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## Communication in times of crisis as an element of building an efficient brand

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## COMMUNICATION IN TIMES OF CRISIS AS AN ELEMENT OF BUILDING AN EFFICIENT BRAND

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### Introduction

Crisis is a word which nowadays is used in all forms and contexts. The year 2008 was a prelude to what now and in the year 2011 concerns not only entrepreneurs, but also every average inhabitant of the globe. Even though the crisis, the world has found itself in, concerns mainly the economic aspects. Hardly anyone talks about its other implications such as problems in the sphere of image. Despite differing definitions, economy and image are not that far apart, as especially in case of crises both notions are closely intertwined. It is hard not to notice that in a situation where economic perturbations take place in a company, it becomes very easy to transfer such problems to the area of activities associated with image. Figures, which naturally don't lie, show us the direction, which later is taken over by messages targeted both at the interior of the organization and the external environment. This way a general crisis of a company deepens, and its situation becomes definitely uncomfortable. In such case not only the issue of economic stabilization but also the way it is presented becomes a problem. Incorrectly managed process of managing a crisis situation may contribute first of all to irreversible changes in the sphere of image or even its bankruptcy, which may in turn lead to financial losses. For this reason it is essential to prepare appropriate documentation, which can help efficiently communicate in times of crisis or avert a crisis before it actually takes place. This is the subject of this article, which is supposed to show whether Polish companies are prepared for an image crisis and how it is possible to cope with it. The article refers mainly to the results of the research carried out by a team under the guidance of the author of this article and the president of Alter Media Communications, Adam Łaszyn.

Crisis can be defined as any situation which results in deterioration of the current image of an organization. According to Seeger, Sellnow and Ulmer crisis is a „specific, unexpected and unusual event or a series of events which cause a high level of uncertainty and threat or feeling of threat for the most important goals of an organization. Thus, we can assume that such an event has to be unexpected, cause uncertainty and be regarded as a threat for the aims of an organization<sup>1</sup>.

There are three main kinds of approach to crisis situations. The first one assumes that it is worth taking actions which can contribute to eliminating crisis risks and to counteracting crises. In this case,

*1 R. R. Ulmer, T. L. Sellnow & M. W. Seeger (2006). Effective crisis communication: Moving from crisis to opportunity, [in:] D. Tworzydło, M. Różycka, Podstawy public relations i marketingu gminy, miasta, regionu, Instytut Europejski, Warszawa 2010.*

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preparing to potential crisis situations becomes natural. Obviously, the opponents of this approach are very critical of costs that have to be borne in association with the process of preparing documents and the involvement of human resources. At the other end of the spectrum there are those who claim that preparation serves as prevention. That's why preparing to a potential crisis situation, we can save assets as the elimination of threats means saving resources, which we would certainly need to use, if the crisis took place. Preparation involves skillful work on documents and brainstorming, which give us a view of the situation, a list of potential threats as well as a set of procedures for action. In crisis the reaction has to be immediate, thus, better-prepared procedures and scenarios help eliminate panic and help cope with the crisis situation when it takes place. According to the second approach in case a crisis appears, it is necessary to take fast actions in order to avert escalation. The third approach involves the necessity to look for positive aspects of a crisis, as a well-solved problem may strengthen an organization and teach it to cope with similar problems and eliminate them before they even appear.<sup>2</sup>

Many researches and analyses concerning crises have been carried out. One of the latest research projects is the work prepared by a team from the PR department of the University of Information Technology and Management (WSliZ) in Rzeszów, under the guidance of the author of this article and the Alert Media Communications agency from Warsaw. Analyses carried out in 2010 prove that over a half of companies functioning in Poland admit that they have experienced a crisis, but despite that most of them have no communication plans for crisis situations. Many entrepreneurs are convinced that they don't need a plan of communication for the time of crisis, because they can cope with any crisis, as soon as it comes up. They seem to be unaware of the fact that at that moment it may be too late to react in any way. Every fifth surveyed company doesn't see a need to prepare for the process of communicating in crisis. Perhaps, this stems from the confidence in strength of own image. Thus, the managers don't believe that even a serious crisis could harm them. However, in a crisis situation company management is mainly about managing communication. Often it is more important than fighting the crisis as such. That's why it is advisable to know how to do that professionally and efficiently. For this reason it is necessary to be prepared to manage a crisis situation, because the image of a company to a large extent depends on the reaction to the crisis.<sup>3</sup>

