CRISIS MANAGEMENT

By YANINEE SONGKAJORN, Ph.D.

Yaninee_IMM@yahoo.ca

Yaninee Songkajorn, Ph.D.

Current Work Responsibilities:

- **Chulalongkorn University, Faculty of Engineering**

- **Chulalongkorn University, Technopreneurship and Innovation Management Program**

- **AIDF Program, United Nations (UN), Technology and Innovation Management**

- **The Association of Southeast Asian Nations (ASEAN), Technology – Innovation Consultant**

- **The facilitator of WS Partner (Japan – Singapore)**

Expert Areas:
International Technology Management
Technological Policies and Investment
Innovation Management and International Policies
International Innovative – Innovation Business System
Medical Innovation Device Development Process

AGENDA

- **CRISIS MANAGEMENT (INTRODUCTION)**

- **TYPES OF CRISIS**

- **CRISIS MANAGEMENT MODELS & THEORIES ASSOCIATED**

- **ROLE OF LEADERS IN CRISIS MANAGEMENT**

- **CRISIS MANAGEMENT TEAM**

- **CRISIS COMMUNICATION**

- **CRISIS FORECASTING PROCESS**

- **CASE STUDIES: Christchurch Mosque Shootings, New Zealand (2019) and Greater Los Angeles wildfires, USA (2025)**

- **CRISIS MANAGEMENT ASSIGNMENT**

CRISIS MANAGEMENT (INTRODUCTION)

Crisis - Definitions

"The crisis situation is a **THREATENING PHENOMENON, surprising because non-planned**"... A crisis is a situation which created an **ABRUPT CHANGE** on one or more variable(s) key(s) of the system.

Hermann (1972)

A **TRIGGERING EVENT**, which is so significant that it challenges the existing structure, routine operations or survival of the organization. High threat, **SHORT DECISION TIME** and an element of surprise and urgency.

Faulkner (2001)

There is a crisis when a system is confronted with an event, generally **unexpected**, of which the consequences are going to develop in time with a **DYNAMIC** which can be very fast, producing **significant risks which exceed the preexisting resources in terms of procedures of actions and actors.**

Rogalski (2019)

* What should you do when a crisis hits?

What is the difference between Crisis Management (Emergency Management) and Risk Management?

What is Crisis Management?
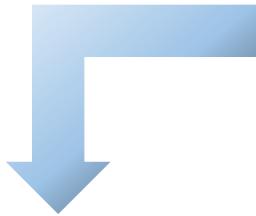
- The overall coordination of an organization's **response** to a crisis, **in an effective, timely manner**, with the goal of avoiding or minimizing damage to the organization's profitability, reputation, or **ability to operate.**

- Crisis management involves **identifying a crisis, planning a response** to the crisis and **confronting** and **resolving** the crisis.

- What is a current crisis?
- What are the crises in the world right now?

7

NEW PARADIGM FOR CRISIS MANAGEMENT
(The Major Theories)

Sub-Theories

The Major Theories of Crisis Management

1. CRISIS MANAGEMENT IN <u>PROCESS AND PRACTICAL</u> WHICH ARE RELATED IN A SITUATION-BASED MANAGEMENT SYSTEM

Theory of Sociology Societal Level

2. CRISIS MANAGEMENT IN ORGANIZATION DEVELOPMENT

Enterprise Life-Cycle & Cultural Dimensions Theory Organizational Level

3. CRISIS MANAGEMENT WHICH IS RELATED IN TECHNOLOGY AND INNOVATION METHODS AND TOOLS

Theory of Technology Management

The Black Swan Events

Rare and unexpected events with severe consequences with the potential to cause a change in a formerly held belief or system of beliefs.

Such as: COVID-19: The Pandemic That Changed Everything (2020)

* Black swan events are extremely rare and unpredictable, going outside of normal expectations.

Crisis Innovation

A crisis can act as a catalyst for innovation, forcing organizations to adapt and develop new solutions in response to unforeseen challenges. This "crisis innovation" is characterized by a heightened sense of urgency, a shared focus on a common goal, and a willingness to embrace experimentation and new approaches.

Crisis Management Objectives

Crisis management has five objectives:

- Prevention

- Reducing tension during the incident (Survival)

- Demonstrating corporate commitment and expertise

- Controlling the flow and accuracy of information

- Managing effectively and successful outcome

Methods used to respond to both the reality and perception of crises.

Establishing metrics (<u>measurement</u>) to define what scenarios constitute a crisis and should consequently trigger the necessary response mechanisms.

Communication that occurs within the response phase of emergency management scenarios.

11

Which Domains are Speak About Crisis Management?

Domains:

- **Politic**
- **Organization Management**
- **Tourism**
- **Health (Emergency plan, Epidemiology)**
- **Military (Bioterrorism, Epidemiology)**
- **Maritime domain**
- **Civilian security**
- **Aviation**
- **Networks (material, energy, information)**
- **Technological Organizations**
- **Finance**
- **Etc.**
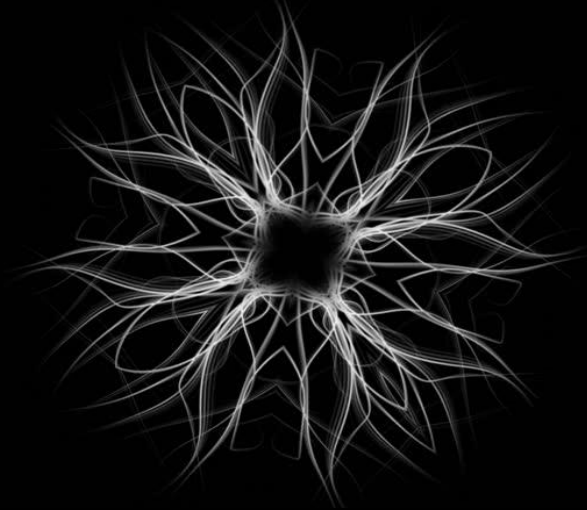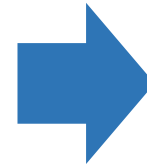
Multidisciplinary Fields

- Management / Organizations theories
- Sociology
- Psychology and decision science

Common features of a crisis:

1) The situation materialises unexpectedly
2) Decisions are required urgently
3) Time is short
4) Specific threats are identified
5) Urgent demands for information are received
6) There is sense of loss of control
7) Pressures build over time
8) Routine business become increasingly difficult
9) Demands are made to identify someone to blame
10) Outsiders take an unaccustomed interest
11) Reputation suffers
12) Communications are increasingly difficult to manage

