

Coomb's situation crises communication

Business



Coomb's Situation Crises Communication Taking into consideration the provisions of the Situational Crisis Communication Theory, the financial crisis that rocked the globe in the mid 2010 was a victim cluster. Most players in the financial sector merely played victims to the unfolding events and the dollar crisis. These included banks among which Citibank belongs. Citibank is one of the leading banks in the United States of America. With a customer base of more than five million, the bank is definitely reputable. Before the crisis, Citibank's performance was on the increase, which implied that the bank had succeeded in developing a trusted relationship with her clients. Investors in the banking industry understand the risks involved in the industry, in cases of crises such as the global financial crisis in 2010, it was expected that there had to be losses experienced by the investors. Citibank's endeavors all through the crisis were attempts to cushion the investors from the otherwise unavoidable loss experienced by every player in the financial sector. However, in as much as financial institutions were perceived mere victims, they bore the initial responsibility of the crisis. This is a fact that had to get investors worried. Such financial crises are never rampant but the crisis history holds it that in case of eventuality, prices of shares and other financial products reduce tremendously thereby resulting in loses for the investors. The financial institutions are therefore obliged to take actions in defense of their reputation. Citibank's actions were considered financially unorthodox and a bit rushed; these tainted the reputation of the bank especially the near fall. This inflicted fear in the stakeholders some of whom considered withdrawing their investments. Crises in the financial industry are self communicated (Balmer & Gray, 2003). Investors understand the risks involved in this type of investment, they thus monitor very closely every

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movement on the stocks and products of the bank since it is their investment. In case of an unwarranted activity such as the lowering of the share prices, they consult on which action to take, either to sell out their additional shares or to purchase more. In the period, the bank's shares dropped its values greatly in a bid to earn more liquidity. Speculation came into being leading to the sale of more shares, with more share holders relinquishing their shares, the bank made losses and nearly stalled its operations mid year (Benoit, 1995). The very first priority of business organizations when faced with crises is the protection of the stakeholders. The financial industry Crises take different forms. With the greatest risk being the possible total loss of investments within hours putting in place measures that cushion investors from such occurrences therefore, boost the reputation of the business thereby ascertaining its future. Investors pay very keen attention to the movements of their investments; this is in a bid to know whether they are making losses or profits. This close supervision is done mainly through the media outlets of the company or through observations of the activities at the stock market. In case of a crisis, they all learn of it at a go through the very channels. However, institutionally the crisis is communicated in stages. Whichever section of the institution that identifies the crisis communicates it to the chief executive officer who is the head decision maker at the institution. He acknowledges the occurrence of the problem and thereafter authenticates its communication to the respective stakeholders. The nature of business in the financial sector provides for quick and effective communication, which in most cases is done in live feeds in the mainstream media. Business image refers to the presentation of the institution. Before deciding to invest in the stocks of a

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particular company, investors check on the performance of the stocks in the market and analyses the capital base of a business venture, the state of these two in a business institution especially in the financial industry composes the business image. Reputation on the other hand refers to how investors and other members of the society perceive the activities of the company. A financial institution such a banks ought to have a sizeable amount of investment and capital, this assures its clients and investors that in case of a crisis, its capital can easily be relinquished to foot the outstanding debts thus assuring the investors of longevity. After a crisis, the business engages in reputation reconstruction. This is an expensive process which involves advertisements and promotions of the products of the institution. The most common of which is devaluing the shares of the company, this is done through the provision of effective cushions provided for the previous shareholders. This assures them of profits either way. If a share had previously sold at five dollars, when it is deliberately devalued to two and a half dollar, previous share holders should be provided with additional shares necessary to cover up their perceived loss. This way the company stays a float besides attracting more share buyers. It is also advisable for the firm to disintegrate its operations. Centering much on a single product makes it a risky venture for the bank. The introduction of more products ensures that there is constant supply of money into the facility, a factor which does not only attract more clients but builds the reputation of the facility (Balmer & Gray, 2003). References Balmer, J. M. T. & Gray, E. R. (2003). Corporate brands: What are they? What of them? *European Journal of Marketing*, 37 (7/8), 972-997. Benoit, W. L. (1995).

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