawsuits and community dissatisfactions. The above situations in the life of organizations assume or become corporate crises when they get out of hand i.e. they cannot be settled before they become huge and threatening (Centre and Jackson, 2003). These get out of proportion that their ultimate resolution appears to mark a turning point and depending on the decision, things may not remain the same afterwards.

All the above faces of crises in organizations can be categorized into two major forms – the natural or environmental forces and the unnatural forces that are usually as a result of management failures. For Sam Black (1989) in Tench and Yeomans (2006:398), crises in organizations belong to the "known unknown" and "unknown unknown" or as Seymour and Moore (2000:10) state; they are the "Cobra" and "Python". The cobra according to the two scholars refers to sudden crisis in the form of disasters that hit suddenly and take the company completely by surprise and leave it in such crisis situation. And the python refers to the slow-burning crisis in the form of issues that steal up on the company one by one and slowly crush it. Similarly, the known unknown result from organizational failures like manufacturing or processing defects whereas the "unknown unknown" are those occurrences that are not predictable. The ICM however contends that crises emerge from four main sources thus:

- Acts of God (storms, earthquakes, volcanic actions etc)
- Mechanical problems (ruptured pipes, metal fatigue, etc)
- Human Error (the wrong value was opened, miscommunication about what to do, etc).
- Management decisions, actions or inactions (the problem is not serious, nobody will find out),

These, they further classified into two main types as ***sudden crisis*** and ***smoldering crisis.*** The sudden crisis comes without warning such as an employee injury, death of a key executive, oil spills or product tampering etc while the smoldering crisis takes the form of operational or organizational weaknesses, bad practices or predictable bombs waiting to explode etc which are often not known internally or externally until it goes public and generates negative news coverage.

Similarly, Lerbinger (1997), supported by Fearn-Banks (2004), classified crisis into eight different forms which are:

i. ***Natural***: resulting from natural or environmental forces like the Asian Tsunami that had untold effects on the countries governments, corporations and businesses within that continent.

ii. ***Technological:*** resulting to wrong designs or errors in manufacturing/production processes in the organization

iii. ***Confrontation***. Like the workers and management or consumers and organization face-off/conflict.

iv. ***Malevolence***: Examples like product adulteration or tampering by perceived faceless enemies/detractors of the organization

v. ***Skewed management values***: Some scandals of a sort

vi. ***Deception***: Examples like deliberate management deceits on either the workers, suppliers or distributors or other stakeholders in a bid to achieve certain ulterior motives or objectives.

vii. ***Management misconduct:*** Like some sorts of deliberate connivance with person or persons/group with the intention to cheat or cover up some vital information

viii. ***Business and economic:*** Changes in market forces or technological advances could have positive or negative turning points in the life of organizations which require careful strategic measures.

Sources and Effects of Corporate Crises:

Majority of the crises in organizations are caused by or originate from a number of sources such as:

a. ***Rumuors***: Most of the rumours in organizations are caused by poor communication flow. When employees are not timely and adequately informed of the goings on in the organization, they usually generate or trigger of certain baseless information to fill the gap or vacuum created.

b. ***Dissatisfied Employees***. Employees and retirees that may have been unfairly treated by management could avenge such treatment by dishing out false information on the Organization. For instance, a disaffected employee brought down the stock price of a leading healthcare firm in UK by 35% by giving incorrect research information to a leading newspaper.

c. ***Information leakages***: With the high usage of information and communication facilities courtesy of the ICT age, it has become very common for information to unofficially flow with minimum control. Divulging or leaking of official secrets or information is very common in organizations.

d. ***Product-Tampering***: Studies have shown that over 50% of organizational crises originate from products that are either ingested or swallowed such as food, drink and oral pharmaceuticals which make them vulnerable to malevolence (i.e. contamination or tampering). The tylenol pain reliever product of Johnson and Johnson Pharmaceuticals which was contaminated with cyanide by a member of the public that consequently led to the death of six persons in Chicago in the early 80s is a classical case. Organizations with more product orientation would therefore be prone to crisis more than their service counterparts.

From the above insights on crisis situations in organizations, we can imagine the following obvious negative effects of crisis on organizations:

i. ***Management Distraction***: Any organizational crisis shifts the attention of the key leaders or leadership team away to the crisis from its routine duties in the organization. In trying to address such crisis, organizational leaders are distracted which consequently cause their official duties to suffer due attention.

ii. ***Labour/employee Concern***: Crisis situations in organizations create unnecessary tension and unease among employees as they unnecessarily develop anxiety and concern about the security of their jobs. This consequently affects their productivity in the organization.

iii. ***Political Backlash:*** Crisis gives organizational regulators a low assessment of the organization and eventual consideration of stiffer regulatory policies.