TYPES OF CRISIS

PERIODICAL OF CRISIS (screening):
• Immediate crisis – often of the natural disaster or major emergency type (earthquakes, etc.).
• Emerging crisis – can be anticipated and minimized at early stages.
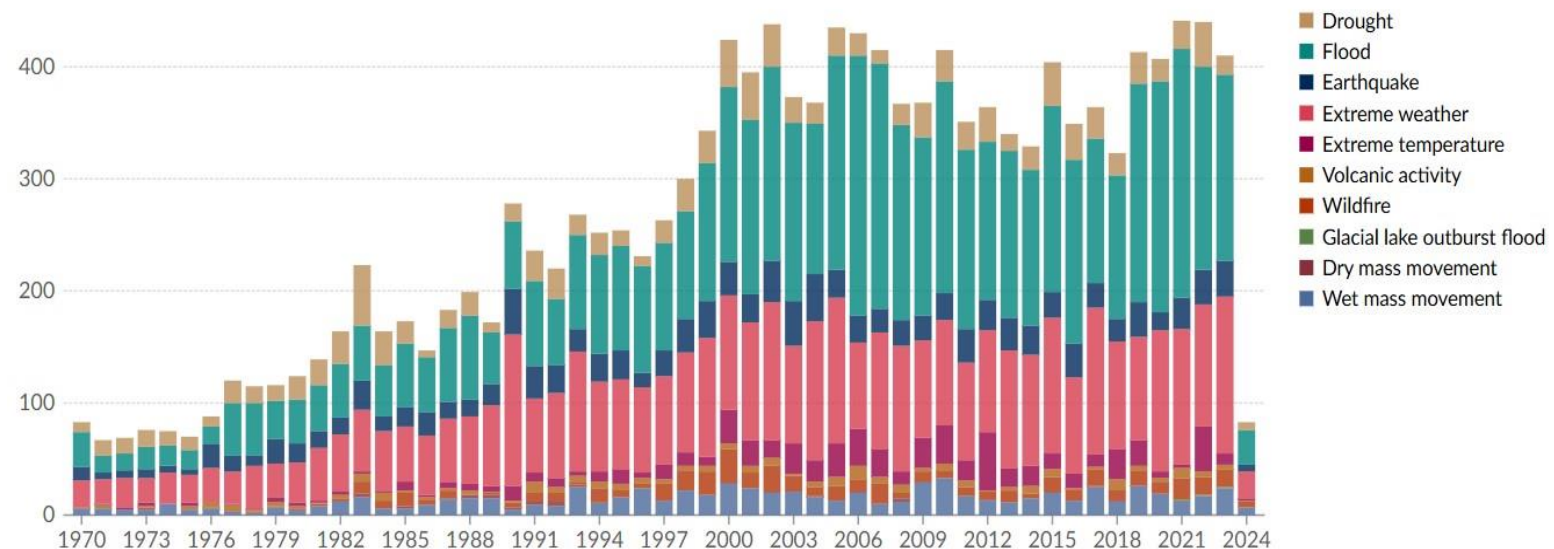• Sustained crisis – involves situations that may linger for years

Types of Crisis

1 **Natural Crisis**

Natural crises, typically natural disasters, are such environmental phenomena as:

- **Earthquakes,**
- **Volcanic eruptions, Wildfires,**
- **Tornadoes, Storms and hurricanes,**
- **Floods,**
- **Landslides,**
- **Tsunamis,**
- **Droughts that threaten life, property, and the environment itself.**

Number of natural disaster events worldwide from 1970 to 2024

Legend:
- Drought
- Flood
- Earthquake
- Extreme weather
- Extreme temperature
- Volcanic activity
- Wildfire
- Glacial lake outburst flood
- Dry mass movement
- Wet mass movement

Data source: EM-DAT, CRED / UCLouvain (2025)

M 7.1 - 2025 Southern Tibetan Plateau Earthquake

January 2025 Southern California wildfires

Source : BBC News

Source : FOX Weather News

What kind of crisis is there?

Types of Crisis

Technological crises are caused by human application of science and technology.

Technological accidents inevitably occur when technology becomes complex and coupled and something goes wrong in the system. (Technological breakdowns).

2 **Technological Crisis and Disruptive Technology Crisis**

- Radiation accidents (Radioactive leak)
- Uncontrolled of technological systems

Some technological crises occur when human error causes disruptions (Human breakdowns).

When an accident creates significant environmental damage, the crisis is categorized as *mega damage*.

Samples include software failures and industrial accidents.

17

Disruptive Technological Crisis

A Disruptive Technology is a new technology introducing a different performance package from the mainstream technology and exhibiting inferior performance on the dimension of performance that are the most important to mainstream users. (Such as cryptocurrency, A Japan-based cryptocurrency exchange will refund to customers about $530 million stolen by hackers)

A technology disruption occurs when, despite its inferior performance on focal attributes, the new technology displaces in the mainstream areas.

Disruptive Technological Crisis
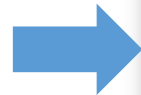
ILLEGAL USE:
Recent Examples

Payment for
Illegal Activities

Money
Laundering

Terrorist
Financing

UN CTED
Counter-Terrorism Committee
Executive Directorate

Copyrights© Dr. Yaninee S.

18

Do cryptocurrencies cause climate change?

Thus, Bitcoin is responsible for the highest amount of energy consumption and another study that focused on the possible future environmental impacts of Bitcoin estimated that Bitcoin alone has the potential to contribute towards global warming and increase the temperature of the Earth by two degrees by its carbon dioxide emissions.

Domino Effect

Types of Crisis

3 **Confrontation Crisis** (Political, Government Dominated, Business, and Country/International Matters)

Confrontation crisis occur when discontented individuals and/or groups fight businesses, government, and various interest groups **to win acceptance of their demands and expectations.**

The common type of confrontation crisis is boycotts, **and other types are** picketing, sit-ins, ultimatums **to those in authority, blockade or occupation of buildings, and** resisting **or** disobeying police and policy.

- **A boycott** is an act of voluntarily abstaining from using, buying, or dealing with a person, organization, or country as an expression of protest, usually for social or political reasons.

- Sometimes, it can be a form of consumer activism.

Types of Crisis

4 **Crisis of Malevolence**   **(Examples: #StandForAsians)**

An organization faces a crisis of malevolence when opponents or miscreant individuals use criminal means or **other extreme tactics for the purpose of expressing hostility or anger toward, or seeking gain from, a company, country, or economic system, perhaps with the** aim of destabilizing or destroying it.

Sample crisis include product tampering, kidnapping, malicious rumors, terrorism, and espionage (data stolen).

