

Free research paper on crisis management

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Crises are sudden and unexpected events which are at times uncontrollable. However, with appropriate approach and strategy, most of its negative impact is mitigated. Crisis management is a relatively new field of management that deals with handling unpredicted and sudden changes in an organization culture. It is a form of management that responds to a threat towards an individual, a group of people or an organization. Crisis management includes forecasting a possible crisis and planning on how to deal with them effectively. It is widely accepted that at times a business entity would face a crisis that would deviate the normal course of the business operations. With this notion, though some people are naturally good in handling crisis, there are specialized training courses on crisis-management skills that can be taught.

Business organizations have nowadays become vulnerable to various operational risks due internal, global and social climates that surround it. It has therefore become increasingly important for companies and other business organizations to consider their social and corporate duty to be always prepared for situations that may pose a risk to their daily operations. If there exist potential gaps in the company's Crisis Management Plan, implementing and recovering from a crisis would translate to serious consequences for the employees, corporate assets and to the company's reputation. A good example of how people would differently approach a crisis occurs when passengers get stranded on the crippled Carnival Cruise ship. Some of the passengers panicked, hoarded the available food and started arguing, but on the other side, a group of passengers in the same ship shared water, indulged in prayers and comforted the children of other

families.

In this research, I will explore Crisis management in detail by analyzing the types of crisis that would affect a business entity , their characteristics and how to handle a crisis in a professional way. This is an essential topic to all business entities since they are accountable to manage crisis in order to safeguard their employees' safety and to ensure their continued existence in the market

All crises have a characteristic nature of causing panic and triggering a feeling of tension that makes the people concerned to act irrational. They tend to be carried away by events making their reasoning on the issues at hand poor. In a crisis, one is usually faced with limited time to make the required decisions to salvage the situation and people usually ends up with quick fixes that may later lead to ugly consequences. For an event to be regarded to as a crisis it must be unplanned, sudden and with disturbing effects that can possibly alter the normal functioning of the organization. crisis usually triggers a feeling of tension, fear and may pose a threat to the individuals concerned. A crisis is always accompanied by anxiety both in the part of the management, shareholders and the workers.

Crisis Management is vital in any business entity because it includes activities and procedures that enable the management as well as the workers to effectively analyze and comprehend the events at hand that might probably lead to a crisis. It also helps individuals to devise strategies that enable them to come out of uncertain situations and adjust well to unexpected changes in the organization. A focused approach is key to curbing a crisis since it gives it the whole process a professional outlook that

can be easily adopted by each of the concerned parties. Another way a crisis could be easily evaded is through gathering correct and applicable information about a situation.

There exist different types of crisis that can happen to a business organization. They include natural, technological confrontational, malevolence and organizational misdeeds crises. A natural crisis is a disturbance in the business environment that is caused by nature and is usually beyond human being control. For example, tornadoes and earthquakes. At times, a crisis would also occur due to failure of the machinery in use. For instance, the second crisis that happened to the Carnival cruise ship was due to technical problems where the ship was unable to sail at its optimal speed, this type of a crisis is referred to as a technological crisis

A confrontation Crisis occurs when workers start fighting amongst themselves. It happens when the employees do not agree with each other and ends up relying on acts like strikes and boycotts. Employees eventually disobey the management and give it an ultimatum to accept their demands. The crisis of Malevolence on the other hand occurs when some notorious and dishonorable employees uses the help of criminals and other extreme steps to meet their demands. These acts could range from kidnapping the company's superiors to spreading false rumors about the organization. At times, certain decisions are made by the management while knowing the harmful effects that would befall the shareholders and other external stakeholders as a result of their decisions, this would lead to a crisis known as a crisis of management misdeeds. It occurs when the management

ignores the company's strategies and how it handles certain situation for quick results.

For instance, the carnival cruise management team took the wrong move after its stranded ship was towed to safety after many days in the water with helpless passengers. The passengers were emotionally and physically hurt. However, the company CEO went ahead in the media to say that a refund would be made to all the passengers on board and an extra \$500 would be added to 'cater' for the unfortunate incident. Quick and correct decisions are essential during any crisis. It was a wrong move for the company to try and assume that they would be able to compensate the amount of mental distress caused by the cruise mishap in monetary terms. That was an uninformed move that made most of the passengers upset and turn down the offer. The carnival cruise ship saga will always remain a classic example of crisis mismanagement. Just recently another cruise ship from their company by the name 'Triumph' was floating helplessly some 150 miles away from the peninsula, Gulf of Mexico. It had lost its power and a fire broke out behind the engine room. The public was angry with the uninformed representatives from the luxurious cruise ship. The management was not able to explain why the ship was not tugged to the port of Presso Mexico which was just nearby. This example explains the why the crisis team ought to be able to make appropriate decisions on time.

In order to handle a crisis effectively, a model that is composed of procedures and policies is required. This crisis management model was proposed by Gonzalez-Heraro and contains three main stages: The diagnosis of the crisis, planning and adjusting to change stage. During the diagnosis of

a crisis, early indicators of a crisis are detected. It is for the management to carefully scrutinize their employees and subordinates from time to time in order to know what they are up to. The manager should be able to know what is happening in the organization. Through regular monitoring of the employees performance, the manager is able to foresee a probable crisis and to act in time. If

After detection of a problem, the manager should immediately act with haste to contain the situation. They should plan and devise strategies that would prevent an emergency while at the same time urging the employees to maintain calm. In addition, the leaders and managers should make sure their facts and figures are accurate and not relying on assumptions and guesswork since that would cost them later. It is advisable for the employees to adjust well to the current situations without complaining. This is crucial in the continued functioning of the business entity. Causes of the crisis in the workplace should be analyzed carefully, new plans and procedures should be incorporated. Future mistakes should not be repeated.

