

## Crisis Management Processes To Ensure Effective and Continuous Performance

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**Abstract:** An organization's effectiveness is directly affected by its crisis management process. The relevance for an organization to possess an efficient crisis management process cannot be over-emphasized, since it determines the continuous survival of the organization and prevents an immediate closure of its work process. Its importance lies on the identification of the likely causes of crisis whether from the internal or external environment and also the establishment of an effective crisis management process that would assist organization in the management of crisis. The article aims to share information on the various causes of crisis, techniques in crisis management, and the relationship between crisis management and organizational performance.

**Keywords:** Management, crisis, crisis management, and organizational performance.

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### I. Introduction

Crisis has become a rampant phenomenon in Nigeria organizations. The country's business organizations have witnessed persistent and reoccurring crisis situations over the years, these crisis manifest both in the internal and external environment of the organizations. No organization can operate without the occurrence of unexpected or unplanned business disruptions. An organization's survival depends on how adequately crisis situations are managed. Crisis management according to Sullivan (2003) involves identifying crisis planning, response, confronting, and resolution. Crisis can strike any company at anytime and it does not discriminate based on a company's size or notoriety and hits when a company least expects it. Crisis comes in many forms like strikes, layoffs, allegation of misconduct, products recalls, and threats from employees, equipment explosions, and government policies. Some of these crises have the potential to damage the reputation of a company.

Crisis on a personal level could be anything from the seemingly trivial of an attempt to check in at an international airport terminal only to discover you left your passport at home to the trial of awaiting news of a loved one undergoing treatment for a terminal disease. Quite recently, there have been a number of crises in Nigeria. This involves a number of crises in the aviation industry most importantly the recent Bellview and Sosoliso air disasters, and environmental crisis like oil spillage in Rivers State. Also, air pollution in Lagos, political and religious crisis in north and the recent Indomie saga which almost destroyed the image of the company are few examples of organization crisis.

### II. what is wrong with crisis?

As Stewart (1987) posits, there is nothing wrong with occasional crisis, but if it is the same one that occurred last week, the week before, and the week after, you may not be learning from it. He also identified good practices in crisis which includes: to use your energy to find solutions not for shouting or finding scapegoat to focus on the problem not performance or how it will look to relax monetarily before considering options and then control crisis into an opportunity plans to avoid identical crisis. An essential key to corporate survival is to be ready for anything (Steckle, 2001). It is therefore, essential for any organization to have plans, policies, and strategies that the company considers key issues in any crisis on how to deal with them and also protect the corporate reputation of the organization. What determines how a company will withstand a crisis is its ability to respond to the crisis.

Time is at premium during crisis, so it is essential for companies to plan ahead and in planning ahead, organizations should recognize the importance of having a crisis communication plan which outlines steps to be taken during the first few hours of a crisis. For example, manufacturing companies experience a high rate of crisis situations in Nigeria. This is based on their kinds of operation and the utilization of sophisticated machineries, equipments, unqualified manpower, and the nature of the environment in which they operate in. Crisis in manufacturing companies can internally spring from major equipment malfunction, misuse of chemical products, severe weather on business, strikes, fund mismanagement, and product recalls. While external forms could arise from government policies, misinformation, licensing, disputes with local officials, extortion, threats, business protests, labor problems, and investigative reports contact.

### **III. Some Causes Of Crisis And Practical Solutions**

Therefore, the followings have been noted as the existing problems of crisis management requiring practical solutions. Firstly, it is believed that most organizations lack the ability to identify the likely causes of crisis. This is the most important aspect of crisis management which concentrates on crisis prevention rather than resolution. The essence is to avoid situations or decisions that may lead to crisis occurring. Secondly, most companies have a low rate of organizational performance. This may be the resultant effect of a poor crisis management, since an employee who feels insecure in the workplace will definitely perform poorly. Thirdly, the level of education of employees affects the successful management of crisis. This may be caused by employees' inability to understand an organization plan policies and strategies that relates to crisis. Fourthly, most organizations do not have a crisis plan. The essence of a crisis plan is to provide a step-by-step solution or response to an actual crisis event. A crisis plan is highly useful during an emergency since it is written down in a concise format that only requires its execution.

### **IV. Crisis Management**

Crisis management is the process by which an organization deals with any major unpredictable event that threatens to harm an organization, its stakeholders, or the general public. Three elements are common to most definitions of crisis. These elements are: a threat to the organization, the element of surprise and a short decision time. Crisis management is also the process companies or organizations use to respond to short term and immediate shocks, such as accidents, disasters, catastrophes, and injuries. Its process involves identifying a crisis planning as a response to the crisis, confronting, and resolving the crisis. Henderson (2000) identified a step-by-step solution to crisis which provides guidance to emergency response team and leaders of the company to respond to an actual crisis event. In general, the theory of crisis management should entail how to respond to an emergency, for example, what are the priorities, what are the actions to be taken first, and how to return to normal operations.

### **V. Consequences Of Crisis**

Crisis has a terrible devastating and far reaching consequences on the environment and organization. Crisis can explode as a result of frustration, disillusionment, poor welfare, and conditions of service which manifests in the form of outbreak of violence, rioting, unrest, strikes, and other disciplinary measures. Crisis dents the corporate image of an organization and can result to massive destructions of properties worth millions of naira. Therefore, money which could have been used for other things are spent on renovations and replacements of damaged properties and equipments. During the process of crisis, so many lives are lost, thus some of the ill effects of crisis are discussed below in this article. (1) **Loss of Life and Properties.** Many lives have been lost in several events and incidents of crisis in companies. Also, inclusive is the loss or damage of equipments and machineries used in those companies. (2) **Distortion of Production Process.** During crisis situations, it is discovered that companies shut down production processes. This is done to prevent further damages and to prevent the crisis from degenerating into a disaster and also to reassure employees of their health and safety. This may results to low or no productivity (3) **Monetary Consequences.** The issue of monetary loss is evident when companies have to manage crisis that affects the environment within which they operate. For instance, a lot of oil companies in Rivers State, Nigeria have constantly spent or paid money to communities to remedy the problems caused by oil spillage. (4) **Loss of Organization Reputation.** When crisis reoccur in companies, the competencies of the organizations are questioned and this can lead to the damage of the companies' reputations which invariably result to low patronages. Other consequences of crisis include employees' absenteeism, loss of qualified manpower and others.