5 **Workplace Violence**

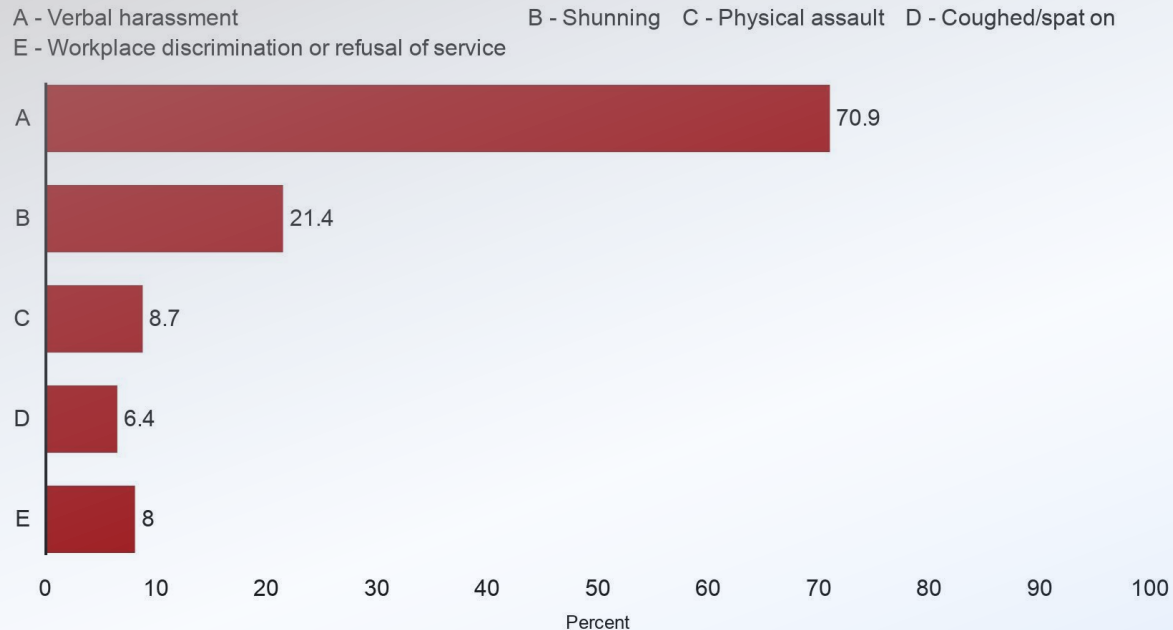**Crises occur when an employee or former employee commits violence against other employees on organizational grounds.**

Covid 'hate crimes' against Asian Americans on rise, May 2021

From March to May 2020 alone, over 800 Covid-related hate incidents were reported from 34 counties in the state, according to a report released by the Asian Pacific Policy Planning Council.

What kinds of discrimination have been reported?
Percentage of 2,808 reported incidents from March-December 2020

A - Verbal harassment   B - Shunning   C - Physical assault   D - Coughed/spat on
E - Workplace discrimination or refusal of service

Category	Percent
A	70.9
B	21.4
C	8.7
D	6.4
E	8

Percent

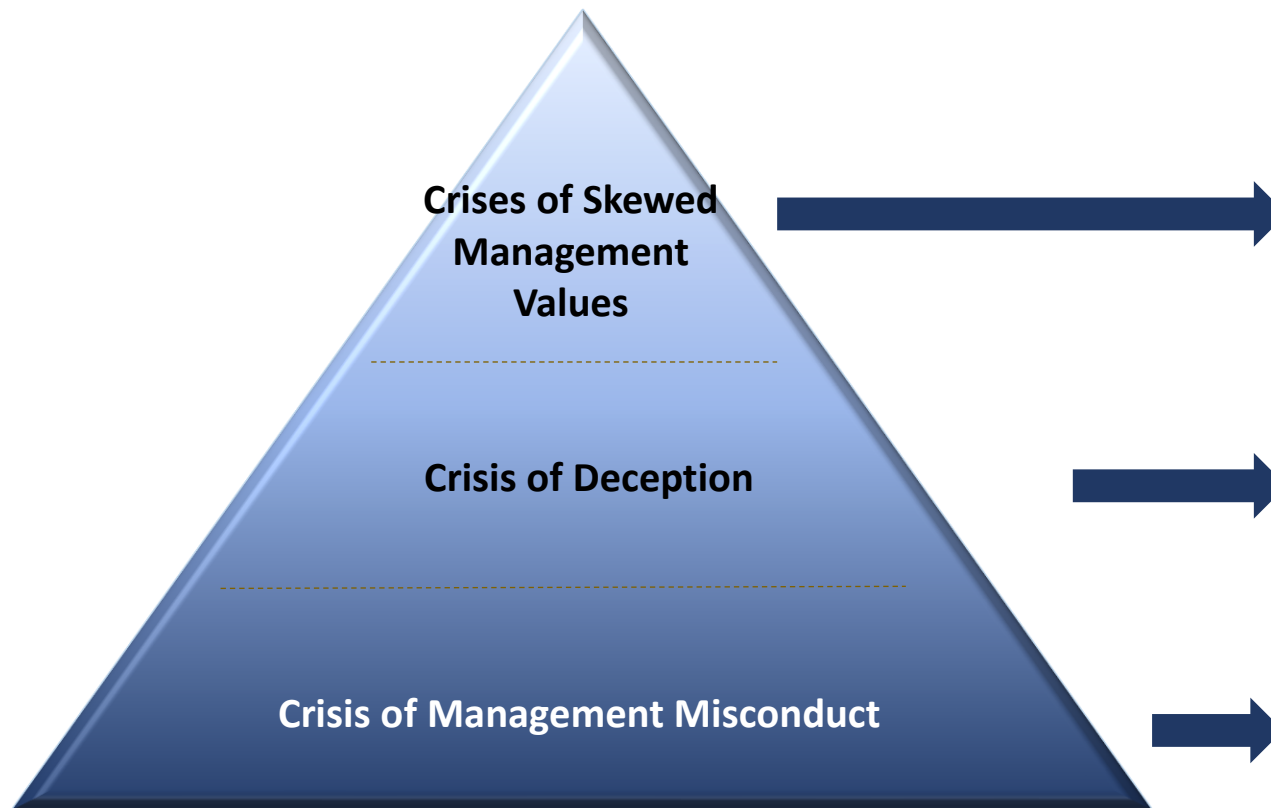Source: Stop AAPI Hate Reporting Center

BBC

US President Joe Biden has signed a law that aims to address a rising number of anti-Asian attacks.

