Crisis Communication as Course Correction

Communicative Efforts Revive Goals

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Abstract

It is common to think of crisis communication as a reactive form of communication intending to protect an organization from a threat. Some research and media focus on crisis communication serve to create that interpretation. While the crisis response often is reactive, crisis communication also can be proactive and, more importantly, should be considered a valuable resource for pursuing strategic organizational outcomes (Coombs & Holladay, 2015). Crises posse threats to achieving organizational outcomes by pushing organizations off course. Crisis communication can be considered a means of correcting the course and reviving the pursuit of organizational goals/outcomes. Crises disrupt strategy by detracting from the pursuit of organizational outcomes (Bundy et al., 2016). A crisis demands management's attention and the application of organizational resources to that situation (Milburn et al., 1983). A crisis can create a "distraction" from the pursuit of organizational goals — can impeded strategy. Moreover, a crisis can erode critical organization goals such as maintaining positive social evaluations and the pursuit of revenue (e.g., Chen et al., 2009; Coombs, 2007). This chapter considers how crisis communication can be used as a form of strategic communication designed to return managers to the pursuit of organizational goals.

Keywords
crisis communication, stealing thunder, behavioral economics, myopic loss aversion, situational crisis communication theory

Strategic Communication and Crises: Definitions and Intersections

It is instructive to begin the discussion of crisis communication as strategic communication by clarifying terms. Defining strategic communication, crisis, and crisis communication provides a clearer foundation for the intersection of these concepts.

Defining Strategic Communication

Experts in strategic communication have not reached a consensus of a definition of strategic communication (Zerfass et al., 2018) but they do provide solid grounds for identifying its key aspects of the concept. Strategic communication is broadly viewed as the purposeful use of communication to achieve organizational goals (Hallahan et al., 2007). It is about the deliberate use of communication to achieve organizational goals (Holtzhausen, 2014). Managers within organizations develop and pursue strategies that outline what they hope to achieve. Strategic communication management involves the utilization of communication to help achieve the organizational goals. For instance, strategic communicators within an organization should demonstrate how the communicative efforts help to achieve organizational goals and not just the pursuit of their own goals (Wilcox et al., 2013). Zerfass and Huck (2007) consider how strategic communication should pursue the core drivers of organizational success. Strategic communication appears to be deliberate. That deliberation is focused on employing communication to further the success of an organization by helping to achieve the organization's goals derived from the overarching organizational strategy.

Defining Crisis and Crisis Communication

Similarly, crisis communication experts do not agree on one, precise definition of a crisis. Coombs (2019) defined a crisis as "the perceived violation of salient stakeholder expectations that can create negative outcomes for stakeholders and/or the organization" (p. 3). This definition recognizes the important role of stakeholders in establishing the existence of a crisis, the social construction element of a crisis. Managers may try to define a situation as a non-crisis but if stakeholders maintain the situation is a crisis, the organization is in a crisis. The negative outcomes refer to the harm a crisis can inflict on an organization and its stakeholders. Stakeholders can suffer physical, psychological, and financial harm from a crisis while organizations can suffer financial and reputational losses from a crisis. The negative outcomes reflect the disruptive nature of crises. Crises do or might (if proper action is not taken) disrupt organizational operations. Actions, which are part of crisis communication, are taken to avoid or to mitigate the organizational disruption from a crisis. Organizational disruption refers to instances when the organization cannot produce or deliver goods and services the way it normal does. However, the mere enactment of a crisis communication is a form of organizational disruption. If managers are focused on the crisis, they are not focused on the organization's typical goals. Hence, crises can have a direct and indirect disruption to strategy — the pursuit of organizational goals. Crises do detract from financial and reputational goals an organization by reducing the ability to achieve each goal.

It is important to recognize that a crisis is a process. Crises can be viewed as having three stages: pre-crisis, crisis response, and post-crisis. Pre-crisis involves mitigation and preparation. Managers carefully assess the risks that could become crises and, here possible, take action to mitigate the likelihood of a risk manifesting into a crisis (Heath & Palenchar, 2009). Preparation involves creating a crisis communication plan, creating a crisis team, and training the crisis team and the entire organization for responding to a crisis. The crisis response are the words and actions taken after a crisis occurs. The crisis response is a very public situation for an organization and the point is which the maximum harm from a crisis often is felt. The post-crisis phase is when operations are returning to normal. Post-crisis efforts can include providing follow-up information, learning from the crisis, and mourning when necessary (Coombs, 2019).