In crisis management, planning is fundamental. One should adopt a chronological approach during critical situations. It is important for one to think rationally and formulate strategies that would be applied during an emergency. Therefore, Crisis management plan refers to an in depth plan that describes the various actions to be taken during a crisis. Crisis management plan enables the employees to take on focused approach during a crisis in the workplace. It outlines the Do's and Don'ts in an emergency situation, this is helpful because it makes the employees to be calm and approach the issues at hand without anxiety. Through proper

planning, the management and the employees are able to safeguard the company's reputation. The plan usually gives an overview of the roles and responsibilities of respective individuals in the workplace. It also enables the management to concentrate on their work and reduce instability and indecision amid the employees.

If a company like carnival cruise ship would have been having an able crisis management plan, they would not be having repetitive issues affecting their company. Apart from this recent crisis of their ship being stranded in the middle of the ocean and passengers being subjected to harsh living conditions and emotional distress, on January 2012, one of their ships tilted sideways to an island in the coast of Italy killing 32 people. The crisis management plan would have been an essential tool in planning and handling unseen situations like this in the company.

Crisis management plan has the characteristic feature that allows each member of the crisis team to contribute to the making of the plan. It is essential for every member to air his or her views and their invaluable suggestions. The crisis management plan should take into consideration all the problems identified and give suggestions for the possible solutions.

However, while drafting the plan, the crisis management team should always provide realistic approaches that can be adopted by everybody in the organization.

How to make a crisis management plan is quite simple. Major focus should be directed to identifying the problematic areas or the probable sources of a crisis. After this part is achieved, thorough discussions on the areas of concern should ensue amongst the crisis management team. The acceptable

solutions realized from the discussion should be double verified before submitting the final plan.

Crisis Communication refers to the form of organization communication that aims at protecting the reputation and image of the company to the public. It is a special arm in an organization that is responsible for the reputation of its employees as well as the organization. The communication specialists overcome several challenges that may tend to destroy the image of the organization. Since brand identity or image of the company is the most valuable possession in a company, the organization employs specialist to protect the brand identity and uphold the company's firm stand within the industry. These specialists strive to make the company come out of tough and tricky situations in the best and quickest way possible. The crisis communication process enlightens the employees in the various ways that they should deal with external parties like media, government investigators and various stakeholders.

Effective communication in the workplace during an emergency is encouraged. The superior's cabin should be easily accessible to the employees in order for them to pass the intended message of the current situation on the ground. The information ought to flow across all departments as intended. Employees are urged not to criticize individuals during and after a crisis and instead should show them a feeling of concern and care by encouraging them not to lose hope. Specialists focusing on communication crisis should be able to make very quick and effective decisions, especially during times of emergency. Confidential information should remain private and should never be released to external parties.

Employees leaking out confidential data to other parties is considered very unprofessional and unethical and can easily tarnish the reputation of the organization. The carnival cruise ship failed miserably in communicating about the crisis with the respective concerned parties. Carnival management decided to react silently during when the crisis was at its peak. Families of the passengers would not even get the basic information about the fate of their loved ones. Through effective and informed communication specialist, Carnival cruise management would have been able to save their face in the public, unfortunately the damage to their reputation is already done

Most of the companies have been through a crisis at some point during their history, whether it was as a result of forces beyond their control, management hitches or through their own failings. However, very few come out to exemplify corporate irresponsibility as Exxon valdez did through one pivotal event. Exxon Valdez oil tanker entered the waters of Prince William Sound on its way to California. Despite the fact that the weather was good and the sea conditions favorable, the ship ran ashore and began to spill the oil it had been carrying. Within a very short period of time, a large proportion of the 1. 2million barrels had found its way to the environment. At the time of the accident, it was a third mate who was in control of the vessel, it was later established that the most probable cause for the accident was because the captain and many other crewmembers were totally drunk of alcohol in the basement. Shortly after the incident, media coverage was at the point of accident in full swing. The efforts to prevent further spillage were slow. The management of the shipping company completely refused to communicate on the issue openly. One week after the accident, the company was still

mute on the issue giving reasons such as people should wait for official communication from the directors of the company.

In conclusion, since no organization is immune to the crisis, proper measures should be put in place to handle it effectively. While crisis begins as a threat, efficient crisis management is able to minimize the harmful effects and probably make the organization come out of the crisis stronger. Crisis management should be learned and adopted by all the individuals in order to safeguard the organization from unseen situations that may challenge its existence. Planning and handling crisis is the main intended objective of crisis management. Therefore, to the rational manager investing in crisis management is vital. Unfortunately, many companies have not put any effort to adopt this new form of management into their systems.

A glimpse of the past events shows us that crisis is inevitable and it is our duty to be always prepared and handle it appropriately. From the Hurricane Katrina disaster that hit and destroyed the gulf coast leading to immense losses, to the 2004 Tsunami that caught the government unawares. Reacting effectively to a corporate crisis involves a well-planned and coordinated solution. In the maritime industry, there should exist many developed systems put in place to handle any form of crisis, which may try to find its way. The government and the maritime authority should work hand in hand to keep the industry safe since it has recently been faced with a lot of risks ranging from increased pirates activities, ignorance and lack of following the set down guidelines by the marine officials. This can be achieved through constant review of the existing crisis management plans, training the crisis management team and most importantly offer crisis simulation exercises.

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