

2 Building up a Theoretical Paradigm

2.1 General Remarks on the Theory

Chapter 2 of this dissertation introduces the theoretical paradigm for the analysis of crisis response strategies in the empirical part. If this study is to provide a meaningful contribution to the theory of crisis communication, it has to meet several criteria proposed by Feldman (2004: 565-567): a) ask research questions that are non-trivial, that is those with an a priori reason to study them; b) may be either theory-driven or phenomenon-driven depending on the knowledge development needs of the literature; c) go beyond the synthesis of previous research to provide new insights, critiques, or directions for theory testing and; d) postulate distinctions that make a difference.

As to the first criteria to be met, it can be argued that asking research questions about the relationship between corporate identity²⁷, company stakeholders and company communication strategies in crisis has a priori value for the study of crisis communication and crisis management. While reviewing different sources on crisis communication theory and practice, it was found that a number of them indirectly highlighted the role of corporate identity or related concepts of corporate culture and reputation in crisis communication. For example, Pauchant & Mitroff's survey on 'crisis prone' versus 'crisis avoiding' organisations revealed that the concept of 'self' or 'organisational identity' appeared to be of

²⁷ The concept of corporate identity and its distinction from the concepts of corporate image, culture and reputation will be explained in Chapter 3. In the present section the terms 'corporate identity' and 'culture' are used interchangeably encompassing company's behaviour towards its stakeholders, as well as the set of corporate values and beliefs about itself and its environment the company adheres to.

paramount importance in influencing the strategic actions in crisis management (Pauchant & Mitroff 1988: 53). They found out that strategic actions mirror the company's own culture as opposed to being adapted to the reality presented by crises. Stephens et al., while considering the variables influencing the strategy choice argued, "Culture affects how the organisation communicates to various stakeholders by influencing what are considered appropriate responses" (2005: 395).

Heath (1997) likewise concluded that culture frames the communication strategy each organisation chooses during a crisis and affects how the organisation communicates to various stakeholders. Coombs & Holladay (2004) argued that crises themselves can come to symbolise the organisation and reflect on the values of an organisation and that crisis responses may be able to shape the ways in which the symbols are both constructed and interpreted by critical stakeholders. Further, Smits & Ally (2003: 15) concluded that "culture is a complex and subtle variable, but nonetheless an important one to consider in any organisational response to crisis". It directs the behaviour during times of crisis. Although these studies do not specifically integrate the concept of corporate identity in the framework of crisis communication, their findings prove the existence of a link between corporate identity and crisis response strategies. Moreover, they suggest a need for a deeper research on this specific issue representing an untapped potential and herewith an a priori reason for the study of communication in crisis.

Second, this study emphasises the phenomenon of crisis communication and endeavours to develop a comprehensive theoretical model that will explore the variables that affect choice of strategy. The rationale for such a model is the lack of an approach that integrates different perspectives. Addressing the fragmented nature of crisis management research, Coombs argues: "A crisis manager would have to review the business communication, consumer research, rhetoric, organisational communication, and public relations literatures to collect and integrate all the ideas needed to develop about what to say during a crisis" (Coombs 2007: xi).

Indeed, the current writings about crisis communication are fragmented; different researchers write from different perspectives²⁸ using communication models based on different variables deemed important by the researchers themselves (Diers 2009, Bradform & Garrett 1995, Petty & Cacioppo 1986a, 1986b). At the same time, insights from various fields of theory may provide valuable contributions. For example, in outlining certain aspects of crisis perception, the stakeholder theory developed by Freeman (1984) and his followers is referred to. While discussing the aspects of formulation of crisis response strategies, different perspectives on strategic management, from Chandler (1962) to Mintzberg et al. (2005), are elaborated on in the course of this dissertation. However, these different approaches need to be assembled into one consistent theoretical framework. This study will attempt to provide a framework that integrates and organises a wide array of perspectives.

Third, this study will go beyond the synthesis of contemporary knowledge on the subject. Having defined the conceptual framework for crisis in Chapter 1, several theoretical approaches in terms of their feasibility for being a theoretical basis for the present study will be considered. Drawing upon their strengths and weaknesses and updating their concepts, a theoretical framework will be provided to allow modelling of crisis situations and testing various hypotheses thus outlining new insights and directions for future research.