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*2 Ibidem.*

*3 D. Tworzydło, A. Łaszyn, (editorship, team leadership and authorship of the research projects) Zarządzanie sytuacją kryzysową w polskich przedsiębiorstwach. Raport z badań, WSliZ, Alert Media Communications, Rzeszów-Warszawa 2010. A pioneering research project concerning the preparation to and managing crisis situations in Polish companies, conducted in 2006. The research was carried out again in 2010 (however, with regard to actions and activities of companies taken in 2009) and concerned not only the issues investigated in the first edition, but also included new elements – the issue of preparing for crisis situations in the times of economic slowdown and the significance of new media as potential sources of crises. 194 out of a research sample of 500 biggest Polish companies from the ranking of Rzeczpospolita daily participated in the research concerning the emergence of crisis situations. In the group of 500 companies all were subject to research, however, most of them displayed a very low level of communicativeness, which involved lack of any willingness to communicate with the researchers, inability to communicate with anyone from a company (very often it was impossible to reach anyone under telephone numbers provided on a company's website), unwillingness to give answers to questions asked by pollsters, lack of knowledge concerning the subject or even blocking contact with departments responsible for external communication by employees on the level of specialist or office manager.*

As has already been mentioned, over a half of respondents admit their companies experienced crisis situations in the past. This is very close to the percentage estimated in a research carried out three years earlier. It should be interpreted as the respondent's conviction concerning such situation and not as a fact. This may as well mean that the respondent doesn't know his company well enough. Situations in which respondents don't regard symptoms of image crisis as an actual crisis are numerous. As practice shows, such situations happen to everyone.<sup>4</sup>

The first edition of research showed that entrepreneurs were convinced that the main crisis-inducing factors for Polish companies are external factors. Repeated research showed changes in this issue – the most often mentioned causes of crises in companies were problems with product and service quality, public accusations against a company and problems with business partners. The results of the research from 2010 may suggest that in the process of analyzing the causes of crises affecting Polish companies internal factors are becoming ever more important, which may be associated with the difficulties companies have to face as a result of the economic slowdown. Moreover, Polish entrepreneurs now are more likely to notice that the risk of crisis can be posed by: human factor and quality of provided services and manufactured goods. Thus, the research shows that Polish companies are becoming similar in terms of their observations to American companies, where internal factors have for a long time been regarded as major causes of crises. It is also necessary to remark here that the external environment of companies still poses many risks; along with such often mentioned disadvantageous factors as public accusations or unreliability of business partners, more and more often aggressive actions of the competition are mentioned. This may also be caused by the economic slowdown and the associated deterioration of conditions for running business.<sup>5</sup>

What may be regarded as disconcerting is the fact that similarly as in the first edition of the research – almost every fifth surveyed company has no guidelines for acting in crisis situations associated with emergencies, accidents or disasters. Over a quarter of the surveyed don't have a prepared action plan for a situation associated with detrimental messages from the media. These results allow us to conclude that a major group of Polish entrepreneurs still don't understand the significance and possible consequences of negative messages from the media for their companies.<sup>6</sup>

The results of the part of research concerning the reasons why companies have no plans for managing communication in crisis situations may also be regarded as unsettling. Many companies are inclined to deal with crises ad hoc. Such approach is most likely associated with the false conviction that reality is so complicated and unpredictable that it is impossible to foresee all scenarios in crisis guidelines. Every fifth entrepreneur explained the lack of preparation for crises with the conviction that his company's image is so strong that nothing can threaten it. Every eighth respondent didn't even want to consider preparing crisis guidelines, every tenth pointed to lack of funding to such purposes. What is even more unsettling is the fact that up to 8% (this is twice as much as in the previous survey) of respondents think that it is