Crisis communication is the enactment of crisis management efforts. Crisis communication is manifest in a variety of ways including environment scanning to find crisis warning signs, efforts by the crisis team to collect and share information, and the words and actions taken after a crisis occurs (Coombs, 2010). For this chapter, the focus is on the last points, crisis communication as the words and actions taken in response to a crisis or the crisis response. The reasoning is that the crisis response is designed to lessen the harm a crisis inflicts on stakeholders and the organization by minimizing the disruption a crisis can create. Let us explore the disruptive force of crises upon strategy more fully.

The Intersection of Crisis and Strategy

Crises often result in reduced stock valuations for the organization in crisis (Barber & Darrough, 1996; King & Soule, 2007; Rao, 1996). The decline in stock value is understandable. The damage created by a crisis will cost the organization money. For instance, the release of a hazardous chemical creates costs associated with process disruption, waste disposal, fines, attorney's fees, clean up, equipment damage, insurance premiums, medical treatment, punitive damages, and fines. The organization suddenly has a drain on financial resources because of the crisis. The financial costs of a crisis precipitate the drop in the stock price (Marcus & Goodman, 1991).

Crises always result in decreased social approval of organizations by stakeholders (Bundy et al., 2016). Social evaluations are "an overarching construct to describe the more intuitive and affective perceptions inherent in the social evaluation of an organization" (Bundy & Pfarrer, 2015, p. 348). The most common social evaluation studied in crisis communication research is reputation. Crises cause reputational damage for organizations (Coombs & Holladay, 2006). The reputational damage is logical. People perceive an organization (formulate a reputation) based upon an organization's action and words. A crisis is a negative action that can cause people to think less of an organization — result in reputational damage. While a person's identification level with an organization can limit the reputation harm from a crisis (Zavyalova et al., 2012), the negative nature of a crisis, especially those that harm stakeholders, typically damage organizational reputations (Barton, 2001).

Summary

Crises can have negative effects upon organizational strategy by disrupting the pursuit of organizational goals. Crisis disrupt strategy in three significant and related ways: (a) interrupt revenue generation, (b) damage social evaluations, and (c) distract managers. Some crisis experts define crises by the ability to disrupt operations (Barton, 2001). Operational disruptions create financial loses including a decline in stock valuation. Generating revenue is an important organization goal that is disrupted by crises. Favorable social evaluations are valued assets for organizations because they can enhance stock prices, attract top employees, and attract customers (e.g., Davies et al., 2003). A common organizational goal is to cultivate favorable social evaluations. Crises damage social evaluations, especially reputations, thereby disrupting another organizational goal. Finally, crises take attention away from other organizational goals — distract managers from other goals. The crises demand the attention of management, making it difficult to focus on and to pursue other organizational goals while a crisis is being managed. The next section ties these three goal disrupting features of crises directly through the crisis communication research.

Crisis Communication as Strategic Communication

As noted in the introduction, crisis communication is more than reaction, it is a strategic, communicative response to a threatening situation. Crisis communication is utilized to protect stakeholders and the organization from harm. The basic goal of crisis communication is to improve the situation for stakeholders and the organization in crisis. The primary focus in this chapter is on the harm a crisis can inflict on an organization as it relates to strategy disruption. Coombs (2019) used the concept of the "crisis attention cycle" to capture the disruptive nature of crises. The crisis attention cycle denotes the time when external and internal stakeholders are focused on the crisis. It is the time period during which the crisis can negatively affect stakeholders and the organization. Think about a crisis clock that marks the crisis attention cycle. The crisis clock begins when the crisis generates negative outcomes and ends when people are no longer interested in the crisis. Internally a crisis "ends" when operations return to normal. Externally, a crisis "ends" when the media (traditional and social) no longer want to discuss the crisis. The crisis attention cycle reflects the issue attention cycle found in the media that demonstrates how topics rise and fall in the media (Downs, 1972; Wang & Guo, 2020).

