INTERDISCIPLINARY UNDERSTANDING OF A CRISIS: TOWARDS AN INTERNATIONAL CRISIS CLASSIFICATION MATRIX

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Abstract: *This conceptual paper aims to fill a gap in the literature of crisis classifications and to develop a framework that allows for categorization of crisis situations and corresponding management and communication. It incorporates the international and intercultural management literature to derive four dimensions: the trigger event impact, the degree of operational internationalization, the international perception and the cultural difference of the affected stakeholders. These dimensions are to be further specified and validated through qualitative and quantitative research.*

Key words: *International crisis, cultural differences, stakeholder perception, crisis management, strategic crisis communication, classification matrix.*

1. INTRODUCTION

Numerous international crises of a considerable scope have captured the public and professional attention in recent years: ongoing mismanagement crises in multinational corporations, global product recalls, but also terror attacks, catastrophic natural disasters or factory accidents with global consequences. It seems that the societal and organizational vulnerability has risen with growing globalization and the penetration of new technological advancements. Not only do crises occur more often, their complexity and ambiguity pose new and greater challenges to the way we think and organize. Crisis management and communication are getting ever greater attention. 300 board members named in an international study by Deloitte the identification of crisis scenarios and detection of early signals as well as the pre-crisis planning as their top priorities [1].

For effective crisis preparation, a decision maker has to understand the causes and nature of a crisis and how it influences stakeholder perceptions. A pragmatic approach consists of the analysis and classification of experienced and observed crises, and the associated management and communication actions [2]. A critical first step is the proper identification of a crisis situation [3].

There is no universally accepted definition of a crisis [4]. The word crisis has its roots in the Greek "krisis", meaning breach and discontinuity. Today the term has found inflationary use and defines any change of daily routines without consideration of scope, severity and outcome. Two main directions for crisis definition can be observed (Figure 1). The first direction defines the crisis characteristics in terms of risk, impact, outcomes and control by the organization [5]. A crisis is thus "a major occurrence with a potentially negative outcome affecting an organization, company, or industry, as well as publics, services or good name. It interrupts normal business transactions and can sometimes threaten the existence of the organization" [6].

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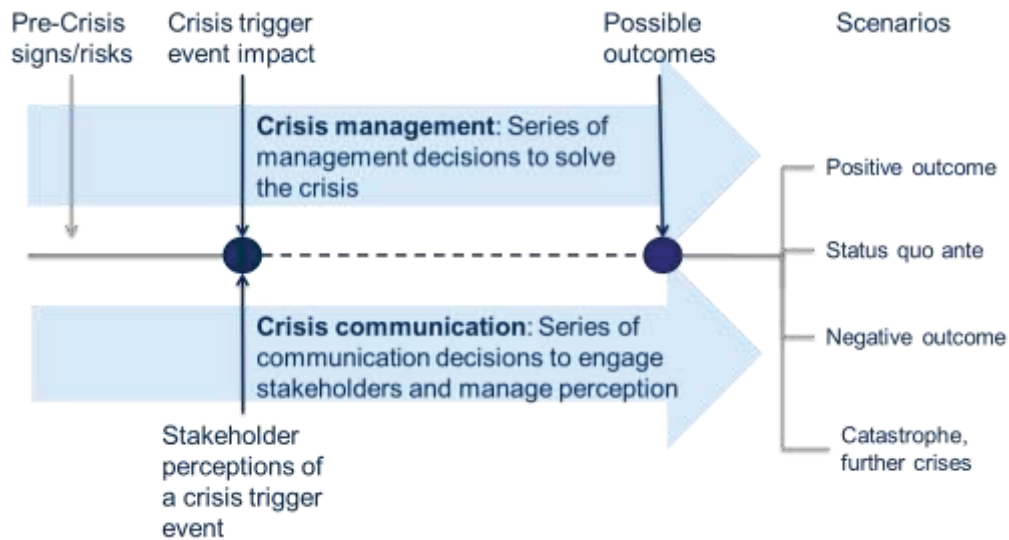
Figure 1: Definitions and dimensions of a crisis. Source: own presentation.

