

# From Crisis to Crisis Management: How to be well prepared in today's unstable world?<sup>1</sup>

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## Abstract

The purpose of this paper is to provide a comprehensive systematic literature review of crisis management. The study provides an insight for academicians and practitioners on the main areas of crisis management. The paper also provides a novel contribution through highlighting a new approach to crisis management by integrating a response planning process in an organization's business contingency plan. The research also addresses a number of conceptual and managerial elements related to our studied subject such as the types of crises and the factors affecting crisis management.

**Key Words:** Crisis management; business contingency planning; Strategic Planning

## 1. Introduction

### 1.1. General Outline

With the evolution of technology and geopolitics on one hand and socio-economic models and public policies' development on the other hand – the world is becoming ever more volatile, unstable, and uncontrollable. More and more organizations are becoming subjected to the effects of sudden as well as slowly progressing crises. Hence, crisis management has been gaining both momentum and considerable attention from experts to counter such a status quo.

Different crises affect societies, and this takes different forms and interpretations: cyber-attacks, natural disasters (e.g. floods, earthquakes, etc.), political, armed-conflicts, epidemic diseases, financial crises, etc. (Chong, 2004).

Accordingly, organizations confront an ever-changing environment with complex issues, difficulty in controlling the flow of data, and managing various implicated stakeholders (Strauß & Jonkman, 2017). Also, organizations must take into account the various components of both a crises and its response dynamics (e.g. training, planning, communicating, etc.) (Pearson & Mitroff, 1993; Heath, 1995; Kothai, 2002)

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In today's socio-politico-economic development, organizations are considered as a main component of today's global society. Organizational research has long been interested in crisis and their management. That said, such research from both an executive and empirical perspectives (Heath, 1995; Chong, 2004):

- Have focused on crisis antecedents, outcomes, managing a crisis, etc.;
- Have revealed a number of important findings regarding their origins, developments, and how to respond to them;
- Have outlined a huge disciplinary fragmentation, making it difficult for expert to understand the core conclusions, the unsolved problems, and approaches that must be adopted to respond to crises.

It should be noted that due to the unpredictable nature of a crisis and the potential impact on an organization's viability and survival, it is important for organizations to prepare in advance for both a crisis and a response (plan / strategy). Hence, several question may arise:

- Are we prepared for a crisis?
- Do we understand all of our potential risks?
- Have we thought "outside the box" about our risks and responses?
- Do we have an appropriate response or responses documented?
- Do we have the right resources and advisors readily available in the event of a crisis?

## **1.2. The Importance of Crisis Management**

In theory, when adopting a crisis management approach, a fast, positive and effective response will be initiated in order to (Heath, 1995; Kothai, 2002):

- Control the situation;
- Lead to increased organization's improvement both internally (e.g. HR, finance, etc.) and externally (e.g. public image, market share, competitive advantage, etc.).

On another note, to address effectively the variety of risks and other complex issues that today's organizations are facing, crisis management must be implemented from the top of the entity and driven by all key business functions jointly (Chong, 2004). Also, crisis management needs a rigorous approach that ensures plans and competencies are up to date throughout the organization. That said, processes must be established and tools that facilitate and accelerate crisis response are of crucial importance (Elsabbagh et al., 2004).

Hence, creating and maintaining a BCP (Business Continuity Plan) will work to increase awareness of the different threats, prepares the concerned organization for potential disruption

and helps ensure that the entity has the needed resources and data to deal with such information (John-Eke et al., 2020).

In order to set up and manage an effective BCP, an organization needs to define a clear risk assessment process that will enable it to understand both the threats and vulnerabilities of its critical activities as well as their supporting resources. It is necessary to assess the impact that would arise if an identified threat / risk became an incident and caused a business disruption (John-Eke et al., 2020).