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<sup>4</sup> *Ibidem.*

<sup>5</sup> *Ibidem.*

<sup>6</sup> *Ibidem.*

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possible to avoid a crisis thanks to a strategy of blocking the flow of information to the media. In the second edition of the research another, very important issue is taken into consideration. This problem – the economic crisis - has been in the centre of attention of entrepreneurs from all around the world for a few years. Over a half of surveyed Polish entrepreneurs concluded that a period of economic slowdown is not a good time for working out action plans for crisis situations. Only every third surveyed concluded that difficult economic situation encourages companies to prepare for crisis situations. Only a small group understand that an investment in working out crisis guidelines – especially in hard times, when it is much easier to encounter a crisis – is worth the effort, because it can protect the company against more serious losses.<sup>7</sup>

A basic factor contributing to the emergence of a crisis is, according to the surveyed entrepreneurs, the activity of the media, including untrue information published in the media and public accusations against a company. The achieved result was comparable in both editions of the research. In the second edition the research was expanded to cover risks posed by the new media – growing significance of message boards and blogs. Three quarters of the surveyed entrepreneurs admitted that their company has been subject to criticism on a message board or a blog. However, at the same time every fourth respondent concludes that these platforms of communication are not a potential source of crisis in his company. If there are negative comments about a company on the Internet, entrepreneurs usually react by publishing an official declaration on a forum or blog. What's intriguing is that none of the respondents has confirmed that his company posts positive comments on message boards in reaction to negative comments – at the same time there have been many reports in the press claiming that some Polish companies resort to such practices.<sup>8</sup>

The presented results are just an element of the whole research process, which was carried out twice, however, this process clearly shows the areas where entrepreneurs have to make more effort, in order to appropriately react in a crisis situation and above all avert the emergence of such situations. Adequate and thought-out reactions to crisis situations and preparing for them may efficiently contribute to building the position of the company's brand on the market.

### **Results of the research<sup>9</sup>**

Over a half of respondents (55.7%) admitted that their companies experienced a crisis situation. This is a similar percentage as in the research carried out in 2007 (59.7%). The remaining respondents (44.3%) hadn't noticed signs of crisis in their companies.

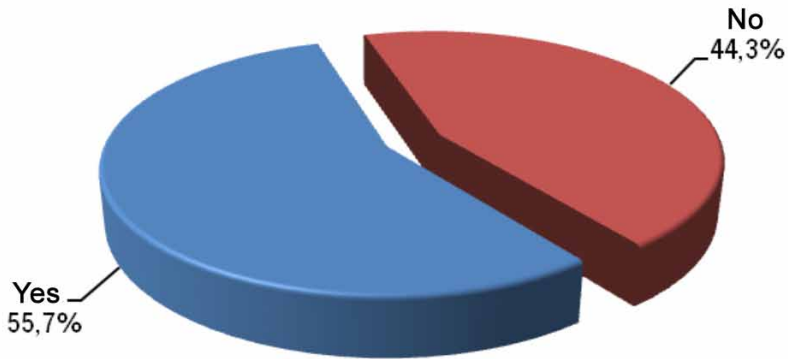
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<sup>7</sup> *Ibidem.*

<sup>8</sup> *Ibidem.*

<sup>9</sup> *Material from the cited research.*

Has your company ever experienced a crisis situation?



Source: Own materials prepared on the basis of research results.

### Internal factor for emergence of a crisis situation

In the research the most common causes of crises encountered by companies were analyzed. It is possible to distinguish between external and internal factors.