May 20th, 2021

Types of Crisis

6 **Crisis of Organizational Misdeeds (misbehaviors)**

Crisis occur when management takes actions it knows will harm or place stakeholders at **risk for harm without adequate precautions.** <u>Lerbinger specified three different types of crises of organizational misdeeds:</u>

Crises of Skewed Management Values

Crisis of Deception

Crisis of Management Misconduct

1. Crises of skewed management values are caused when managers favor **short-term economic gain** and neglect broader social values and stakeholders other than investors. **(Such as speculate stock)**

2. Crisis of deception occurs when management conceals or misrepresents information about itself and its products in its dealing with consumers and others. **(The organization or company didn't tell the truth or fact)**

3. Some crises are caused not only by skewed values and deception but **deliberate amorality and illegality.**

Crisis of Organizational Misdeeds and Deception Case

Organizational Misdeeds: An organizational misdeed occurs when a business engages in bad or misleading practices. For example, selling customer data to third-parties without disclosing that practice may trigger a crisis if the practice is discovered.

MONEYWATCH

Consumer group says Mastercard is selling cardholders' data without their knowledge

September 2023（CBS News）

Types of Crisis

7   **Crisis of Deception**

Organizations face crisis of deception when management purposely tampers data and information. Management makes fake promises and wrong commitments to the customers. Communicating wrong information about the organization and products lead to crisis of deception.

8   **Financial Crisis (International Business Field)**

Bank run, hostile takeover, government-forced merger, sovereign defaults, stock crash, bubbles, currency crisis.

9   **Medical Crisis (World Health Organization: WHO)**

Mass hysteria, flu, outbreak, H1N1, H5N1, Ebola, SARS, Covid-19
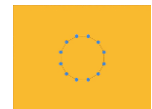
Economic Contraction

Global Economic Crisis

Estimated impact of Ukraine crisis on global economic growth

% change in gross domestic product from no conflict baseline

Legend: 2022, 2023, 2024

Categories: Russia, Eurozone, UK, US, World

X-axis: -1.2, -1.0, -0.8, -0.6, -0.4, -0.2, 0
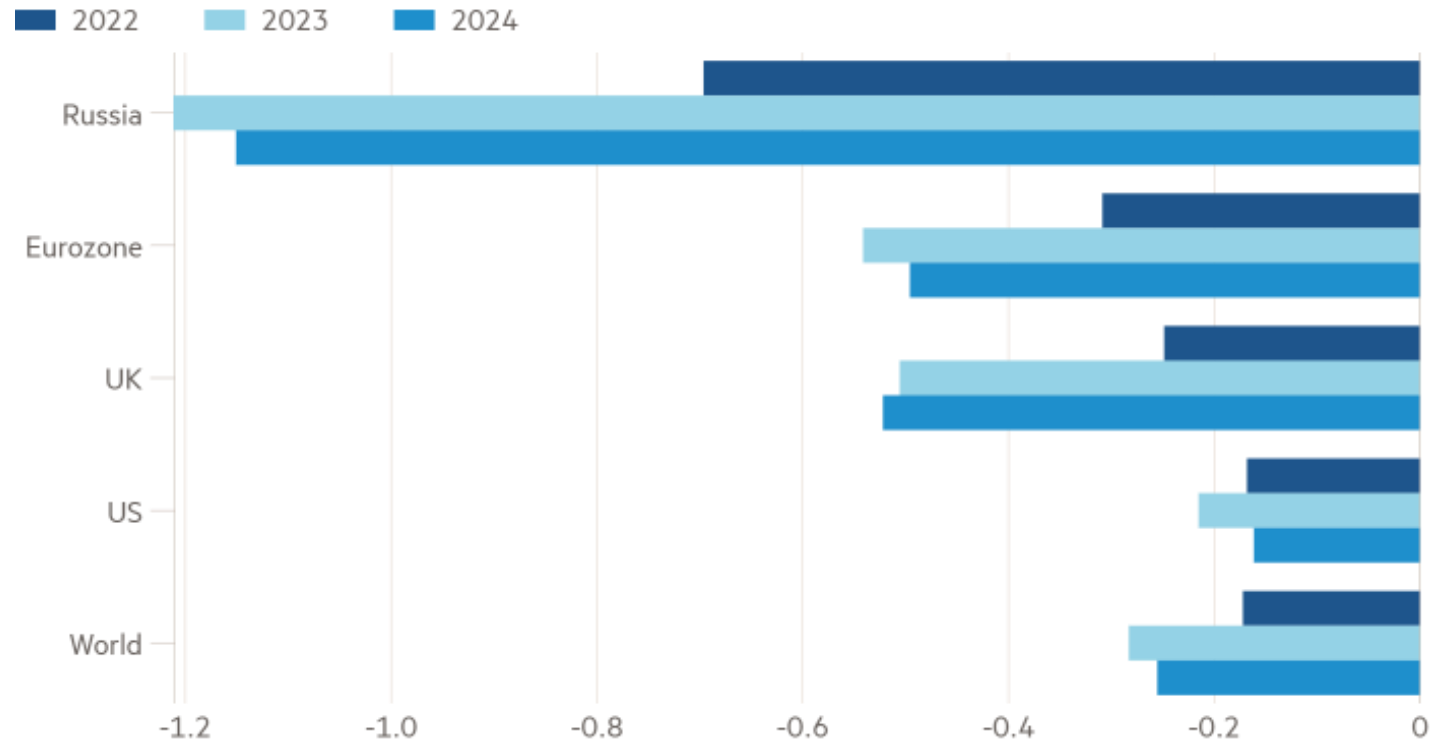
Source: Oxford Economics
© FT

CRISIS MANAGEMENT MODEL & THEORIES ASSOCIATED

Theories Associated with Crisis Management

Crisis management strategy (CMS) is corporate development strategy designed primarily to prevent crisis for follow-up company/organizational advancement. Thus, **CMS is synthesis of strategic management.**

It includes projection of the future based on ongoing monitoring of internal and external environment/factors, as well as selection and implementation of crisis prevention strategy and operating management.

This is including current status control based on ongoing monitoring of the internal and external environment, as well as crisis-coping strategy selection and implementation.

Theories Associated with Crisis Management (Elements)

Applying Theory to Practice
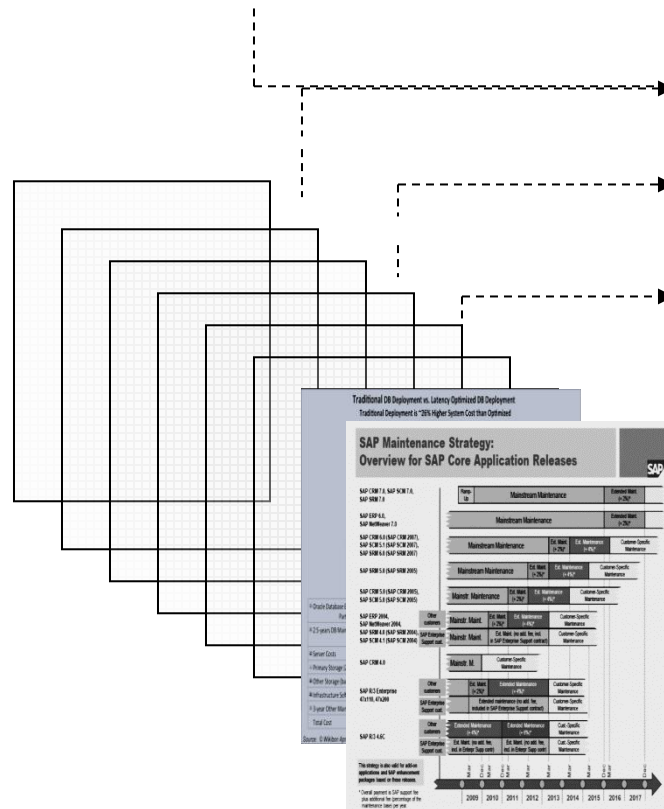
Crisis Management Strategy
Crisis Management Model
Crisis Management Planning

