

# Crisis versus Crisis Management: How This Transition Is Beneficial to Live With the Crisis?

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## Abstract

This paper tries to shed light on the concept of the crisis and the crisis management. This interest comes from the importance of the crisis management discipline as a way to reduce the negative spillovers of the crisis and an art to create a permanent custom to live with crisis. In this context, the concept of the crisis will change from a pejorative concept inspiring damage and destruction to an economic and managerial one. The latter allows us to treat it as a business phenomenon and then the economic laws are applied to find out the resolution and take advantage from it.

**Keywords:** Crisis – Crisis Management – Spillover - Method

## 1. Introduction

The crisis is a human phenomenon and a part of the life tissue known since the ancient times. It is also considered as the syndrome of the human person, which arises at any moment in sudden circumstances as a result of internal or external incidences. The latter create a kind of threat to the state or the entity or the individuals and must be dealt with carefully in order to avoid it or reduce its hard impacts on the social building of the society. What are the strategies adopted to manage the crisis?

## 2. Concept of the Crisis

The concept of crisis is one of the most heavily exchanged words in the various systems and disciplines, and at various levels. It spans from the individual to the society and from the facility to the state, so what is the concept of the crisis?

### 2.1 Definition of the Crisis

Crisis concept has different definitions varying between narrowness and intensity, but generally it depends on the type and level of crisis itself. It is defined by this meaning as "an event or a sudden unexpected position threatens the ability of individuals or organizations to survive" (Stuart Hall *et al*, 1978; Christine M. Pearson and Ian I. Mitroff, 1993).

- Managerially, it is defined as a kind of tension and confusion among officials within the institution and the impact generated by the perplexity on the administrative aspects, performance of employees and the enterprise entity in general (Michael Brecher, 1988; Uriel Rosenthal, 1997; Granville King III, 2002, Per Sandin, 2009, Jos Nijkrake *et al*, 2015). The crisis by this sense affects the survival strategy of the entity and its relationship with the public.

- In economic areas, the crisis is affecting the financial institution and its ability to continue business dealing with the public, customers, as well as the workers at various levels (Roberta Capello, 2015; Charis Christofides, 2016).

- In social terms, the concept demonstrates the situation of an imbalance in the social elements of the system. As an example of some of the social crisis symptoms we cite: the stress, anxiety, the sense of helplessness among individuals and their inability to establish a humanitarian and social relations. This fact leads to the emergence of values and ethical standards different from the prevailing and dominant culture of the society (Lee Ann Hoff, 2014).

- The political crisis means manifestations of the international conflict and the conflict between the government and state-related. It also means the element of threat to international interests and states' national security (Paul Gordon Lauren, 1979).

Through what has been mentioned, the term of crisis is defined as a sudden or unpredictable change caused by the disaster or an incident. The situation of unpredictability creates a state of tension and a sense of danger and threatens the entity of the individual, the community, the facility and the state.

Crisis are different by nature: there are economic crises, such as the crises of capital markets, the crisis of the collapse of the exchange rates, the oil crisis, scarcity of resources, lack of employment ... and there are crises related to natural disasters such as earthquakes, hurricanes and volcanoes (Margaret C *et al* 2016).

### 2.2. Stages and Phases of the Crisis:

**a. The emergence of the crisis:** is the first phase that begins where the crisis comes out. In this stage, the

decision maker may experience an anxious and a fearful feeling. As a result, the decision maker must take positive measures to contain, squeeze or destroying the genesis of the crisis.

**b. The growth of the crisis:** if the crisis develops shortly after its emergence as a result of the decision maker inability to take the appropriate measures, it will be necessary to undertake audacious but positive decisions to inhibit the continual increase of the crisis.

**c. Burst and worsening of the crisis:** this point indicates the lack of awareness of the decision-maker about the dimensions of the crisis because of its tyranny and despotism. Therefore, forces of society interact with the crisis violently and the crisis *per se* will provide additional destructive forces at later stages of development.

### 3. Concept and Stages of Crisis Management:

Crises have become a feature of the contemporary human being, communities and nations. This concept is being an attribute of life, the fact which led to a great interest in the understanding and the management of the crisis as a way to make both the society and the individuals able to co-exist and be adapted to the sudden changes that may occur before or during the crisis. As a result, this desire to a good adaptation creates what has been so-called crisis management; and it is by this way the building of the awareness network among all the institutions of the society (universities, colleges, offices, households.....) which the ultimate goal remains the reduction of the negative crisis spillovers (Robert H. Kupperman et al, 1975; Uriel Rosenthal, 1991; Jack Gottschalk, 2002; Arjen Boin 2008).

#### 3.1 Definition of Crisis Management:

The definition of crisis management is related specifically to the ways and the scientific methods that aim to interpret correctly the concept (according to the characteristics of the environment in which it happens) and to take advantage as much as possible from both its negative and positive spillovers. In this context, crisis management is also defined as a setup and a systematic method to understand appropriately the crisis and to know how to take advantage of it (Christine M. Pearson, 1998).