Almost every fourth respondent (23.2%) concluded that an internal cause of a crisis situation may be inadequate quality of products or services offered by a company. Accidents at the workplace (22.7%), employee disputes (22.2%), financial problems (19.1%), faults or crimes of regular employees (18%) were mentioned by the respondents as further important sources of problems. According to the respondents a less common cause of crisis were disasters and breakdowns (caused by internal reasons) as well as lack of management, incompetence of the management, failure to react to a growing problem.

Table 1. Detailed division of internal factors inducing crises is presented in the following table.

	%
Problem with quality of products/services	23,2
Accidents at the workplace	22,7
Employee disputes	22,2
Financial problems	19,1
Faults or crimes of regular employees	18
Disasters and breakdowns caused by internal factors	14,4
Lack of management, incompetence of the management or failure to react to a growing problem	14,4
Problems stemming from flawed internal communication	10,3
Crimes or abuses of the management	9,3

In comparison – according to the respondents two years earlier (in 2007) among the most common internal factors inducing crisis situations there were disasters and breakdowns (for internal reasons),

which were responsible for crisis situations in every third surveyed company. Further, there were accidents at work as well as faults and crimes of regular employees (24.2% and 21.8%, respectively). The respondents of the previous survey often pointed to internal disputes as a factor inducing crises, which led to a crisis situation in a quarter of the surveyed companies. In case of 16.4% of the remaining companies the cause of crisis situation were problems with the quality of products, ahead of financial problems (14%), problems stemming from flawed communication (14%) as well as crimes and abuses of the management. The last factor was the cause of a crisis situation in 7.8% of the surveyed companies.

### External factors leading to emergence of a crisis situation

Among external causes of crises in companies the respondents most often pointed to those which are directly associated with the activity of the media (52.1%): spreading of false information about the company by the media (28.4%), as well as public accusations against the company, eg. breaching the law, the rules of ethics and business standards (23.7%). The situation was similar in 2007. In the current research the respondents concluded that disadvantageous decisions of authorities may also have a negative impact on the situation in the company (22.2%), however, in comparison to the results of the research from 2007 the percentage of respondents thinking this way dropped by 7 percentage points. According to the respondents, other important external factors inducing crises are also: problems caused by business partners (20.1%), disasters and breakdowns caused by external factors (18.6%), unethical or aggressive actions of the competition (16%) as well as conflicts with non-governmental institutions and other interest groups (eg. protest committees – 13.9%). Other factors are presented in the following table.

**Table 2. Division of external factors causing crises.**

	%
Untrue information presented in the media	<b>28,4</b>
Public accusations against a company (eg. breaching the law, the rules of ethics or business standards)	<b>23,7</b>
Disadvantageous decisions of authorities (administrative, regulatory or supervision authorities)	<b>22,2</b>
Problems caused by business partners, suppliers, contractors and dealers)	<b>20,1</b>
Disasters and breakdowns caused by external factors	<b>18,6</b>
Unethical or aggressive actions of the competition	<b>16</b>
Conflicts with non-governmental institutions or other interest groups (eg. protest committees)	<b>13,9</b>
Inappropriate use of products/services by clients/consumers	<b>11,9</b>
Crime (eg. robberies, blackmailing, terrorism)	<b>3,1</b>

### Operation and/or communication plan in companies

A vast majority of the surveyed companies (81.1%) has guidelines for reacting to crisis situations associated with breakdowns, accidents or disasters at the workplace (the so-called operation plan). Fewer companies (71.9%) have at their disposal a plan of action for a communication crisis involving, among

others, media messages harmful from the point of view of the company's interests (the so-called communication plan). The research shows that Polish entrepreneurs are more afraid of crisis situations associated with unexpected events at the workplace, than of the threats resulting from communication (from the media or the public opinion), which may weaken the image of the company both outside and among its employees. It is for this reason that more entrepreneurs participating in the research decided to work out an operation plan rather than a communication plan. However, the percentage of companies which declare they have crisis communication plans is high and stable. In an analogous research conducted in 2007 almost three quarters (73%) of the surveyed companies declared that they had a communication plan for counteracting harmful messages from the media or the public opinion and almost 80% claimed they had an operation plan.