The second direction addresses the ability and willingness of an organization to meet the expectations of key stakeholders in a critical situation. A crisis is "the perception of an event that threatens important stakeholder expectancies and can impact the organization's performance. Crises are largely perceptual." [5]. A crisis definition by [7] similarly highlights the subjective perception: "An organizational crisis is a low-probability, high-impact situation that is perceived by critical stakeholders to threaten the viability of the organization and that is subjectively experienced by these personalities as personally and socially threatening".

A crisis typology is a structured approach to analyze crisis situations and a first step to understand the cause and implications of a crisis [8]. The field of crisis typologies has produced numerous classification attempts, but none is sufficient to capture adequately the complexity of a crisis event, because of its interdisciplinary nature [9]. [2] compared existing classifications from four key disciplines that delivered insights on individual crisis characteristics such as cause, impact, control, and stakeholder perceptions (see Figure 2). But every typology is isolated in the logic of the rooted discipline. The practical implications are either only for the management or for the communication of a crisis.

Realistic and thus usable crisis scenarios depict not only separate elements but a sum of substantial crisis determinants: cause, impact, stakeholder perceptions as well as suitable crisis

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management and communication actions [2]. An interdisciplinary approach allows a decision maker to assess crisis situations from different angles, to apply scenario planning and to formulate strategic alternatives. The typology framework structures possible situations and points to appropriate management and communication measures that can be introduced before, during and after a crisis [2].
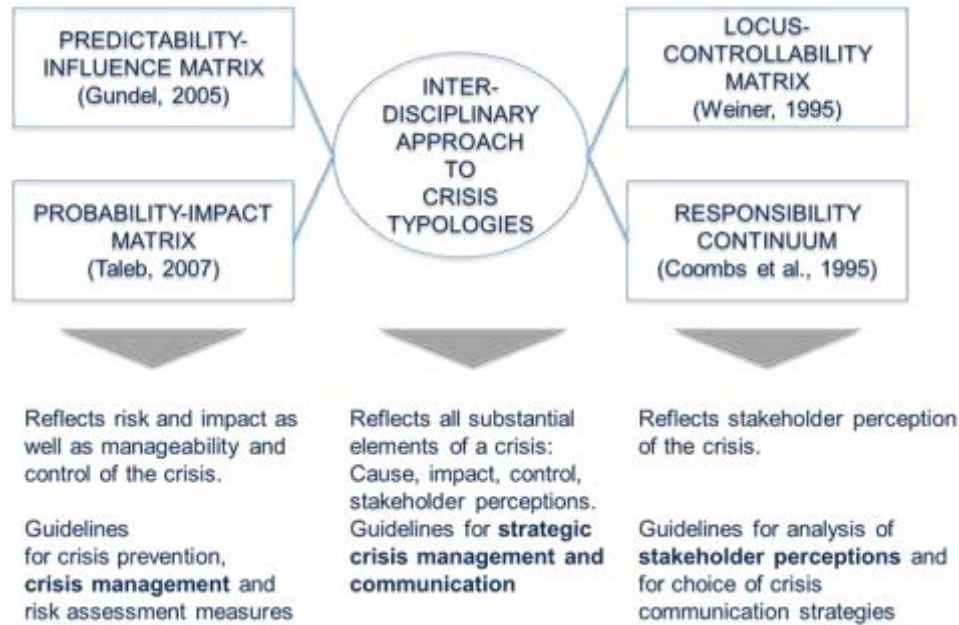

Figure 2: Interdisciplinary framework for crisis classification. Source: [2].

[4] acknowledges that crisis communication becomes increasingly complex as it crosses borders and shares messages with multiple countries and cultures. But important influencing factors such as culture and context adaptability are not reflected in any typology. Crisis communication theory seems to lack cultural contextualization [10] [11]. A comprehensive crisis classification along cultural aspects is still absent in academic research, although the culture is an important factor of stakeholder perceptions [4]. Cultural and context aspects of crises have been indicated as one of the new key areas to be explored [12].