Such new policies by regulators arising from crises could be more adverse to the organization.

iv. ***Legal Actions:*** Most crises in organizations attract some form of litigations among the combatants. Such legal undertakings cause huge financial losses on either party plus their attendant distractions from the business of the organization.

v. ***Declining Market Share:*** The ultimate fallout or repercussion from crisis in organization is a gradual reduction in its total market share as all the effects affect customer attachment or loyalty which result to decline in market share.

vi. ***Poor corporate reputation:*** Crisis generates a negative image mark for an organization. Major stakeholders would, consciously or unconsciously, begin to lose confidence in the organization which ultimately result to poor corporate reputation and consequent business downturns.

Crisis is obviously a damaging factor for organizations and must be avoided or well managed to forestall its adverse effects which remains the challenge of most organizations and indeed this paper.iff

Managing Corporate Crisis:

Testimonies and shared experiences from crises consultants and counselors indicate that there is no one standard or common approach to crises management/control because no two crises are the same (in content and scope). There are therefore no uniform strategies for managing crises as strategies may differ from manager to manager or from organization to organization. However there are basic fundamentals which would serve as useful guide to crises managers in organizations.

It must be emphasized that no crisis should be underrated or ignored. Realizing the image implications of every crisis to an organization, no public relations manager in the organization should treat any crisis with levity. Managing crisis in an organization to avoid its snowballing into an unmanageable hydra should be the challenge of public relations in the organization. Such strategic effort or concern ultimately preserves the image of the organization believed to be one of the greatest non-financial assets of organizations.

How then would an organization handle its crisis situation or what are the public relations strategies for managing organizational crises? The first major step should be geared towards controlling a further spread of an already occurred crisis or preventing the occurrence of any crisis in the organization. Communication is the major weapon in this circumstance as noted by Bland (1998). How the organization communicates the crisis to both its internal and external stakeholders (publics) determines the amount of success open to the organization. Effective management of crises in organizations using the communications approach requires a ***pre, on*** *and* ***post***-crisis strategies. These three communication approaches are hereunder discussed:

The Pre-Crisis Management Strategy

One of the best approaches to containing the onslaught of crisis in organizations is to anticipate or expect it at any time. Consciousness of this helps in being battle ready for it when it comes. The pre-crisis management strategy is therefore a proactive way to effectively address all crisis-prone situations with a view to nipping them in the bud.

This preparation or proactive efforts according to Tench and Yeomans (2006:406-409) take, three steps of crisis audit, crisis manual and crisis simulation and training.

Crisis Audit: An audit of the key areas of the organization such as operations, marketing, employee relations, safety and environmental experts, government, legal and communications people should be regularly conducted to assess their vulnerabilities and strengths in the organization. This helps in identifying key volatile or trouble spots and potential stakeholders to be affected and also helps management in building scenarios to train key crisis team with necessary techniques for effective crisis management. This could equally help in building a comprehensive system for managing crisis communications.

Crisis Manual: A well articulated crisis manual that contains simple rapid communications system as well as basic messages and audience identification for providing necessary guides to the crisis team in having a full grip of any crisis situation should be in place.

Crisis simulation and training: This tries to create a hypothetical crisis situation or atmosphere by integrating group and individual exercise, testing the skills of the spokesperson(s) and the crisis plan as well as examining the communication tools/facilities in order to find weak spots. The simulation and exercise are repeated to ensure that weaknesses are corrected.

The On – Crisis Management Strategy

This is the moment of action or execution of plans. The one single crisis management strategy here is selecting a crisis spokesperson who should be the only person that communicates all information about the crisis to the public through the media. The spokesperson must be experienced and sound, and his communication approach to the media should be guided by a five Cs model (Tench and Yeomans, 2006:403) discussed below.

Concern: The spokesperson should show true concern for the problem, what has happened and for all the people (current and potential) affected by the crisis. This calls for the expression of simple human emotion

Clarity: All messages emanating from the crisis spokesperson must be clear and unambiguous from the beginning till the duration of the crisis to avoid chances of misinterpretation or misrepresentation of facts.

Control: The spokesperson must show himself to be in full control of the messages, the situation, the environment and the venue of the crisis when communicating to the media at any time about the crisis. He must be on top of the situation and must be seen to be incharge of it.

Confidence: The spokesperson must exude reasonable confidence while communicating certain key messages about the crisis

Competence: Ability to demonstrate competence by the spokesperson in handling the crisis is equally a sure way to success realizing that the media are very critical and would easily judge your competencies in the crisis.