### **Economic crisis and communication plan**

The respondents also answered the question, whether the economic crisis favours work on guidelines for acting in crisis situations. Over a half of entrepreneurs (59.8%) taking part in the survey concluded that a period of economic slowdown doesn't induce their companies to prepare plans for counteracting crisis situations. Every third surveyed entrepreneur had a contrary opinion (32,9%) and concluded that difficult economic situation encourages companies to prepare for crisis situations. It can be presumed that this group of respondents assumed that companies should tackle emerging crisis situations rapidly and effectively, especially in a period of weaker economic development, when it is easier to encounter a crisis. Those entrepreneurs probably followed the conviction that investing in a communication plan for the eventuality of a crisis will be beneficial, because it may protect their companies against the weakening of their image and the resulting serious financial losses.

### **The structure of a communication plan**

Respondents were asked about the most important elements constituting the guidelines for managing crisis situations, which their companies have. The basic elements contained by most instructions for managing crisis situations (95.6%) are: base of contact data of the company's employees and the structure of flow of information. About 80% of action plans for crisis situations that the surveyed companies have at their disposal, contain a database of contact data of the media and various scenarios of potential crisis situations. Almost two thirds of entrepreneurs participating in the survey (61,2%), who have ready crisis guidelines, are able to contact external experts right away and refer to their authority. A half of the surveyed entrepreneurs (52.9%) have in their crisis management guidelines a document with a prepared list of questions and answers. At the same time less than a half (42.8%) have exemplary declarations, that is, prepared models of messages directed to the media and the public opinion in case of the emergence of crisis situations.



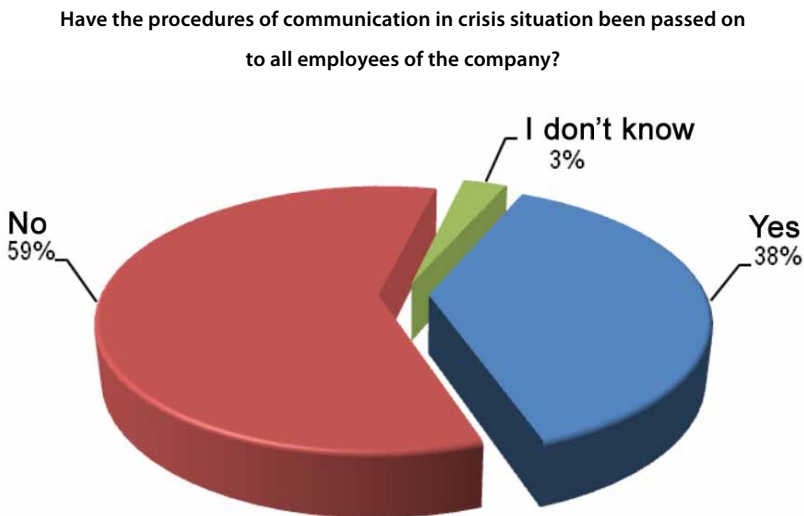
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## Updating communication plans

The research shows that those entrepreneurs who decide to invest in a crisis management plan, make sure that the plan is regularly updated. Almost 70% of entrepreneurs update their guidelines at least once a year, over a quarter of the surveyed companies update their guidelines once in two years. Less than 5% of respondents update their communication plans for the eventuality of crisis situations every three or more years.

## Awareness of the crisis management plans in companies

Just a little over a third of entrepreneurs (38%) passed the procedures of acting in crisis situations on to all of their employees. Perhaps, in some companies the guidelines for acting in case of crisis in communication are treated as a confidential document, which cannot be viewed by regular employees. It is also likely that some entrepreneurs want to limit the number of employees responsible for communication only to the management, in case of a crisis situation.