### **1.3. Article Outline**

To address such issues, we propose a literary outline of crises and crisis management that draws from interdisciplinary and cross-disciplinary research. It should be noted that these issues are spread over different areas, which made it difficult for practitioners and researchers alike to follow and learn lessons from prior experiences with regard to these crises (Alkandari & Al-Lozi, 2017). Accordingly, the current study will seek to assess the state of the art of crisis management to give a glance for industry professionals and academicians regarding what has been done and what is left to be done when it comes to this academic topic.

## **2. Literature Review**

### **2.1. Defining Crisis**

A Crisis can be defined as an inherently abnormal, unstable and complex situation that represents a threat to the strategic objectives, reputation or the very existence of an organization (Al-Khashali & Al-Qutob, 2007; Al-Khrabsheh, 2018). In other words, in such an unstable situation, a decisive change is impending with the distinct possibility of a highly undesirable outcome (Fink, 1986; Longman, 2009; Farazmand, 2009).

Also, a crisis has indeed many characteristics that occur – most notably the violent, complex, surprise, and speed when it comes to the sequence of events as well as their results ((Al-Ajlouni, 2009; Al-Marri, 2014). On another note, we can add the lack of information, tension, anxiety, skepticism, confusion, fear of losing control, rapid spread of disorder, etc. (Comfort, 1993; Shaluf & Said, 2003).

When it comes to the causes of a crisis – we can distinguish three basic origins (Pearson & Mitroff, 1993; Heath, 1995; John-Eke et al., 2020) :

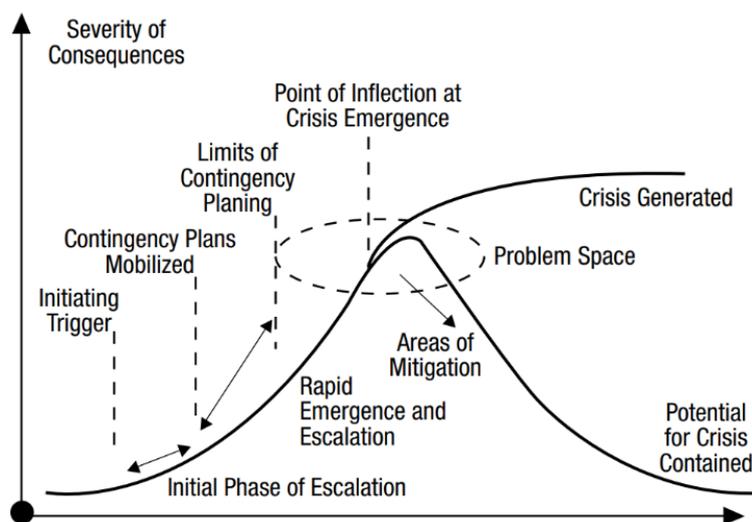
- **Human Element:** this includes misunderstanding, miscalculation and evaluation, and wrong interpretation;

- **Organizational Failure:** this mainly includes administrative reasons such as weak physical and human resources, bad warning signals, mismanagement, etc.;
- **External Force Majeure:** this includes natural disasters, the pressure of the external socio-economic and political environments, innovation, conflict of interest, terrorist attack, data flow sabotage;

It should be noted that crises are not synonymous with incidents, and it is indeed argued that their management usually presented special challenges that require various approaches. On another note, incidents do have their own “structure” because they are produced by identifiable and assessable risks and present themselves in fairly predictable ways (Elsabbagh et al., 2004). Also, as with the majority of risks that concern BCPs, even the most challenging and serious incidents generally lend themselves to preprepared responses (Farazmand, 2009). Crises usually develop unpredictable ways, and the response usually requires both creative solutions as well as prepared ones to help managers make major strategic decisions in abnormal, unstable and complex situations (Pearson & Mitroff, 1993; Al-Khrabsheh, 2018). Hence, a crisis management plan is a framework in which good decisions can be taken.

Crises could derive from an incident, but not necessarily. Some experts suggest that a crisis is reached when the organization moves beyond its abilities to contain the task demands of the event and it usually escalates still further beyond the limits of contingency plans.