It is also interpreted as a package of various scientific and administrative methods aiming to overcome the negative spillovers of the crisis and create a power to predict the future occurring of it (Arthur N. Gilbert, 1980).

Another definition of the crisis management hinges on sensing and monitoring internal and external environmental variables that generated the crises as well as mobilizing the resources and the means available to prevent or prepare for dealing with them. By the crisis management paradigm, the treatment of the crisis will be accurate, efficient, and effective. The goal of all this is to achieve the least possible damage to the Organization and the workers (Leo Hazelwood et al, 1977; Michael Brecherh, 1988; Simon Ashby, 2000; M. Aba-Bulgu, 2007; Debra R. Comer, 2010).

There are several advantages of the crisis management process; the most important are the following (Ian I. Mitroff et al, 1987; Richard Ned Lebow, 1987; Jack Gottschalk, 2002):

**(A) The simplification of procedures and the avoidance of complexity:** to get away from all that would complicate matters and create a kind of confusion, lack of understanding and clarity. The procedure by this context develops systems and enacts laws that facilitate the management process.

**(B) Coordination:** The coordination between crisis management and the other entire organizational and societal department is an important requirement in order to implement the decisions as well as to prevent contradictory measures and ensure that the business is being smoothly severe and harmonious, as well as the possibility of sharing resources.

**(C) Planning:** the crisis management by this meaning denotes a general framework in which the leaders will be able to manage their businesses surrounded by the crisis. This paradigm holds a scientific methodology making the leaders also capable for improvisation and randomness treatment in decision-making.

**(D) The continued presence:** dealing with the crisis requires the continual presence of the management team to exchange views and look at all which is new about the development of the crisis. It is also an opportunity to take appropriate and timely decisions and effective control of the current and future crisis environment.

**(E) The delegation of authority:** The delegation of authority is a basic condition during the crisis processing. It gives a capability to take decisive and appropriate decisions quickly without waiting for the person in charge. Thus, the power delegation reduces businesses wasting times and the occurrence of confusion.

Consequently, the effective management of crises is based on the following pillars: the diagnosis and the determination of the crisis causes, the identification of the crisis management, the reduction of the crisis negative spillovers, and the identification of the possible alternatives.

Good planning and crisis management contributes to the reduction of the occurrence of crises, in addition to the proper planning for crisis management works to remove the element of surprise when a crisis for reasons outside the scope of the organization.

### 3.2 Phases of Crisis Management:

As is the case of the crisis conception, the crisis management develops through a number of stages that can be summarized as follow (Louise K. Comfort, 2007; Donald P. Moynihan, 2008; Lusia Neti Harwati, 2013; Laddawan Kaewkitipong *et al*, 2016):

**(A) Stage of warning signals discovery:** or the discovery of the early danger signals of the crisis occurrence, because the crisis usually sends signals by a long duration before its burst. These symptoms strengthen the prediction of the possibility of the crisis happening.

**(B) Preparedness and prevention stage:** this stage takes the set of the required risk prevention methods in the discovery phase; prevention includes the discovery of strengths and weaknesses in order to show the crisis geography impact. The latter gives the organization the good and sufficient methods for the crises prevention.

**(C) Containment of the damage and the reduction phase:** Unfortunately, it is impossible to prevent the crisis from falling as long as the tendencies of destruction are a natural property of all living systems. By this sense, the third stage in crisis management process aims at preparing the means that limit the damage and prevent it from spreading to other parts (organization, society, individuals...)

**(D) The stage of the activity restoration:** this stage includes the preparation and implementation of short and long-term programs.

**(E) The stage of learning:** This stage is about education and re-evaluation to improve what has been achieved in the past. Education is vital but in some cases it is very painful, when it stirs painful memories from the crisis. This stage enables to draw lessons from the disaster or crisis and it depends on the availability of the human sense of sacrifice and the desire for change towards the best. In this context, the learning does not mean recriminations or blame on others and charging responsibility, or search for a scapegoat or false allegation.

**(F) Evaluation of the crisis:** After the demise of the crisis, it will be time for recognizing the extent of the society power in terms of its success and effectiveness coexistence in the face of the crisis. In addition to this, the evaluation indicates the extent of the institution affected and the reputation of the crisis outcome. To come up with a concrete evaluation, this process requires a number of actions, including: the internal public opinion, foundation survey, survey of the masses opinion.

### 4. Methods of Crisis Management:

Distinction can be made between traditional and non-traditional ways in the management of the crisis:

#### 4.1 Traditional Methods of Crisis Management (Alexander Kouzmin, 2008; Arjen Boin, 2008):

**(A) Denial of the crisis:** this method is used often under dictatorships and which refuses to recognize the existence of any defect in the administrative entity. It is also the practice of a media blackout on the crisis and the denial of their occurrence, and to show that the administration is able to defeat and destruct any kind of crisis.

**(B) Inhibition of the crisis:** this stage indicates the postponement of the crisis appearance; this means a kind of direct dealing with the crisis with a view to their destruction.