This conceptual paper aims at introducing international dimensions of a crisis within an interdisciplinary framework.

2. INTERNATIONAL DIMENSIONS OF A CRISIS

With growing internationalization and the almost real-time spread of information through new and innovative communication tools, crises are becoming increasingly international and intercultural events [13]. According to [14] the definition of a crisis in international business depends on a number of variables such as nature of an event, impact on other firms, industries and governments, perception and accessibility of affected stakeholders, how much the organization need to assert control and demonstrate crisis capability as well as how quickly the firm needs to respond. Therefore, the large parts of the mentioned directions of crisis definition can be transferred to an international context.

An international adaptation of this research leades to four possible dimensions for the classification of an international crisis:

Global or local trigger event impact

Every crisis starts with a trigger event. Its nature and impact can be defined as physical or business consequences. There are numerous crisis definitions relating to the impact: For example, [15] listed 14 kinds of crisis events that affect businesses or [16] designed a complex taxonomy of crises according to the type of trigger event. But none depicts the international dimension. If a trigger event has an impact on stakeholders in only one country, then impact and ramifications are local. When a trigger event impact crosses the national borders and impacts stakeholders in two and more countries, the crisis context becomes more complex and needs cross-border management.

High or low degree of operational internationalization (DoI)

The ability of the organization to respond quickly, to assert control and to access affected stakeholders is influenced by the experience and presence in foreign markets. The degree of internationalization of firms is often measured by varaibles such as firms' foreign sales to total sales or the number of foreign subsidiaries. One-dimensional measures are criticized because they tend not to capture the complex nature of internationalization, but other approaches are not practicable because of missing data [17]. A low degree of internationalization refers to a pure local business, potentially with limited export experinece [18]. A multinational enterprise "that owns operations in more than one country" [19] would be an example of a high degree of internationalization. The more international or transnational businesses become, the higher the likelihood of an international crisis that is transferred from a single national entity.

Global or local perception of stakeholders

The perception of and reaction to certain crises types varies across stakeholders of different context. While expanding its business abroad, an organization has to deal simultaneously with global stakeholders operating in multiple contexts and local ones operating in one context, for example one country [2]. Comparing 43 European countries, [20] found significant differences in the way communication professionals assess a crisis event, the importance of different crisis types and the communication strategies employed. Crisis situations were differentiated by region where professionals in Southern and Eastern Europe encountered a crisis more often than professionals in Western and Northern Europe. When a stakeholder in only one context (one country) perceives a situation as a crisis, the crisis is local. When the stakeholder perceptions of the crisis spread across two or more countries, the crisis is international.

High or low cultural differences of the affected stakeholders

[21] states that multiculturalism is a challenge for crisis communication and culture, national and organizational, influences stakeholder perceptions and interpretations. Central concepts in international research are the psychic distance and the cultural differences. Psychic distance is defined as "factors preventing or disturbing the flow of information between firm and market" such as language and culture but also context variables like political systems or levels of industrial development [18]. High psychic distance hinders collaboration and communication with foreigners.

Cultural differences are based on dissimilarities in values, behaviors and communication styles that are embedded in cultural beliefs [19]. They are captured by the GLOBE Study and operationalized in ten clusters [20]. The further away a cluster is, the bigger the difference in culture. For example, high cultural differences exist between the Germanic culture and the Confucian one. [22] state that "as cultural differences between a multinational enterprise's home country and host market increase, the underlying ability of the multinational enterprise to operate effectively in the host market decreases". A higher cultural difference leads to higher

levels of complexity and ambiguity of stakeholder perceptions with consequences for crisis management and coimmunication.