Finally, an explanation of the relationship between corporate identity and crisis response strategies will be useful independent from the theoretical and empirical findings. First, an improved understanding of corporate identity as a factor affecting crisis communication strategies is intellectually vital to our understanding of crisis communication. Second, theoretical connections between corporate identity and crisis response strategies provide valuable insights for practitioners to be able to a) more effectively assess the potential utility and impact of crisis response messages, b) build up a better relationship with various stakeholders accord-

²⁸ Shrivastava (1993: 33) referred to the fragmentation of the crisis management research as the "Tower of Babel Effect".

ing to their individual needs, and c) be better able to engage in crisis planning and preparation.

2.2 Overview of the Past Research

Research on crisis communication has been thus far interdisciplinary and diverse. Many scholars have conducted conceptual and empirical studies on the basis of large-scale organisational crises. In most cases these were studied individually, through in-depth case studies (Lagadec 1987, Mitroff, Pauchant & Shrivastava 1988, Perrow 1984, Roberts 1976, Weick 1988). For example, Shrivastava's (1987) analysis of the gas leak at Union Carbide's Bhopal, or Vaughan's (1996) examination of the Challenger explosion have become classics in organisational studies. Such case studies are important for theory building as they provide crucial insights into the functioning of organisations in critical conditions. However, due to cross-disciplinary nature of organisational crises, these studies lack adequate integration with one another.

Attempts to understand the factors contributing to crisis and explain behaviour of an organisation in a critical situation mostly adapt systems-based theoretical frameworks of organisations, as these involve multiple disciplines (Pauchant & Mitroff 1992, Bowonder & Lindstone 1987) providing the best opportunities for integrating psychological, social-political and technological-structural perspectives. The general systems theory grounded by Luhmann (1995, 2004) represents a very high level of abstraction. Therefore only some of its concepts implemented within the theoretical approaches discussed here will be referred to in this paper.

The following discussion is not meant to provide a catalogue of them but rather selectively use those concepts that are explicitly relevant for crisis communication. In agreement with Luhmann, it is argued here that every theory is contingent and none of the theories can completely describe the phenomena in question. There is always another theory that would provide additional findings (Brunszel 2010: 30-31). By fusing and expanding on contributions from several theoretical perspectives, at-

tempts are made to establish a framework that offers opportunities for modelling, testing the hypotheses and integrating lessons relevant for crisis communication. The objective here is therefore to reformulate, to reconstruct everything that numerous perspectives have striven to grasp assuming nothing as self-evident. This will result in framework which is complex and comprehensive at the same time.

For the purposes of this study two groups of system-based approaches have been distinguished. The first group of system-based approaches will embrace studies devoted to theorising proneness of crisis (Perrow 1984, Turner 1976) and the chaos theory (Hayles 1990, Mathews et al. 1999). The chaos theory was included in the first group because it has in common some basic assumptions. However, chaos theory's relationship to environment distinguishes it from theories of crisis proneness. If the first group perspective views the system as rather passive, being governed by an inner dynamic that will lead to a crisis sooner or later, the second group of studies, represented by the sensemaking theory (Weick 1988, Maitlis & Sonenshein 2010), assumes the system's active role in investigating as well as constructing its own environment after crisis.

2.2.1 Theorisation of crisis proneness and chaos theory

First, a group of system-based approaches is considered (Perrow 1984, Pauchant & Mitroff 1992, Turner 1976, Wilensky 1976) that view crisis as a potential result of *inherent* organisational vulnerabilities at different levels and focus upon conditions that contribute to the occurrence of crisis. These studies mainly explore whether pre-existing organisational conditions can predict the occurrence of crises. Moreover, these approaches describe relationships between different elements within a system, arguing that the cause of any crisis is to be found in the complexity of these relationships and in the system itself. The dynamic relationships between an organisation and its larger social context, however, remain rather neglected.

Charles Perrow (1984) was one of the first researchers to argue that the potential for disaster lies in the inherent complexity of high risk industrial systems. In his work *Normal Accidents. Living with High-Risk Technologies* (1984), he addresses nuclear power plants, chemical plants, space missions and genetic engineering as high-risk and complex interactive systems. The characteristics of such systems suggest that, no matter how effective conventional safety devices are, a so-called “normal accident” in Perrow’s terms will inevitably occur sooner or later (Perrow 1984: 3). These special characteristics - interactive complexity and tight coupling - reach beyond toxic, explosive or genetic dangers and have to do with the system as such.