**Figure. Crisis Emergence (Weng Yap, 2009)**



A crisis is an event perceived by both managers and stakeholders as highly salient, unexpected, and potentially disruptive that can threaten an organization’s objectives and have profound implications for its relationships with stakeholders. Hence, we can formulate a comprehensive approach to “crisis”:

- It is a disruption of the current status quo;
- It is the turning point in ongoing events and unexpected consequences / implications for new actions;
- The new conditions will create uncertainty;
- There is reduction when it comes to control over events;
- In such circumstances the available information is severely reduced;
- Etc.

Due to these implications, organizational research that crisscrosses a variety of disciplines have helped to decrypt (John-Eke et al., 2020):

- how and why crises actually occur
- how organizations can manage crises to reduce harm
- the outcomes of important crises which includes stakeholders' perceptions, organization's dynamic, entity's legitimacy, etc.
- Organizational learning, adaptation and vigilance; and
- Organization's survival.

## 2.2. Crises Perspectives & Typology

There many perspectives which can be used to review crises (Pearson & Mitroff, 1993; Chong, 2004; Gundel, 2005; Farazmand, 2009; John-Eke et al., 2020) :

- **Individual Crises:** They are those that occur to an individual regardless of their nature.
- **Group Crises:** They are those that occur to a group of individuals regardless of their nature.
- **Organizational:** These are those that impact an organization regardless of their nature.
- **Social Crises:** These are crises that occur all over the spectrum of society. These include political, cultural, economic, health, natural, etc. crises.

On another note, we can outline three types of crises:

- **Sudden / Abrupt Crises / Immediate:** These are crises with little predictability that occur suddenly with sudden – direct impact on both the internal and external environments (Gundel, 2005). They are characterized by their immediate onset and tend to be unanticipated and escalate very quickly, often as a result of a severe triggering event or incident that may be out of the organization's control (Parsons, 1996).
- **Gradual / Smoldering Crises:** These are cumulative crises where the likelihood of their occurrence is built-up around an organization of non-compliance to several aspects of the environment (Gundel, 2005). Hence, they are those for which the common feature is that

impact on the organization and its stakeholders grows, sometimes undetected, over a period of time, whilst indicators of potential crisis are possibly missed, denied, ignored or misunderstood (Gundel, 2005).

### 2.3. Crisis Warnings

Before they occur, the majority of crises send early warning signals (as they are building-up), which announce the possibility that a crisis will take place (Paraskevas, 2006). However, such signals are sometimes weak to detect: subtle signals; sources of data not viewed as credible; threats embedded in routine messages; risk messages that are systematically distorted; signals not reaching the appropriate staff; etc. (Bandrova et al., 2010; John-Eke et al., 2020).

However, if the warnings are detected – they are some organization who will still refuse to engage in a proper crisis management and contingency process. This can be due to several factors:

- **Denial:** some entities may deny that they might be vulnerable to specific threats of imminent crisis, and, thus, decide that there are no measures needed to be taken (Chong, 2004).
- **Disavowal / Diminishing:** some organizations might recognize that a crisis will indeed affect them, however, they might also diminish its importance and consider that its impact will be too minimal to be taken seriously (Farazmand, 2009).
- **Grandiosity:** some entities will consider that their size and impact in socio-economic cycle is too big that a crisis will not (directly) affect them (John-Eke et al., 2020).
- **Idealization / Overconfidence:** some entities will consider that they are already well prepared for any crises thus, they will ignore signals of crisis (whether they are either sudden or gradual) (Bandrova et al., 2010).
- **Intellectualization / Miscalculation:** some entities will miscalculate the probability of occurrence of a crisis (minimize it) (Elsubbaugh et al., 2004).
- **Compartmentalization / Limitation:** some entities will presume that if a crisis is to occur, it could only affect some parts / departments / divisions / etc. but not the organization as a whole (Elsubbaugh et al., 2004).