Contingency Planning
Business Continuity Planning
Structural-Functional Systems Theory

Diffusion of Innovation Theory

Apologia theory

Crisis Leadership

Social Media in Crisis Management

"Signal Detection is a first line of defence in Crisis Management"
(Paraskevas & Altiney)

CRISIS SIGNAL DETECTION MODEL

Signal Source

SIGNAL SCANNING

- Technical / Human
- Internal / External

SIGNAL CAPTURE

- Case Definition
- Pattern Recognition
- Detector Sensitivity
- Signal Specificity
- True / False
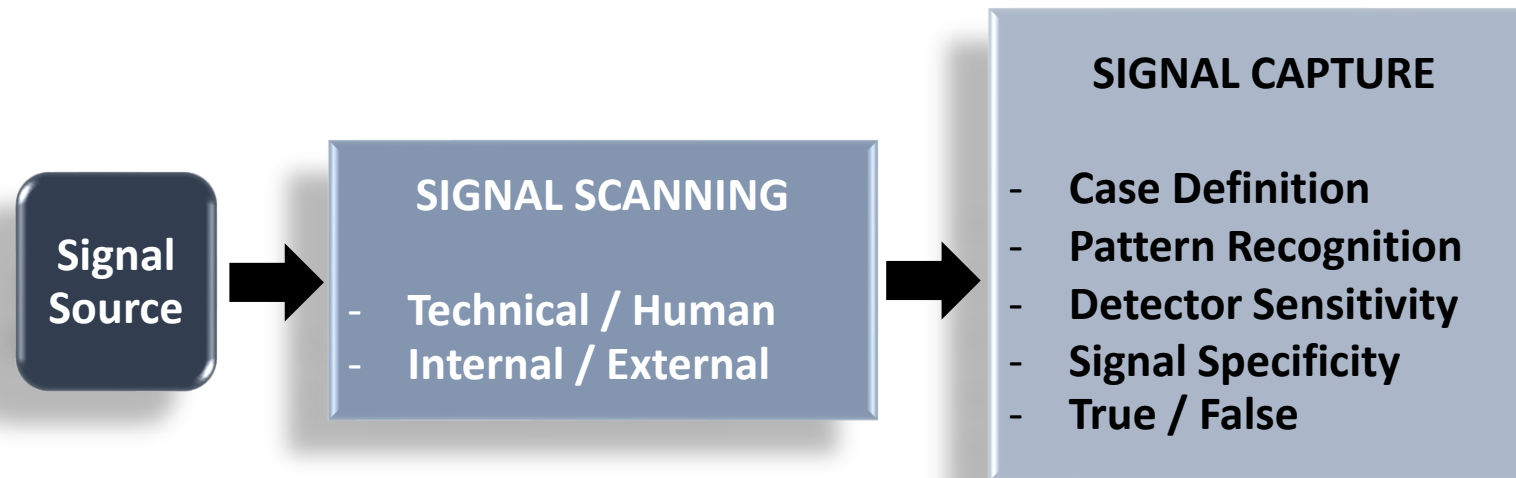
Crisis Management Model

Requires an understanding how to handle a crisis before it occurs. **The plan must be flexible enough to confront** all potential hazards and minimize potential crisis or if it becomes a crisis, prevent it from consuming your company/organization's reputation and resources.

Crisis Management Model Consists of 4 Components

Prevention and Mitigation (Pre-Crisis action)	Preparedness (Crisis Preparedness)	Response (Crisis Preventing and Crisis Event Management)	Recovery (Post-Crisis action)
■ Steps taken to prevent or reduce the effects of a crisis.	■ Steps taken prior to crisis to ensure an effective respond	■ Steps taken in response to crisis (Choose appropriate turnaround strategies	■ Steps taken to recover from a crisis

Signal Detection

Pre-Crisis Action and Preparations:

Signal Detection

Prevention and Mitigation (Pre-Crisis action)

Steps taken to prevent or reduce the effects of a crisis.
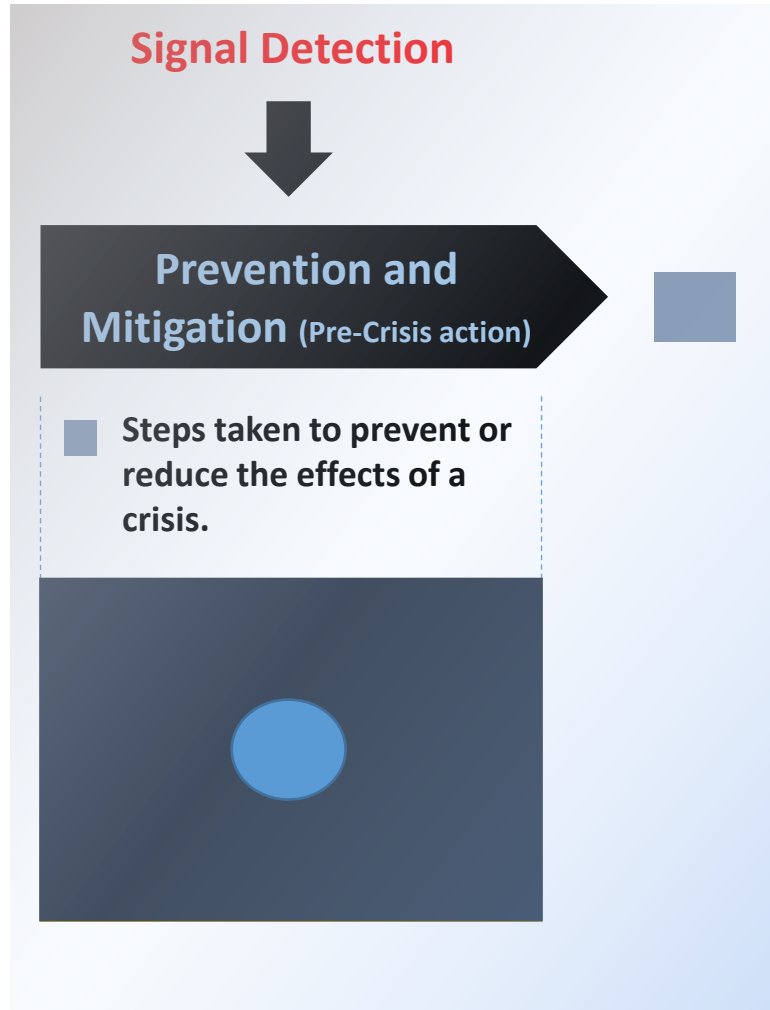
- Crisis is no time to find yourself on a learning curve. **Community measures and Emergency procedures are essential.**

- **Planning requires** that crisis can occur at any time.