### **VI. Types Of Organizational Crisis**

Generally, crisis can be classified into natural or sudden and smoldering. Crisis consistency in assessment of any smoldering crisis situation is important so that the proper response can be developed to minimize the potential of the crisis going public or to reduce the damage to the business. Sullivan (2003) identified five types of crisis in management and they are financial, public relation, strategic, natural or sudden and smoldering.

(1) **Financial Crisis.** Financial crisis are crisis that occur due to financial or monetary status of an organization. It would involve a short term liquidity or cash flow problems. Financial crisis require immediate actions to maintain or increase cash flow. Required actions to deal with financial crisis would include accelerated accounts payable payments if it means losing discounts, maintain or increase profit margins on sales if possible or to reduce expenses by eliminating non-essential expenses. Also, sell of non-essential or critical assets, reduction on payroll and outsourcing of non-essential critical operations.

(2) **Public Relations Crisis.** Public relations crisis are problems associated with negative publicity that could adversely affect the success of a company. Public relations crisis could spring from misinformation of

product qualities, management commitment to employees' welfare, and government sanctions. These acts could result to an upsurge of crisis or even a disaster. In handling public relations crisis, immediate action is required to prevent or counter spread of the negative information containment may require intense media activities and the use of every available media to provide a counter argument or question the credibility of the original negative publicity.

(3) **Strategic Crisis:** Strategic crisis according to Sullivan (2003), are crises caused by changes in the business environment that call the viability of the company to question. For instance, the introduction of automobile was a strategic crisis for buggy-whip manufacturer. Stop should have been taken to prevent crisis from occurring, companies should always plan ahead and project likely outcome. Decisions with potential to turn into crisis should be avoided. Management should make efforts to always know the "worse scenario" and have a contingency plan just in case a situation warrants it. Manufacturing companies at times experience these types of crises the most and the most common ones are, man-made strategic, public relations and natural crisis. The management of most manufacturing companies usually denies the occurrences of financial crisis in their companies. This is not particularly true since financial crisis is bound to occur once in a while, but are internally handled within the organization thereby preventing a resultant public relations crisis. Recently, most manufacturing companies in Nigeria like Floor Mills Dangote have experienced strikes, layoffs, product recalls, customers protest, allegations of misconduct, and even explosions caused by weight imbalances in factory equipments.

(4) **Natural or Sudden Crisis.** A sudden crisis is defined as a disruption in the company's business which occurs without warning and likely to generate news coverage and may adversely have impact on employees, investors, customers, suppliers and other publics. This includes sudden catastrophic change in weather conditions climate, and forces of nature-wind, rain, storms, landslide, earthquakes, lightning, and such damages and havoc that often result from such fury of the element. For example, on manufacturing organizations forms of sudden or natural crisis would include: natural disaster that disrupts operations and endangers employees includes workplace, violence involving employees' family member or customers, discharge of hazardous chemicals or other material into the environment, sudden death or incapacitation of key executive, unexpected job action or labor disruption, sudden explosion of work equipment employees, contractors, customers, and visitors as a result of a business related accidents. Accidents that could cause disruption to telephone or utility service, for instance a cement Industry that lacks good storage facilities would be affected by flood or rainy situations.

(5) **Smoldering Crisis.** The Institute of Crisis Management (2003) defines smoldering crisis as any serious business problem which is not generally known within or without the company which generates negative news coverage if or when it goes to public and could result in more than a predetermined amount in fines, penalties, legal damage award, and unbudgeted expenses or costs. Man-made crisis are characterized as disruptions that have caused injuries to lives and properties through some acts of criminal negligence such as intentional acts of committing or omission which can arise from several motives. Examples are unlawful disclosure to employees, investors, customers, vendors and or government official, accidentals and explosions arising from inadequate tool maintenance, indication of significant legal and judicial or regulatory action against the business.

According to Campbell (2001), in assessing the severity of sudden and smoldering crisis classification are established to ensure consistency in assessment of any sudden crisis situation so that the proper level or communication responses can be provided while in smoldering crisis classifications are established to ensure experience in strikes, layoffs, product recalls, customers protest, allegation of misconduct, and even explosions caused by weight imbalance equipments. Also, recently in the Indomie saga which results to low patronage because of the purported poisonous nature of the products this almost damaged the company's reputation and survival?

## **VII. Summary**

Crisis is an overt display of dissatisfaction with the rules, ideas, opinions, values, personalities, and resources of an organization. It is an unusual atmosphere which hinders the attainment of certain desirable or achievable goals. Therefore, it is a cancerous and enigmatic problem. In business organizations it is a very rampant or common feature. The persistent and common feature of crisis situations over the years in Nigeria has affected every facet and ramifications of organizations and the society. Hence crisis seems to be a "double edge sword" when it occurs, it hurts both the company and its employees on one side and the government and environment on the other side. In business organizations, the frequent resurgence of crisis is either because the techniques or their resolutions are not encompassing or that the problems have taken on new and complex dimensions requiring proper investigation and solutions. Therefore, it is imperative that companies have well informed employees who can participate in the crisis management plan. Finally, every company should have a detailed crisis management process to ensure effective and continuous performance.

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