### 2.4. Crisis Management

Within the context of today's global community that is shaped by the complexity of its interconnected components operational planning and effective crisis management is of critical importance. In order to avoid severe crisis, the organization must secure itself and its environments (internal and external) in order to face unwanted events and properly respond. Hence, crisis plans aim to (Paraskevas, 2006; Rezvani, 2008; Alfonso & Suzanne, 2008):

- Prepare litigation and legal complaints;
- Provide accurate and timely information on emergencies;
- Reduce the likelihood of a disruption;
- Minimize concerns;
- Control financial scandals;
- Minimize the impact of critical events;
- Shorten the period of disruption;
- Deal with crisis increase through experimenting and commitment.

There are many definitions that can be highlighted when trying to decrypt both the meaning and implication of crisis management (Pearson & Mitroff, 1993; Shaluf & Said, 2003; Paraskevas, 2006; Pollard & Hotho, 2006; John-Eke et al., 2020; Max, 2020):

- It is the art of removing risks and uncertainty to allow institutions to achieve goals.
- It is the process of decision-making or finding solutions for a crisis-embedded situation.
- It is also known as the process of design and implementation of plans, procedures, and mechanisms of crisis detection, prevention, containment, recovery, and feedback.
- It refers to the method of management in dealing with crises, in the light of preparedness, awareness, mobilizing available resources, skills, and prevailing management patterns.
- It is a system used to plan and deal with crisis by monitoring both the internal and external environments of an entity in order to surveil variables that might generate crises – so that once dealt with, the entity can get out with minimal losses.
- It aims to avoid crises before their occurrence, contain the repercussion of its negative effects with as little damage as possible and prevent them spreading.
- Etc.

In order to apply a crisis management framework or at least have proper crisis preparedness, there are some basic requirements of organizational capability that should be reviewed internally (Alfonso & Suzanne, 2008; Bekdash, 2019):

- **An Intellectual Requirement:** this includes the ability to analyze situations (internally and externally), set strategy, determine both possible and probable options, make decisions and evaluate their impact (internally and externally).
- **An Organizational Requirement:** this includes the structures and processes that are needed to properly translate decisions into action and how to review their impact.
- **A Cultural Requirement:** this reflects the willingness of implicated staff to both share and support the project manager's intention and proactive crisis management policies and approach.

- **A Logistic Requirement:** this reflects the ability to support crisis countering managers and solutions by applying the appropriate resources in the right place, at the right time.

## 2.5. Crisis Management Stages

### 2.5.1. Crisis Planning

Both in theory and in practice, what an organization does before a crisis makes a significant difference in the success of its crisis recovery process (Pollard & Hotho, 2006; Farazmand, 2009). Accordingly, crisis planning is considered to be an integral part of an overall risk strategy.

Crisis planning is both a cross-functional and dynamic process in which an organization plans a fast operational response to a crisis by:

- Establishing a leadership team to manage the ramifications of the event (Abdullrazak & Alyamani, 2019);
- Considering potential financial, legal, and operating implications of a crisis (Appelbaum et al., 2017);
- Reviewing and evaluating both internal and external resources and expertise (Bekdash, 2019);
- Developing both internal and external communication plans (Alexander, 2014);
- Etc.

### 2.5.2. Crisis Response

Crisis critical response encompasses the execution of the crisis plan – even though, the response will eventually evolve and the plans that were already drawn will need to be changed in real time as the reality of the situation unfolds (Pearson & Mitroff, 1993; Elsubbaugh et al., 2004).

The immediate response process will typically focus on saving people, securing organization's assets, understanding the scope of the triggering event, and containing the fallout (Pollard & Hotho, 2006). The emergency response usually includes activating pre-existing plans on all levels (e.g. communications, HR, IT, etc.), relocating operations, retrieving essential data, finding alternative or supplemental suppliers or financial resources, etc. (Alexander, 2014; Berger et al., 2016).