- **Pre-crisis actions costs are often** (but not always) **a tiny fraction of the losses** that are typically incurred by crisis for which there has been inadequate preparation.

Preparedness at Commission level:

Preparedness
(Crisis Preparedness)

Steps taken prior to crisis to ensure an effective respond
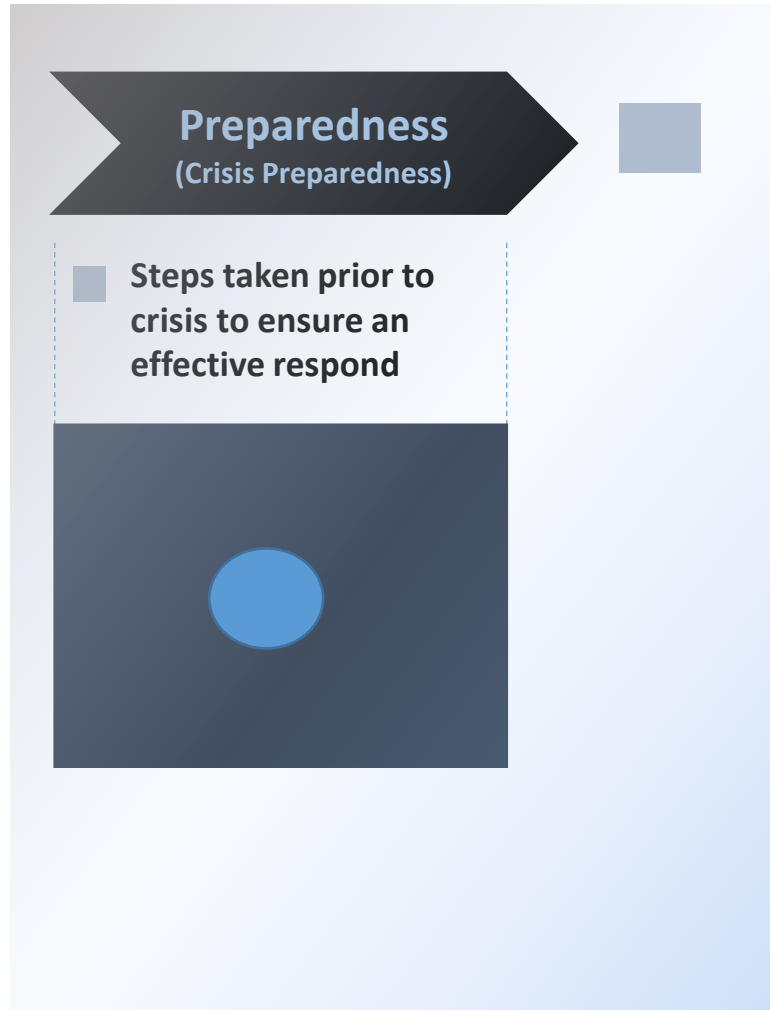
- **Identification of issues, Emergency procedures, Assess risks and Produce plan** (Determine if and how to modify or terminate the crisis.)

- Staff awareness and Define roles and responsibilities

- Network of experts for urgent meeting/advice

- Standard Commission Decisions (safeguard clauses) ready in all official languages

- Plan offers info and guidance to help decision makers deal with long-term effects of decisions

- Draw up communication plan

RISK CATEGORIZATION (Assess risks)

High Impact

Hazard Severity

High

Amber Zone

Red Zone

— Red Zone

— Gray Zone

— Amber Zone

— Green Zone

Low

Low Probability

Hazard Likelihood

High Probability

Hazard Likelihood

Key features of a Crisis

(Check Lists)

Green Zone

Gray Zone

Low Impact

Hazard Severity

Response:

Response
(Crisis Preventing and Crisis Event Management)

Steps taken in response to crisis (Choose appropriate turnaround strategies

- Speculation develop (strategies and tools) in the absence of hard facts. (Choosing appropriate Turnaround Strategy and Implementation Process)

- Speed and efficiency in response to crisis.

- Corporate management comes under intense scrutiny from internal and external groups (Networks).

- Offer accurate information or it will backfire.

36

Recovery (Post-Crisis Action):

Recovery
(Post-Crisis action)

Steps taken to recover from a crisis

- To manage reputation. There are opportunities in a crisis to build positive perceptions of the company or product that last beyond the crisis period.

- Company communication/ culture. The company/organization embarks on a long-term programme to tackle management issues and communication problems that exacerbated the crisis.

- Monitor and Evaluate the management of the crisis (control of results)

- Update Emergency Procedures

ROLE OF LEADERS IN CRISIS MANAGEMENT

38

Problems and Challenges in Crisis Decision-Making

Personal Responsibility	Self Awareness	Sustained Motivation

(Creative Quotient)