A common goal of crisis communication is to shorten the crisis clock by moving attention away from a crisis (Coombs, 2019). Media coverage serves to illustrate the shortening of the crisis clock. Crises generate a large amount of negative media coverage. One goal of crisis communication is to reduce the amount of time the crisis clock runs. Some crisis managers even hope to change the media coverage from positive to negative. A drop in media coverage is an indicator that the crisis clock is ending because the crisis attention cycle is waning. Reducing the crisis clock connects directly with the organizational goals of social evaluation and revenue generation. Negative media coverage from a crisis damages both the organizational reputation and the stock valuation. When the negative media coverage stops, both the organizational reputation and stock valuation can recover. Internally, crisis communication facilitates a return to normal operations — helps to move a crisis from the response phase to the post-crisis phase. Returning to normal operations supports both the revenue generation goal of an organization and ends the distraction a crisis creates for managers. In this section, we explore how crisis communication helps to achieve these goals and, thus, support an organization's efforts to return to the pursuit of organizational goals.

The question becomes: how do we identify the crisis communication responses that allow managers to achieve both the crisis communication goals and the larger organizational goals? Theory-driven crisis communication does provide evidence about which crisis responses help to achieve these goals. This section explores results from two well-researched crisis communication theories, stealing thunder and situational crisis communication theory (SCCT). Both use experimental methods to establish a cause-and-effect relationship between specific crisis responses and specific organizational outcomes.

Stealing Thunder

Stealing thunder is a concept borrowed from legal research. In law, a weakness in your case does less damage if you identify the weakness rather than having the weakness expose by your opponent (Williams et al., 1993). Crisis researchers found a similar effect when an organization is the first to disclose the existence of its crisis (Arpan & Pompper, 2003). An organization will suffer less reputation damage from a crisis when the organization itself is the first to disclose the existence of a crisis. With the exact same crisis, an organization will suffer less reputational damage if managers report the crisis compared to if the news media or some other source is the first to report the crisis (Claeys & Cauberghe, 2014; Claeys et al., 2016). In 2019, McDonald's removed Chief Executive Officer (CEO) Steve Easterbrook for having a relationship with another employee. McDonald's stole thunder by being the source for the crisis information. Stealing thunder suggests that the CEO removal would do less damage to McDonald's than if a news investigation had reported the crisis. Stealing thunder is a very robust effect meaning the result is found consistent among studies conducted in various countries (Claeys, 2017). Even organizations with very bad reputation seem to benefit from stealing thunder (Beldad et al., 2018). Stealing thunder does help with the larger organizational goals of seeking favorable social evaluations. Stealing thunder also lessens interest in the crisis and that should help to shorten the crisis clock (Claeys & Cauberghe, 2014). With a shorter crisis clock, the interruption of revenue and management distraction aspects of a crisis can be reduced. Stealing thunder can help to explain how crisis communication addresses the three strategy disruptions created by a crisis.

Situational Crisis Communication Theory (SCCT)

SCCT posits that the crisis situation heavily influences the effectiveness of crisis responses. SCCT seeks to identify which crisis response strategies are optimal responses for different crisis types (Coombs, 1995, 2007; Coombs & Holladay, 2002). Optimal crisis responses seek to maximize benefits for both stakeholders and the organization in crisis. Typical positive outcomes from the use of optimal responses include less reputational damage, smaller drop in purchase intentions, and less likelihood to engage in negative word-of-mouth (Coombs & Holladay, 2007). SCCT uses attribution theory to develop a connection between crisis response strategies and different crisis types. Attribution theory holds that people try to make sense of events, especially negative events. People make sense of events by making attributions about the causes of events. People tend to attribute an event to their actions (internal) or the actions of others (external). Those attributions then influence the affective and behavioral reactions to the event (Weiner, 1986). A crisis is a negative event causing people to make attributions of crisis responsibility. A crisis inflicts more harm on an organization, including reputational damage, when attributions of crisis responsibility are higher. To be more precise, the harm from a crisis increases as people perceive an organization is more responsible for a crisis (the strength of perceived attributions of crisis responsibility intensify; Coombs, 2007).