These four distinguishing characteristics provide a basis for classification of an international crisis:

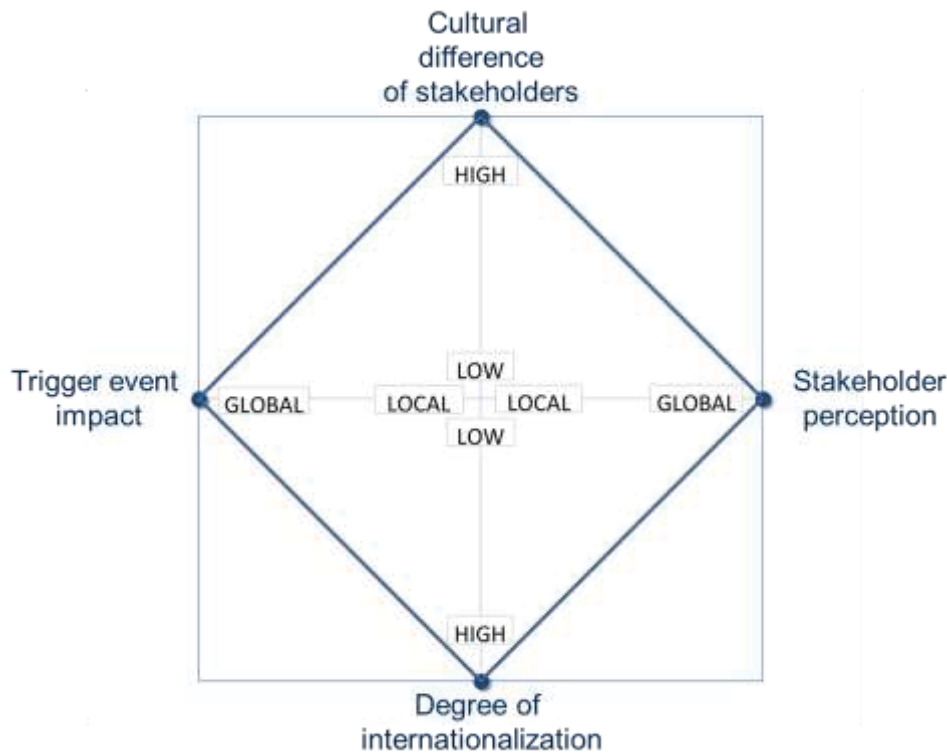Figure 3: International Crisis Classification Matrix. Source: own presentation.

3. IMPLICATIONS FOR INTERNATIONAL STRATEGIC CRISIS COMMUNICATION AND FUTURE RESEARCH

An international crisis classification can simplify "complex structures, provides diagnostic insights, and has the potential to facilitate improvements in strategic planning" [3]. When an organization is involved in an international crisis it has to manage it not only in the home country where rules, behaviors and procedures are well known, but also in other countries where crisis managers are less familiar with how to manage a crisis and consequently out of their comfort zone. The process of classifying a crisis according to international dimensions provides numerous benefits. First, an assessment of the organizational preparedness for managing an international crisis. The higher the matrix score, the more difficult will be for crisis managers to "resist ethnocentric tendencies as they cope with stakeholders in different cultures, unfamiliar media systems and different legal concerns" [23].

Second, a classification supports decision makers in the strategy formulation and implementation. A major strategic issue is the global standardization or local adaptation and the deployment of managerial and financial resources [19]. A centralized approach with no local flexibility would result in a risk-delayed response, while an approach with local flexibility at the expense of local authority would risk conflict with the broader strategy [24].

Future research should focus on further exploring the challenges for the practical application of the international crisis classification matrix and its further development. First, the proposed dimensions of an international crisis classification are to be further specified and validated. Through qualitative research, for example case studies and expert interviews, they can be refined and operationalized. The current dimensions are defined from a company perspective. The application on political and other non-corporate events is to be investigated.

Second, decision-makers navigate between the need to adapt its message to intercultural stakeholders or to follow a standardized approach. Using the international crisis classification matrix, past international crisis cases can be analyzed and the success and failure of the management and communication effort evaluated.

Third, changing nature of crises over time is a major problem. For instance, a crisis type can change during the crisis influenced by changing stakeholder perception from local to global. Furthermore, the velocity and scope of a crisis can rapidly change with the help of new communication technologies and social media.

This manuscript seeks to fill a gap in the literature on crisis typologies concerning the international dimensions of a crisis. The aim is to develop a framework that allows for the analysis of crises situations and the introduction of appropriate management and communication measures.

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