### 2.5.3. Crisis Recovery

This includes managing the aftermath of a crisis-event; in other words, during this phase, the emergency response to the catastrophe is largely resolved (Pollard & Hotho, 2006). Also, during the same period, the concerned entity will have to deal with legal and regulatory claims, address

ongoing financial and operational obligations, reputational fallout, and other negative impacts remaining for the organization (Berger et al., 2016; Appelbaum et al., 2017). It is also during the same phase that the organization will work to reestablish “business” in the pre-crisis phase.

#### **2.5.4. Crisis Remediation**

The final stage of crisis management, crisis remediation will include reflecting on lessons learned, taking steps to prevent or mitigate the damage from future crises, and modifying plans to more effectively and efficiently address, manage and mitigate future crises.

### **2.6. Factors Affecting Crisis Management**

#### **2.6.1. Information Technology**

Studies have shown that there is a positive role of IT on crisis management as it contributes to reducing risk threats. Further, organizations should both adopt and implement appropriate, modern, and secure IT to obtain accurate, efficient and fast information for proper decision making (Max, 2020).

#### **2.6.2. Strategic Planning**

The main objective behind strategic plan in crisis management is that organizations can better succeed in preparation, prevention, intervention, and overcoming crises (Shaluf & Said, 2003; Al-Khrabsheh, 2018).

Strategic planning is actually dependent on the desire of management, qualified project managers and project staff (Pollard & Hotho, 2006; Appelbaum et al., 2017). However, strategic planning is also depended on the adoption and deployment of advanced warning signals, the macro-changes of the external environment and how it is being processed by the project team., as well as the culture of the organization to overcome the crisis (Heath, 1995; Bandrova et al., 2010; Al-Khrabsheh, 2018; Bhaduri, 2019).

#### **2.6.3. Communications Means**

Studies have demonstrated that communication means play a critical role on crisis management as they offer many opportunities for the concerned organizations by helping to reduce uncertainties, threats, etc. and resolve a crisis (Bowman et al., 2007; Bowman, 2008; Alfonso & Suzanne, 2008; Alexander, 2014; Andrews et al., 2017).

#### **2.6.4. Knowledge Management**

Recent studies have demonstrated how knowledge management have contributed to design policies that lead to better crisis management and help organizations achieve its goals and become more competitive (Alkandari & Al-Lozi, 2017). Moreover, considering the learning and development process of crisis management and the impact of experience – sharing data and facilitating its acquisition and institutionalization will play a vital role in business continuity and crisis countering (Blackman et al., 2011).

#### **2.6.5. Governance**

Research shows that corporate governance, promoting transparency, responsibility, and promoting the integrity of the organization will play a huge role in reducing crisis occurrence as well as its impact (should it occur) (Bhatta, 2001; Al-Kholy, 2009; Berger et al., 2016; Hashed et al., 2020).

#### **2.6.6. Leadership**

The project manager's leadership will play an important part when deploying the crisis management plan (Abdullrazak & Alyamani, 2019). Indeed, a transformational leadership approach with a focus on people (behavior, culture and mindset) and content (system) in a proactive – vigilant manner will help facilitate both the acceptance of the crisis situation and how to counter it (Boin et al., 2010; Alkhawlani, 2016; Bowers et al., 2017; Bekdash, 2019; Bhaduri, 2019).

### **3. Conclusion**

The study aimed to provide an overview of crisis management and why organizations must take it into account. The capability of project managers to manage crises should not be considered as something that can only (and quite simply) be developed as and when needed (on demand / and based on the situation). It actually requires a planned – systematic approach in which many management processes, business continuity / contingency arrangements, incident management activities, etc. are developed, adopted and deployed. Furthermore, organizations must learn lessons from crises and perceive such events as an opportunity to regenerate, restructure or realign the entity as a whole (the passage / a pathway to a new "normality").

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