*Source: Own materials prepared on the basis of the survey results*

## Why is there no communication plan?

26% of the surveyed companies don't have any communication management plan for the eventuality of a crisis situation. These respondents were asked about the reasons why their companies hadn't decided to prepare such plans. 42% of the respondents pointed to the possibility of solving crises ad hoc. The percentage of respondents giving this answer increased compared to the previous research by 4 percentage points. This kind of approach is most likely associated with the conviction that reality is often complicated that it is impossible to predict all possible scenarios and contain them in crisis guidelines. Every fifth entrepreneur explained the failure to prepare a communication plan with the faith in the strength

of the company's image. The strength of this conviction increased compared to 2007, when half as many respondents answered this way. 16% of the respondents didn't even use to take into consideration the possibility of preparing crisis instructions. Every tenth respondent pointed to the lack of funding for the purpose; eventually, 8% think that such a plan is not necessary as their company can cope with any communication crisis very well by means of blocking the flow of information to the media. The last answer is a symptom not only of disrespect for good relations between the company and the media, but also of great ignorance of the media market in Poland. This group of entrepreneurs expressed a conviction, which has no reflection in reality, that it is possible to tackle a crisis without the need to explain anything to the public opinion by means of the press, radio, television or the Internet. It is also important here to draw attention to other reasons for lack of communication plans mentioned by the respondents. One of them is mainly the lack of understanding of the management for such activities, which may be particularly dangerous for those companies in case they actually have to face a crisis situation.

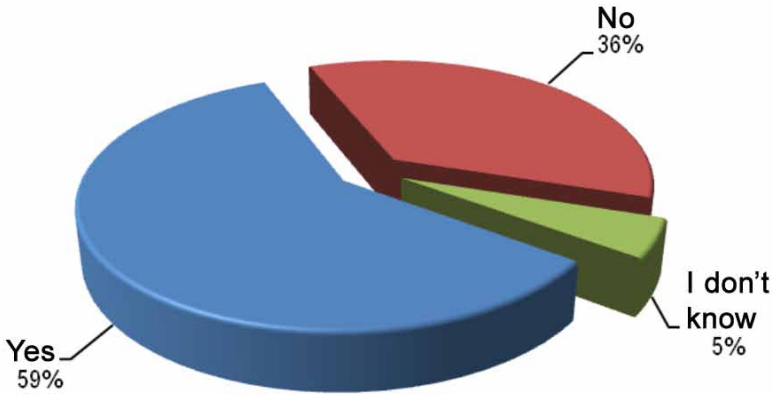
**Table 3. Reasons for which companies don't have communication plans for the eventuality of a crisis situation.**

	%
The conviction that any crisis can be solved as soon as it appears	<b>42</b>
The conviction that the image of a company is very strong and that it is resistant even to the most serious crises	<b>20</b>
Lack of awareness of actual existence of such plans	<b>16</b>
Lack of funding for the purpose	<b>10</b>
No plan is necessary, as the strategy of blocking the flow of information to the media is adopted	<b>8</b>
Others (mainly: lack of understanding of the management)	<b>28</b>

### **Crisis management teams in companies**

Three fifths (60%) of the surveyed companies declare that they have a crisis management team with designated members. However, every third company in Poland (36%) doesn't have a crisis management team, which means an 8-percent growth compared to the survey conducted in 2007. Every third company (36%) doesn't have such a team and every 20th entrepreneur (5%) doesn't know whether his company has a crisis management team.

Does the company have a crisis management team with designated members?



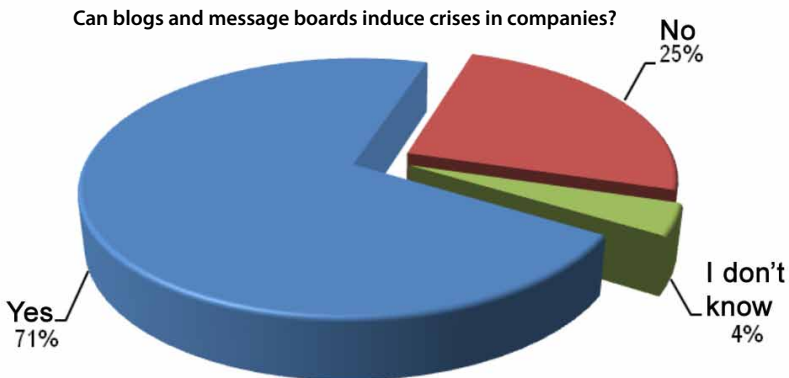
Source: Own materials prepared on the basis of the survey results