SCCT research finds that crisis types (how a crisis is framed) produced predictable levels of crisis responsibility (Coombs & Holladay, 1996, 2002). Listed below are the crisis types in SCCT by perceptions of crisis responsibility. The crisis type provides a starting point for a manager to assess the potential perception of crisis responsibility held by most stakeholders. There also are contextual modifiers that can affect attributions of crisis responsibility. Both crisis history (attributions of crisis responsibility are enhanced when an organization has had a crisis before; Coombs, 2004; Eaddy & Jin, 2018) and prior reputation (attributions of crisis responsibility are enhanced by a negative prior reputation; Coombs & Holladay, 2006). By assessing the crisis type and the contextual modifiers, managers can estimate the perceived level of crisis responsibility the crisis will engender from most stakeholders.

Crisis types from situational crisis communication theory:

- Victim crisis cluster (minimal attributions for crisis responsibility):
  - Workplace violence;
  - Natural disasters;
  - Product tampering;
- Accidental crisis cluster (low attributions for crisis responsibility):
  - Technical-error accidents;
  - Technical-error product harm;

- Preventable crisis cluster (strong attributions for crisis responsibility):
  - Human-error accidents;
  - Human-error product harm;
  - Data breaches;
  - Management misconduct (managers knowingly do something wrong);
  - Scansis (when crisis is also a scandal).

The level of the estimated crisis responsibility shapes the optimal crisis response. Crisis response strategies vary from defensive (focus on organizational concerns) to accommodative (focus on victim concerns). Listed below are the crisis response strategies used in SCCT that have proved to be effective in experimental studies. As estimated perceptions of crisis responsibility increase, the crisis response must become more accommodative. SCCT holds that the initial response for any crisis should be the ethical base response (Coombs, 2017). The ethical base response informs stakeholders how they can protect themselves physically from the crisis and helps stakeholders to cope psychologically with the crisis. Warning people how to protect themselves physically from a crisis is known as instructing information (Sturges, 1994). Common instructing information includes warnings to shelter-in-place from a chemical release and product recall information, telling people to avoid using a particular product. Helping people to cope psychologically with a crisis is known as adjusting information (Holladay, 2009; Sturges, 1994). Common adjusting information includes expressions of sympathy/concern and curative information that tells people the steps the organization is taking to prevent a repeat of the crisis.

Crisis response strategies:

- Ethical base response:
  - Instructing information: tell people how to protect themselves physically;
  - Adjusting information: help people to cope psychologically;
- Denial cluster: claim no responsibility for the crisis;
  - Simple denial: claim no responsibility for the crisis;

    - Scapegoating: blame others for the crisis;
    - Attack the accuser: challenges claiming a crisis exists;
- Bolstering;
    - Ingratiation: praise others involved with the crisis;
    - Reminder: note past good works by the organization;
- Diminish cluster;
    - Excuse: managers minimize organizational crisis responsibility;
    - Justification: managers minimize perceived damage from crisis;
- Deal cluster;
    - Compensation: offer victims money, services, or gifts;
    - Apology: accept responsibility for the crisis.

For crises that have an estimated crisis responsibility that is low to moderate, the ethical base response is the optimal response. A bolstering strategy can be added to the ethical base response but bolstering strategies do little to increase the positive effects from an optimal response (Ham & Kim, 2019; Ye & Ki, 2017). When estimated crisis responsibility is high, managers should add the apology and/or compensation strategies to the ethical base response. An apology is characterized by the organization accepting responsibility for the crisis. Compensation provides rewards or benefits to victims and is similar to the idea of punitive damages in law (Coombs, 2019). Compensation can be money, housing, or other services.

Recent crisis research has found moral outrage acts as boundary condition for the effects of the optimal responses from SCCT for high responsibility crises (Coombs & Tachkova, 2019). Moral outrage is a distinct, negative emotion created by perceptions of responsibility, injustice, and greed (Antonetti & Maklan, 2016). Crises that generate strong moral outrage show no positive effects for accommodative crisis responses on reputation, purchase intention, and negative word-of-mouth. Management misconduct and scansis crises are the most likely to produce the moral outrage levels necessary to negate the expected benefits from using an ethical base response coupled with apology and/or compensation. Moral outrage can create value incongruence. This means stakeholders feel less similarities with the values of the organization because of moral outrage. People no longer see their values being embodied by the organization. When moral outrage is high, the optimal crisis response is to acknowledge the moral violation and indicate actions being taken to strengthen moral behavior in the organization (Coombs, 2019).