(Adversity Quotient)
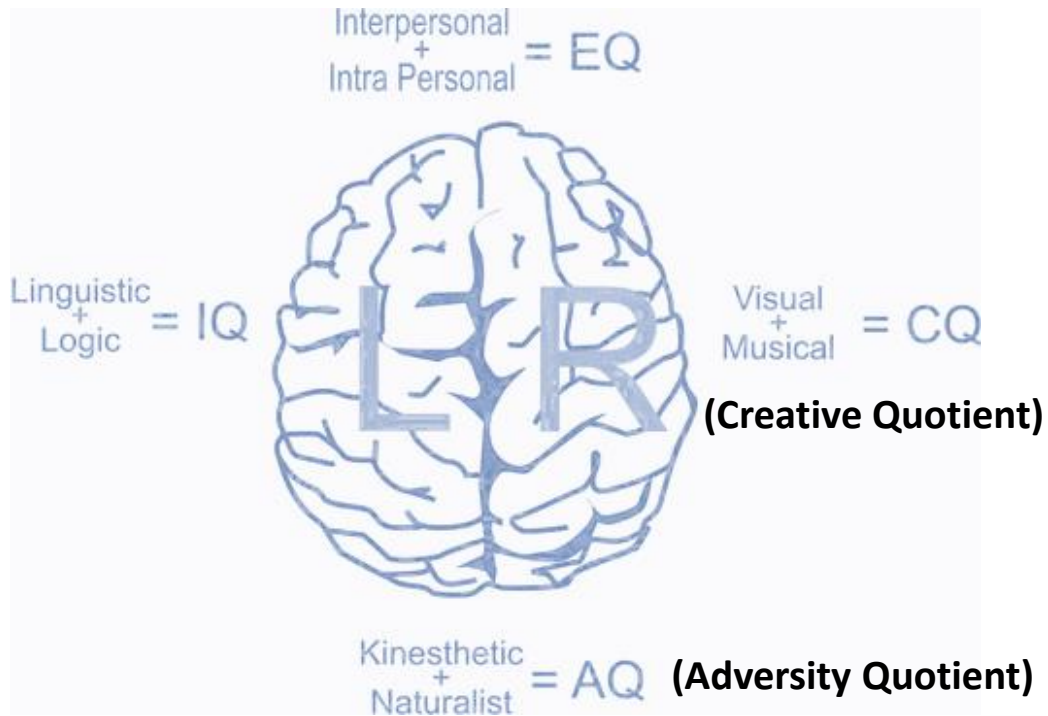
LEADERS IN CRISIS MANAGEMENT
SHOULD NOT

- **Surprise and hesitation.** The shock of a crisis can create a delay in response that allows your critics and the media to fill the gap with negative comment and speculation.

- **Pressure and stress** must be channelled by the discipline of a crisis strategy.

- **Mistaking information** distribution for communication.

- **Treating key audiences as "opponents".**

ROLE OF LEADERS IN CRISIS MANAGEMENT

Organizing Crisis Management Tools

Understanding relationships and stress in crisis teams

Practical management of crisis

Decisioning support tools to support the crisis management

Managing the differing roles of the team

Conducting the critical issues of decision making and timeliness

Creating a cohesive and motivated team

40

CRISIS MANAGEMENT TEAM

Crisis Management Team (CMT)

Key Roles (Team Members) and Typical Team Composition

Key Roles	Typical Team Composition
• **Executive responsibility & authority** • **Team leader** (may be CEO or project manager) keep team updated and focused • **Spokesperson** – public relations, central source of information, communications, rumor control • **Legal representative** – legal guidance & implications of actions • **Researchers** – gather facts & compile information for position statements	• Crisis leader • Facility management • Legal department • Risk management • Information technology • Human resources • Financial services • Corporate security • Public relations / communications

CRISIS COMMUNICATION

Crisis Communication

Good communication is the heart of any crisis management plan. **Communication should reduce tension, demonstrate** a corporate commitment to correct the problem and take control of the information flow. Crisis communications involves communicating with a variety of constitutes: the media, employees, neighbours, investors, regulators and lawmakers.

Core elements are (Active, two-way communication):

- **Identifying audiences (Who? Related with demographic)**

- **How communication is to take place (How?)**

- **What messages are to be communicated (What?)**
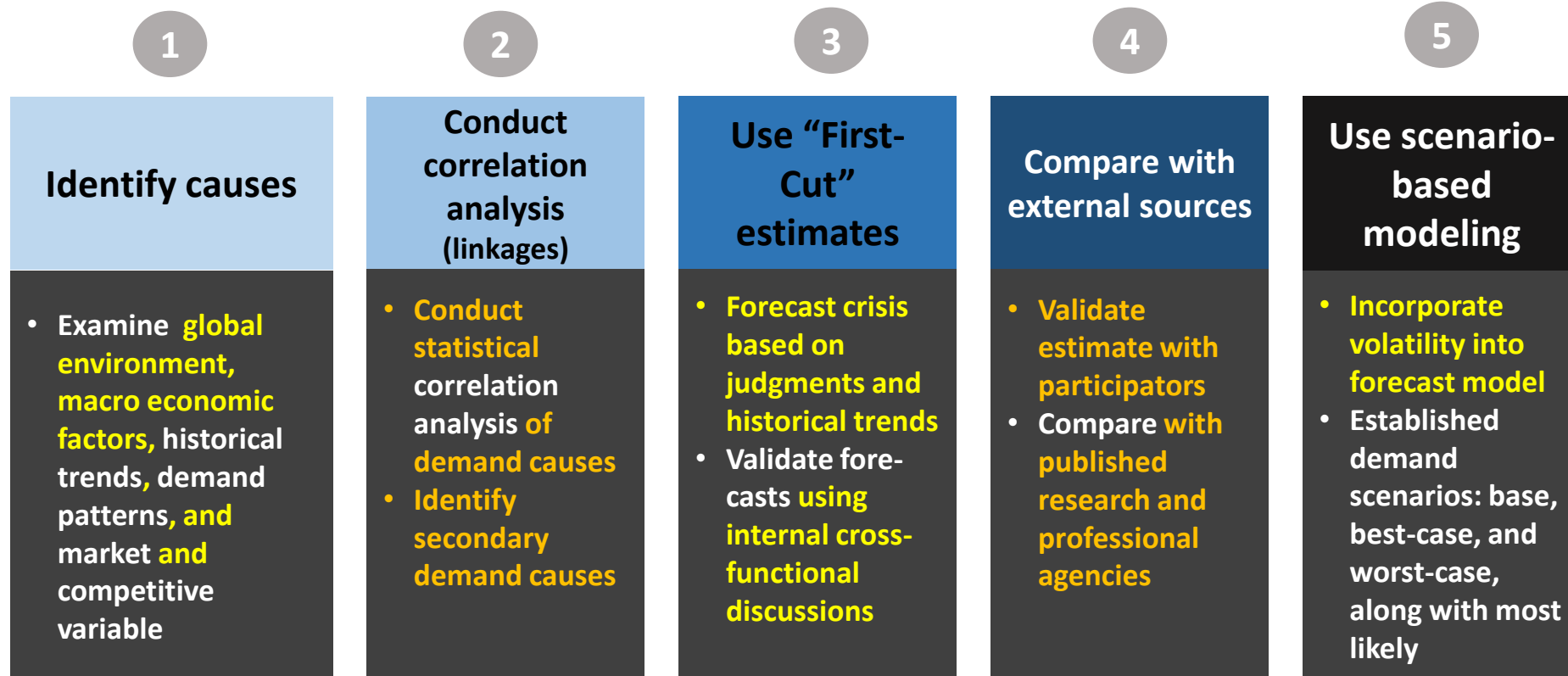
Crisis Communication (How to handle)