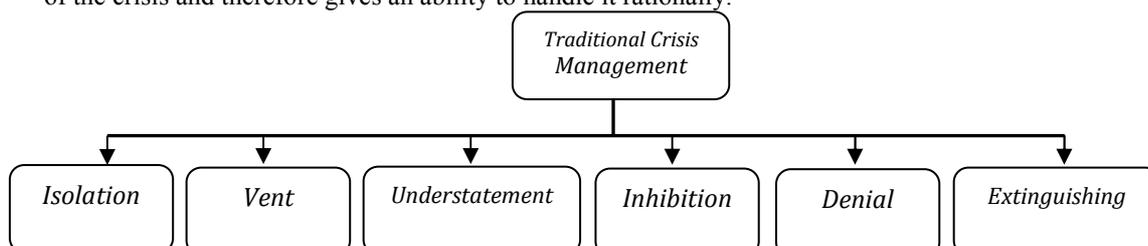
**(C) Extinguishing the crisis:** This stage is extremely a violent method based on the cruel clash with the forces of public power regardless of the feelings and human values.

**(D) An understatement of the crisis:** the underestimating of the crisis (of impact and results) paves the way for a good and strong feeling to confront the harsh effects of the crisis.

**(E) Vent the crisis:** called method vent of the volcano where the manager resorts to vent the pressure inside the volcano in an attempt to reduce the boiling rage and prevent the explosion.

**(F) Unloading the crisis:** According to this method, the stage aims to find the alternative and the multiple paths considered as solutions to crisis. The diversity of the solution reduces the severity and diminished the time span of the crisis occurring.

**(J) The isolation of the crisis forces:** the crisis manager monitors and determines the power crisis in order to isolate it from the course of the crisis. The objective of this process is to halt the spread of the negative spillovers of the crisis and therefore gives an ability to handle it rationally.



**Figure. 1:** Traditional methods of crisis management

**Source:** the researcher

#### 4.2. Non-Traditional Ways of The Crisis Management (Warren E. Walker, 1994; Denis Smith, 2000; Richard P. Nielsen, 2005; Lynn Perry Wooten, 2008; W. Timothy Coombs, 2015; Terra Hootz et al, 2016):

It is suitable to accommodate the ways of crises treatment with the evolution of the environment or the situation in which it occurs. This evolution creates a new package of methods known by the Non-traditional methods of crisis management. These methods are:

**(A) Teams Method:** it is one of the most commonly used methods at the moment where is a package of various experts and specialists in different disciplines. This diversity shows clearly the factors that are behind the emergence of the crisis. By exploiting rationality the ability and skills of all the members belonging to the team, it will be easy to circumvent the negative aspects and consequences (current of future) of the crisis.

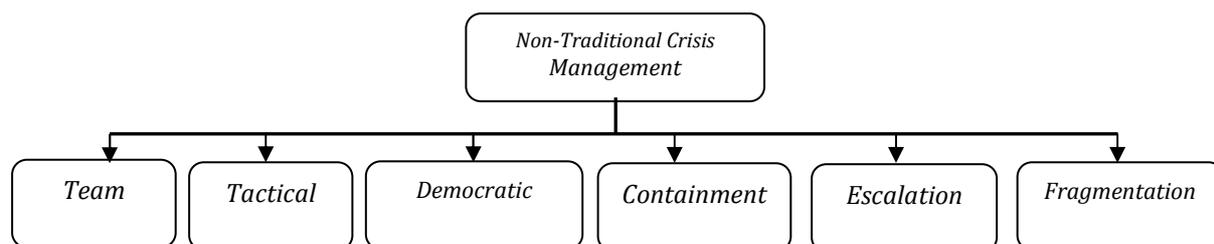
**(B) Tactical method:** this method is concerned by the technical procedures that enable the manager to reduce the crisis impacts. These technicalities touch fundamentally the operational processes of the organization (lack of liquidity, reduction of the market share, weakness of the technological level used...)

**(C) Democratic participation method:** it is based on the transparent conversations and dialogues which may resolve to some extent the crisis. It is also a good image of the interaction between the principal and subordinate to think about the benefits of the whole organization. It is by this sense similar to the brainstorming method.

**(D) Containment method:** this method aims at surrounding the crisis in a narrow and restricted space. As an example of this the labor crisis; this type adopts the dialogue and conversation as a path between the different parties of the crisis

**(E) Escalation method:** used when the crisis is not clear-cut, and the presence of compounded factors of the crisis. At this stage, the manager is obliged to treat the current situation of the crisis in order to reduce the pressure forces of it.

**(J) Fragmentation method:** It is the best method used as each crisis has its own identity. The tactic of this method is to demolish the identity of the crisis, and thus it will lose automatically its existence.



**Figure. 2:** Non-traditional methods of crisis management

**Source:** the researcher

#### Conclusion

Crisis is an enduring phenomenon of the human life. It is a state of disequilibrium or a deviation from the general plan considered as a tool or a strategy to achieve the targets during a period. Therefore, it remains to find out the appropriate measures to live rationally with the crisis by reducing its negative impacts or trying to break the causes that lead to its emergence. From this point, the crisis management is more than a discipline or a package of techniques. It is really an art because it teaches us how to take profit and advantage from a bad situation.

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