The recommendations from SCCT have proven valuable in protecting social evaluations (reputation) and stock valuations. SCCT's optimal crisis responses do lessen reputational damage and triggers less intention to engage in negative word-of-mouth (a reputational threat) for all but management misconduct and scansis crises (Coombs & Tachkova, 2019; Ma & Zhan, 2016). Research finds that highly accommodative responses when crisis responsibility is high does mitigate loses of shareholder value (Racine et al., 2020). Research supports the view that the SCCT crisis communication recommendations do support the organizational goals of revenue generation and favorable social evaluation. Optimal crisis responses from SCCT also help to reduce the distraction of management by minimizing the crisis clock. Suboptimal crisis responses can create a double crisis. A double crisis is when a crisis response is so bad, it attracts additional negative attention (Frandsen & Johansen, 2010, 2017; Grebe, 2013). Volkswagen (VW) and the diesel car crisis illustrates the double crisis. The VW response was suboptimal because it was very defensive by trying to blame a few engineers within the company. Stakeholders rejected this response, arguing it was a systemic problem within VW and the company showed little concern for the customers affected by the crisis (the victims). The result was an extension of the crisis clock through continued negative media coverage of the crisis (Clemente & Gabbioneta, 2017). Not only did the diesel crisis continue to be a distraction for VW management, the continued media coverage also furthered the social evaluation and revenue generation damage to the firm. SCCT can help to address the three strategy disruptions created by a crisis.

Summary

The general idea behind crisis communication is to improve the situation for stakeholders and the organization. SCCT's ethical base response demonstrates improving the situation for stakeholders who are affected by the crisis (crisis victims) while stealing thunder highlights the organizational benefits. Concern for victims is an essential aspect of an optimal crisis response. An organization cannot hope to cope with its own problems before addressing those of the victims (Coombs, 2019; Sturges, 1994). An optimal crisis response serves as a course correction to the strategy disruptions posed by crises. Optimal responses facilitate a return to normal operations by lessening the attention stakeholders place on the crisis. Moreover, less attention helps to reduce the negative social evaluation and revenue disruption effects of a crisis. Research from stealing thunder and SCCT has demonstrated the value of optimal crisis responses for achieving both the crisis communication goals and the larger organizational goals.

Explaining the Selection of Suboptimal Crisis Responses: Behavioral Economics and Crisis Decision-Making

Wells Fargo and VW are both large firms with a history of success. Yet, in a crisis, each chose suboptimal responses that extended the crisis clock and the strategic disruption caused by the crisis. Researchers have just begun to explore why managers make poor crisis communication choices beyond the simple answer that the managers did not understand crisis communication. Extant research indicates managers have an understanding for crisis communication principles, even if they do not know the theories behind those principles. However, that knowledge is often abandoned during crisis communication decision-making (Claeys & Opgenhaffen, 2016).

Dual-process theories have been applied to understanding decision-making. For instance, Evans and Stanovich (2013) discuss Type 1 and Type 2 decision-making. Type 1 is fast and relies upon intuitive decision-making, drawing upon experience and heuristics. Type 2 is slow and relies upon a deliberate, analytic approach to decision-making. These decision-making options reflect Kahneman's (2011) fast and slow thinking. During crises, the time pressure associated with crises push managers toward intuitive (Type 1) decision-making (van der Meer et al., 2017). There is nothing inherently wrong with intuitive decisions, especially those relying upon experience. However, the decision quality can be poor when heuristics are applied that lead decision makers in the wrong direction (Claeys & Coombs, 2020). Behavior economics provides a useful lens for understanding how heuristics can promote the selection of suboptimal crisis responses.