The model is illustrated below:

Fig: 1 A crisis communication model developed by the researcher
Source: Adapted from Tench and Yeomans (2006)

The post-crisis management strategy:

Post-crisis management strategy merely calls for effective monitoring and evaluation of the results or effects of all communications in the media and on the stakeholders.

On the media, the crisis public relations manager should carry out a regular content analytical study to determine the frequency, or volume of media reportage on the crisis. Such content analytical study would also help to determine the quality, depth, width or column inches of the various media reports on the crisis and by so doing compare such reports at the post era period with the reports during the peak of the crisis. Such critical content analysis would go a long way in finding out whether the crisis is declining or waning or whether it is just constant or spreading.

Then on the stakeholders, a survey study to determine the views, feelings, impressions, opinions, attitudes and dispositions etc of the stakeholders towards the organization or its brand as a result of the crisis should be generated. The data would help in comparing the two periods – the on and post-crisis periods – with a view to determining the status of the crisis on the organization or product. With either the content analysis or survey research approaches to the monitoring and evaluation of the post crisis situation, organizations would be better positioned in handling/managing future crises.

Beside the above, there are still a number of other strategic approaches to managing crises based on the shared experiences of professional crises managers and counselors. These other strategic approaches which are discussed below give the organization firmer control of any crisis situation. These include:

i. ***Define the problem***: The real problem (crisis) should be well defined in content and scope and on short and long-term basis so as to know how to tackle it.

ii. ***Centralize the information flow:*** In order to have a better control of the crisis situation, all the in-coming and out-going information must be centralized for a consistent and coherent crisis management in the organization.

iii. ***Confine the crisis team***: The crisis team should be isolated from their other daily business duties in order to focus all their attention and energy on the crisis for better results. That approach enhanced the success in the management of the Tylenol case crisis.

iv. ***Assume a worst-case planning position***: The crisis team should be able to assume or think of a worst-case scenario in the crisis in terms of what could happen to the organization or the product, but not thinking that from their own perspective, rather from the stakeholder's own.

v. ***Let team spirit prevail***: Every team member should be given a sense of belonging and depended on for all necessary information on the crisis. No individual should have the exclusive right of providing the information so as not to have the advantage of subverting the work of the team.

vi. ***Resist combative instinct***: As much as possible, the crisis public relations manager should not engage in any combative battle with either the media, NGOs, competitors or suppliers or other key stakeholders. He should be able to control his temper or emotions so as not to employ words or language that are abusive and offensive which though could provide him with temporary relief and satisfaction but ultimately affect the image and reputation of the organization or product.

vii. ***Contain the Problem***: As much as possible, try to localize the problem rather than allow it to assume a national, continental or global proportion. Even though the ICT revolution makes the task difficult, at least it should be an objective to see that the crisis does not unnecessarily expand.

viii. ***Make the necessary sacrifices***: If it is a product that would require immediate recall or withdrawal, don't hesitate on account of the cost. If it requires firing or dismissing the architect of the crisis, act immediately. Previous crises management measures like the ***tylenol*** case succeeded through this approach.

Conclusion

In concluding this paper, we would like to state again that crisis is part and parcel of organizations and should be seen as such. Organizations should thus expect to experience crisis from time to time. Such expectations call for proactive strategies by organizations in scanning their environments to detect all vulnerable crises spots and mapping out measures for nipping them in the bud ahead of their explosion. In pursuing such objective, organizations should not always see crises as portending only dangers for the organization but see them also with the potentials of uplifting or moving the organization forward. (Barton, 1993)

But whichever way crisis is perceived (negative or positive), strategic public relations options are available to the crisis management team that must be set up at the three levels of pre, on and post crisis periods as discussed. This strategic approach involves a coordinated, consistent and coherent communication to the media and other stakeholders in such a manner that the same information about the crisis is passed to all. By this, the organization enjoys some benefits or utilities (Nweke, 2001:87) which of course would include a crisis-free, healthy, conducive, harmonious and promising enterprise. No organization can succeed in a potentially crisis prone environment. Therefore, organizations must deal with their crisis in advance in order to remain competitive.

In view of the above, organizations must install environmental scanning as part of their routine operations. This helps them to regularly monitor the volatility of their business environment. A crisis team in organizations should be a standing committee rather than an ad-hoc for crisis moments only. Communication remains the strongest tool against crisis as has been well x-rayed. Organizations must therefore apply and employ credible, convincing and coherent communications at every moment of the crisis management.

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