### Trainings in crisis communication

Almost a half of surveyed companies hold trainings in the area of crisis communication for members of the management, crisis management team and spokespeople. However, at the same time a high percentage – up to 40% of the surveyed companies – don't organize any trainings in crisis communication. Every 8th respondent (12%) doesn't know whether his company organizes such trainings. This means the situation deteriorated compared to the previous research, when 36% of the surveyed companies didn't use to organize any trainings in crisis communication and trainings were organized by 54% of companies.

### Internet message boards and blogs as sources of crises

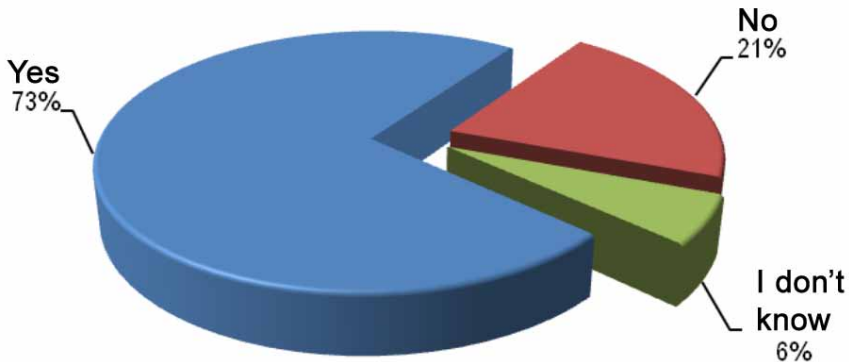
Almost three quarters (71%) of the respondents think that message boards and blogs may be a source of crisis. Every fourth company (25%) doesn't notice this kind of threat.



Source: Own materials prepared on the basis of the survey results

Almost three quarters (73%) of the surveyed companies declared that they had come under fire on a message board or an Internet blog. Every fifth company (21%) declared it hadn't been subject to this kind of criticism.

**Has the company ever been subject to criticism on a message board or a blog?**



*Source: Own materials prepared on the basis of the survey results*

Companies which come under fire on a forum or a blog, react to crises induced this way in various manners. Almost a half (46%) of the surveyed companies affected by this problem published an official statement on an Internet message board in reaction to negative comments. 7% of companies asked the moderator of the forum or the author of the blog to remove the negative post concerning the company. Slightly more than 4% sent the company's declaration to the author of the Internet blog. Over 13% reacted in a different way – eg. organized a meeting of employees concerning this matter, published a statement in the press, started legal action against the authors of posts or blogs, started corresponding with the author. None of the surveyed companies declared that it reacted to negative comments by posting anonymous positive comments on a particular blog or message board.

**Table 4. Companies' ways of reacting to negative comments on message boards and blogs**

	%
The publication of company statement on a message board	<b>46,1</b>
Others (meeting of employees, statement in the press, legal action against the authors, corresponding with the author)	<b>13,5</b>
Asking the moderator of a forum to remove a negative comment about the company	<b>7,1</b>
Sending a company statement to the author of a blog	<b>4,3</b>
Anonymous posting of positive comments on a particular message board	<b>0</b>

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## Conclusion

The presented research results can be used as a route marker by Polish companies, which are now affected not only by the global economic crisis, but also in many cases the unwillingness or inability to take actions which may contribute to protecting the company against painful effects of undesirable situations. Basing actions on guidelines that can be derived from these surveys certainly cannot eliminate crises, but can contribute to reducing their severity.

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