Complex interactions are those taking place between multiple units and subsystems at the same time, often in an unanticipated production sequence, and either not visible, nor immediately comprehensible²⁹ (Perrow 1984: 78). The term “tight coupling”, already referred to in section 1.4 (p. 48), comes from mechanics³⁰ and means that there is no buffer or slack between two items and one directly affects the other. Tightly coupled systems - those most prone to system accidents - have more time-dependent processes, whereas delays and stops in the processes are not possible. The sequences of processes in tight coupled systems are more invariant (A must follow B), and their overall design allows only for one way of production. For example, a nuclear plant as a tightly coupled system cannot produce electricity by shifting to coal or oil as fuel, whereas oil plants can shift to coal and vice versa. Finally, tightly coupled systems have limited resources; wasted supplies and human power can bring the system to a halt. This certainly contributes to the lower ability of tightly coupled systems to recover after crisis. Perrow believes that systems should be first examined in terms of types of interactions (complex or

²⁹ An example of unanticipated interactions is described by Perrow. In a chemical plant gas is expected to flow from tank A to tank B, because the pressure is kept higher in tank A than in tank B. This interaction is linear. However, there is a danger also recognised by the engineers that it may become nonlinear. A feedback loop could occur if pressure declined in tank A because of a failure, and modified gas in tank B flowed back into A. This could be dangerous and lead to an accident.

³⁰ Since the 1970s the term has been widely used in social and organisational studies.

linear) and type of coupling (loose and tight). They can then be classified with the knowledge of which of them are the most prone to system accidents.

The environment, according to Perrow, is only one of the levels in which failures of design, equipment, procedures, operators, suppliers and materials may occur. Human error and weak abilities to comprehend system failures, and to learn from them, seem to be other key arguments in favour of the inevitability of system accidents. "We have produced designs so complicated that we cannot anticipate all the possible interactions of the inevitable failures" (Perrow 1984: 11). The object of Perrow's analysis, whether nuclear plant, petrochemical plant, aircraft or the Apollo rocket, is a system divided into four levels. In case of a nuclear plant, the first level - a valve - is the smallest part of the system that is likely to be identified in analysing accidents. A collection of these parts making up a unit, a steam generator, for example, represents the second level. A collection of units, such as a steam generator, water return system, motors, pumps and piping, make up a subsystem - the third level. The subsystems come together in the fourth level to represent the system (Perrow 1984: 66). Although the system interacts with the environment from time to time, it operates rather distinctly and separately from its environment.

Perrow analysed numerous accidents and near accidents in nuclear plants (including the Three Mile Island nuclear accident in Pennsylvania, on March 28, 1979). He discovered that, although each accident was unique, they involved two to five categories of typical system failures like valves failing to reseal, flooding of steam lines, condenser malfunctions, and violation of operating procedures. These categories, stemming from design, construction and operating problems, do not in themselves cause the system-wide accidents, but rather create conditions for them activated by the tight coupling and complex interactions.

Like Perrow, Pauchant & Mitroff (1992) see crises as caused by the vulnerabilities at different levels of the organisation itself. According to Roux-Dufort, however, they "extend Perrow's original framework by exploring other facets of the organisation that could predict crisis: organisational strategy, structure, the organisational culture and assumptions,

and the psychology of managers and leaders” (2009: 4). The difference between these authors and Perrow lies in the fact that Perrow assigns the probability of crises directly to the system features, whereas Pauchant & Mitroff (1992) define conditions that contribute to occurrence of crises but do not necessarily represent the primary causes of crisis. They also suggest that crises are the product of inner organisational demons embodied in what Pauchant & Mitroff (1992) describe as the “layers of the onion model” (Roux-Dufort 2009: 4).

Turner (1976) also attempted to reconstruct the picture before the onset of a crisis and formulated some important ideas as to what factors may have contributed to crises analysed in his survey. Turner argued that there is a set of organisational problems which, if unattended, may lead to a disaster. The main difficulty in avoiding this outcome is to know which of the problems should be addressed and which are prudent to ignore. Whereas Perrow concentrated his attention on characteristics of high-risk technologies that inevitably lead to disaster, Turner disregarded events that were clearly unavoidable and unpredictable. He believed that cases of unavoidable and unpredictable crises were rare in practice, and in most cases some forewarning or avoiding action was possible. Therefore, his concern was to find an explanation for potentially foreseeable and avoidable large-scale disasters and identify the initial organisational conditions leading to them. Only in this way such events could become more understandable and avoidable.