Tips for Handling Media in a Crisis

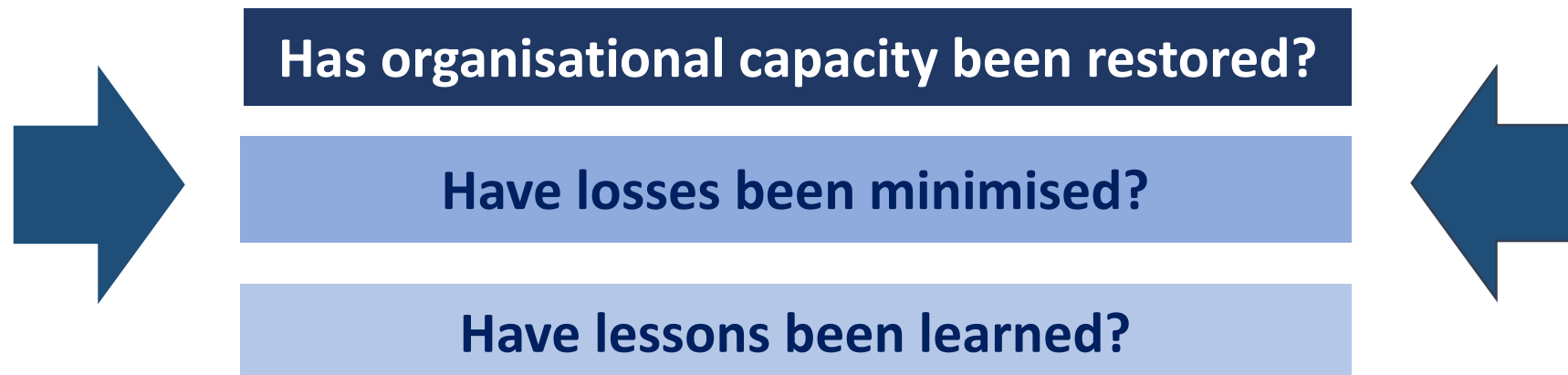| Do	Do Not
• Prepare for announcements / interviews • Develop key messages and facts about the issue and steps taken so far • Anticipate questions. Have answers and keep them short • Respect deadlines • Provide written information • Be positive but show empathy for those affected by the crisis • Correct misinformation • Make yourself accessible	• Speculate about circumstances or facts. Tell a reporter what you know and commit to disclosing more as you learn the facts • Repeat loaded words like "crisis" or "devastating" • Make "off the record" statement. Anything you say can be used by media • Use jargon • Say "no comment" to something you are not sure about. Tell what you know • Lose your temper • Try to stop a journalist from writing a story

CRISIS FORECASTING PROCESS

CRISIS FORECASTING PROCESS

1

Identify causes

- Examine **global environment, macro economic factors,** historical trends, demand patterns, **and** market **and** competitive variable

2

Conduct correlation analysis (linkages)

- **Conduct statistical** correlation analysis **of demand causes**
- **Identify secondary demand causes**

3

Use "First-Cut" estimates

- **Forecast crisis based on judgments and historical trends**
- Validate fore-casts **using internal cross-functional discussions**

4

Compare with external sources

- **Validate estimate with participators**
- Compare **with published research and professional agencies**

5

Use scenario-based modeling

- **Incorporate volatility into forecast model**
- Established demand scenarios: base, best-case, and worst-case, along with most likely

47

Crisis Management (MEASUREMENT ELEMENTS)

Three criteria of success: GOOD ENOUGH?

Has organisational capacity been restored?

Have losses been minimised?

Have lessons been learned?

Despite a solid crisis management process, there will be problems because we cannot predict all crisis events and protect against them. Be prepared to deal with a crisis event and take action immediately – identifying and assessing issues and options and obtaining expert advice as needed.

48

CASE STUDY: (CRISIS MANAGEMENT)
Christchurch Mosque Shootings, New Zealand
(March 15th, 2019)

Jacinda Arden, 40th Prime Minister of New Zealand
(26 October 2017 – 25 January 2023)

More Than a Dozen Victims in Critical Condition After New Zealand Shootings

1

Fifty people were killed in shootings at two mosques in Christchurch, New Zealand. Officials said a 28-year-old man had been charged with murder.

The terrorist attack appeared to have been carried out by a white nationalist who posted a racist manifesto online and streamed live video of the killings on Facebook.

2

A 28-year-old man from Australia was charged with murder and appeared in a Christchurch courtroom.

The New Zealand police said he would face additional charges and were considering charging him under the country's Terrorism Suppression Act.

- ## Crisis of Malevolence

50

Jacinda Ardern Consoles Families After New Zealand Shooting

3

Prime Minister Jacinda Ardern of New Zealand met with representatives of the Muslim community in Christchurch.

After visiting victims and their families Saturday afternoon, Prime Minister Jacinda Ardern said many of the people who died in the attacks were the breadwinners in their families, and that **the government would help those who had been left without income.**

4

Ms. Ardern promised that New Zealand's "gun laws will change" and that her cabinet would discuss options for how, though she did not offer specifics.

The issue could be a divisive one in a country where an extraordinary number of people own weapons, with few restrictions.

Reactions: World leaders

Prime Minister Ardern called the incident an **"act of extreme and unprecedented violence"** on "one of New Zealand's darkest days".

- She **described** it as a well-planned terrorist attack.
- She said she would render the person accused of the attacks **"nameless"** and urged the public to speak the victims' names instead.
- While other politicians and world leaders also condemned the attacks, **with some attributing them to rising Islamophobia.**
- She announced: **"Our gun laws will change"**.

"We need to address the societal well-being of our nation, not just the economic well-being."

Jacinda Ardern
Prime Minister of New Zealand

Conduct Correlation Analysis

- **Reducing tension during the incident**
- **Defining national responsibility**
- **Communication plan**
- **Solution plan and operation**
- **An effective crisis management model and benefits Law & Order activities**

6

Sympathy
Love
Integrity

CASE STUDY: (CRISIS MANAGEMENT)
Greater Los Angeles wildfires
(January 7th, 2025)

California, United States (January 2025)

Questions for the root causes finding:

Q1: **What are the <u>primary factors contributing</u> to the increased frequency and intensity of wildfires in California recently?**

Questions for the root causes finding:

Q2: **What are the <u>different phases</u> of a wildfire, and what are the challenges associated with each one?**

Questions for the root causes finding:

Q3: **Once a wildfire starts, what <u>key factors determine</u> how quickly and in which direction it spreads?**

Questions for the root causes finding:

Q4: **Given the projected increase in wildfire frequency, what <u>long-term</u> environmental consequences does it foresee for California's landscapes and natural resources?**

Questions for the root causes finding:

Q5: **What are some of <u>the most effective</u> modern technologies and <u>strategies</u> being used to <u>predict</u> and <u>control</u> wildfire spread?**

CRISIS MANAGEMENT ASSIGNMENT