Behavioral economics is a combination of traditional economics and psychology. Behavioral economics moves away from relying completely on rational models to explain economic behavior. Traditional economics simply ignores behavioral anomalies, even if there are patterns in anomalies, by dismissing them as error. Thaler (2015) argues that behavior economics instead seeks to explain the pattern of anomalies thereby creating "a more realistic description of how people behave" (p. 115). Behavioral economics is strongly influenced by bounded rationality (Simon, 1972) and prospect theory (Kahneman & Tversky, 1979). Each of these ideas note the limits of rationality and the power of heuristics in decision-making. People often rely upon heuristic biases when making decisions. These heuristic biases help to explain why intuitive decisions can result in poor outcomes (Thaler, 2015). Behavioral economics provides explanations that are missed by the analytical focus of traditional economics.

Claeys and Coombs (2020) argued that both stealing thunder and SCCT are analytical approaches to crisis decision-making. Suboptimal responses are anomalies and patterns of these anomalies were emerging in crisis communication. Hence, a form of behavioral crisis communication is needed to explain more fully the use of suboptimal crisis responses. The behavioral crisis communication approach identified two heuristic biases that could lead managers to select suboptimal crisis response: myopic loss aversion and hyperbolic discounting.

The myopic loss aversion bias involves a desire to avoid loss coupled with a tendency to frequently evaluate outcomes (Thaler et al., 1997). People seek to avoid loss because they find loss more painful that the pleasure from gains, an idea central to prospect theory. Furthermore, people check quickly for results, taking a very short-term approach to outcomes. Both stealing thunder and SCCT involve initial losses as the first step toward eventual gains. Stealing thunder is the best example. By revealing a crisis exists, managers create loss for themselves. If managers do not disclose the crisis, perhaps no one ever learns about the crisis (loss is avoided). The downside of the suboptimal response is that when another source discloses the crisis, the loss will be greater. In SCCT, accommodative strategies accept responsibility. Accepting responsibility increases the immediate loss but provides a more effective route to recovery. Managers can focus on the immediate loss from accommodative strategies, not the long-term potential gains.

Hyperbolic discounting reflects a bias toward immediate rewards. Managers value current rewards far more than future rewards (Frederick et al., 2002). Again, stealing thunder and SCCT are about future rewards, not immediate rewards. Not disclosing a crisis can be an immediate reward if managers avoid having to deal with a crisis. This ignores the fact that the crisis is likely to emerge in the future, making the immediate disclosure a less damaging option. Even with stealing thunder, the benefits accrue more in the future than in the present. Using defensive crisis responses in SCCT might lessen immediate damage from the crisis. However, the effects are limited as stakeholders eventually will expect and demand more accommodative responses. An accommodative response is a long-term investment but managers find a limited, immediate reward better than a larger reward that appears in the future. Stealing thunder and SCCT represent long-term investments and hyperbolic discounting works against such choices by favoring response that have some immediate rewards.

Summary

Stealing thunder and SCCT both provide an analytic approach to crisis communication decision-making. Even when managers are aware of the principles from these theories, heuristic biases identified in behavioral economics can push managers toward selecting suboptimal crisis response strategies. Myopic loss aversion and hyperbolic discounting provide behavior insights into why normally well-managed organizations choose suboptimal crisis responses. The suboptimal crisis responses favored by these heuristic biases are more likely to lengthen rather than to shorter a crisis clock and disruptive effects of a crisis. Future research hopes to explore ways to overcome those biases (Claeys & Coombs, 2020). Such insights will help to improve the ability of crisis communication to serve as a form of strategic communication and not simply be a reaction to an intense situation.

Conclusion

If strategic communication is about the pursuit of organizational goals and contributing to organizational success, crisis communication can be strategic communication. The word "can" reflects that there are times when crisis communication is more a simple defensive reaction that moves an organization farther away from its goals and success. Stealing thunder and SCCT are two theories that help managers to understand what crisis response strategies are optimal for their particular crisis. This chapter reviews the basics of the two theories and how crisis communication contributes to correcting the strategic disturbance created by crises. It also considers how heuristic biases can lead managers toward the selection of suboptimal crisis responses. The suboptimal crisis responses, I would argue, are more a defensive reaction with little thought about achieving goals than strategic communication. Suboptimal crisis responses are more likely to enable the strategic disruption of crises than to provide a course correction. Crisis communication can and should be a form of strategic communication but that potential is not always realized when managers respond to a crisis.

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