Turner concentrated his attention on the sequence of events associated with failure in foresight, incorporating a pre-accident period as an organisational phenomenon. He pays attention particularly to the incubation period during which a chain of discrepant events develops unnoticed. During this phase, a failure in foresight, defined as “the collapse of precautions that had hitherto been regarded culturally as adequate”, takes place (Turner 1976: 380)³¹. Turner highlights the role of “certain devices” organisations utilise in all their actions. These are rules of thumb, rituals, habitual patterns and concrete organisational goals and plans. According

³¹ Turner’s view of organisations as “cultural mechanisms” is crucial in terms of discussion on corporate identity in Chapter 3 of this paper.

to Turner, every organisational action is made possible by collective adoption of assumptions about the environment (Turner 1976: 378). A failure in foresight leading to a disaster therefore provokes a re-evaluation of shared assumptions and precautions considered adequate.

To find out what the main causes of crises are Turner examined three disasters: the Aberfan disaster in Wales (1966-1967), the accident at Hixon Level Crossing (1968) and the Summerland fire (1974). He found that several major causal features were similar: rigidities in perception of the possibility of disaster among decision-makers, unresolved ambiguities about warning signs, difficulties handling information and noncompliance with existing regulations. Certainly, the catalogue of conditions defined cannot be considered complete. However, the overall findings prove first and foremost that disasters “are not created overnight” (Turner 1976: 395), as the pre-crisis conditions had been incubating over a number of years. Second, disasters were caused not by a single factor but by a mix of disaster-triggering events accumulated over time.

Although the results of Turner’s survey did not lead to the formulation of a unified theory explaining crisis, which he believed might emerge (Turner 1976: 379), it provided valuable insights for understanding initial pre-crisis conditions. Researchers of the next generation borrowed and expanded some of his findings (Roux-Dufort, Coombs, etc.). For example, Roux-Dufort similarly defines crisis as “the result of long period of incubation that bluntly occurs through the influence of a precipitating event” (Roux-Dufort 2009: 5). He argues that crises result from two parallel cumulative processes: accumulation of organisational imperfections and accumulation of managerial ignorance. Organisations actually produce these imperfections themselves in the course of their regular operations. Recurring weaknesses, errors and negligence gradually become permanent elements within organisations, creating a ‘fragile ground’ where crises may spread given certain conditions and circumstances, although crisis is not inevitable (Roux-Dufort 2009: 5). “Managerial ignorance”, according to Roux-Dufort, is “a form of knowledge based on erroneous assumptions shared by managers” (Roux-Dufort 2009: 6).

Put simply, the cumulative effects of organisational imperfections as described above cannot be fully perceived by the managers either due to psychological defence mechanisms (Pauchant & Mitroff 1992) or adherence to their own presuppositions about the world, its dangers and the organisation's ability to withstand them (Pearson & Clair 1998). As a result, managerial ignorance favours the emergence of crisis grounds.

The attempts to theorise crisis proneness described above have led us to conclusions that are helpful for crisis awareness and preparedness. First of all, imperfections within organisations often cannot be perceived either because of blind spots, inability, unwillingness or ignorance of managers, communicators or simple employees. Information handling difficulties can also contribute to a crisis. Second, imperfections may accumulate over time and lead to critical situations. Third and closely tied to corporate identity, failures in foresight are often associated with the break of shared precautions and assumptions about the environment and the organisation's capacity to withstand a crisis.

However, the approaches referred to above cannot be considered comprehensive enough for a number of reasons. First, they do not approach crisis as an extraordinary event but rather see it as a result of the accumulation of imperfections which are inherent to the system as such. Second, they focus on initial conditions preceding a crisis and hardly explain the behaviour of the company in response to it. They see an organisation as too complex and absolutely passive, generating its own crisis inevitably and being not able to withstand it and take any action. Finally, they ignore environmental forces and influences that should be taken into account.

Within the perspective viewing crisis stemming from the complexities of the organisation as a system, chaos theory should be handled separately. While most of the assumptions of chaos theory do reflect the main concepts of the general systems theory, in contrast to the perspectives outlined above, it also considers the environment to be a strong force directly impacting the system's existence. Like Perrow, supporters of the chaos theory (Kellert 2009, Stewart 1989) assume that every system has the potential to breakdown. This potential is not activated by instabilities

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