

Chapter 5

Corporate Reputation Management in Times of Crisis

Özgür Kökalan

Istanbul Sabahattin Zaim University, Turkey

ABSTRACT

It has become more difficult for companies to be successful and to sustain their success in today's competitive global world. It is necessary that the crises organizations are faced with must be managed well to prevent the loss of the reputation of the organization. Corporate reputation is one of the most important elements that differentiate organizations from each other. How the products and services of the companies are perceived by the target audience is closely related to the corporate reputation management of companies. Managing reputation becomes twice as important during crises management processes. One of the most important tasks belongs to public relations departments of companies. Conveying corporate reputation to the target audience in an efficient way requires public relations works. This also requires sustainability of the relevant activities and measures to enable the company to survive.

INTRODUCTION

Since the mid-20th century, an irreversible transformation has begun to take place in world history. Particularly, the World War II, which caused great destruction in the world, made a major change in the course of world history. On the one hand, certain dynamics were included in the economic area by transnational institutions such as the IMF and WB, which started to institutionalize as of the post-war period; and on the other hand, the extreme borrowing rates created by the multinational corporations and caused by the oil crises, led to an inevitable change in the structure of the modern society.

Therefore, it is possible to claim that the basic concept that defined the whole world after the 1970s is “*crisis*”. We are witnessing that such issues as the welfare state, the nation-state system, the family, the crisis of the local and national economies are frequently being articulated both in the social sciences literature and in everyday life. It is a well-known fact that the concept of crisis, which we encounter mostly in economic terms, actually refers to a wider scope than we think or know. For this reason, since the 1990s, crisis management has started to attract more and more attention worldwide. Crisis man-

DOI: 10.4018/978-1-5225-3619-2.ch005

agement approaches that have come to the forefront in order to overcome crises in national economics in macro context and crises in organizational structures in micro context have begun to enter into the field of interest and proficiency of managers and academicians. In this respect, it may be claimed that the phenomenon that makes the concept of crisis, which emerges in organizational structures, become meaningful is “risk”. In order to carry out an effective crisis management, managers need to be cautious in the face of possible risks. In today’s world, where rapid change and uncertainty are felt in every area, managers in organizational structures must be equipped with risk and crisis management skills, because organizations face many threats in economic, social and cultural areas under ever-changing conditions; and they must be able to manage these negativities effectively, and even turn the crisis into an opportunity.

CRISIS MANAGEMENT IN ORGANIZATIONS

As in many fields of social sciences, it is very difficult to present a common definition for the concept of crisis in management literature. There are basically two main reasons for such an outlook in the management science literature. The first of them is related to the historical course of the crisis concept. When all historical processes, from past to present, are taken into account, we are faced with numerous and various crises. On the other hand, the second and more important reason we confront is the variety that the concept of crisis carries within itself. There are different reasons, processes and consequences for the emerging crises in many areas on global, local, economic, cultural, political and organizational basis. For this reason, defining this social/economic formation which has a great diversity brings with it a lot of difficulties.

However, it is also possible to claim that there are some wide-held conceptualizations despite all the diversity when we look at the concept of crisis in terms of management science literature in a more micro context. Fink (2000), who made a great contribution to the subject of crisis management, is actually referring to a “pre-crisis” period when describing the concept of crisis. He argues that being on the lookout for risks is the real crisis management, stating that majority of the crises give various warnings before they start. The best way to manage a crisis is to calculate when and under what conditions it will come about. However, when we look at the definitions made about crisis management, we face a different situation. Many people who define the concept of crisis management define the crisis status as an unforeseeable and unpredictable process, which is the basic criterion for an emerging change to be accepted as a crisis (Akat et al., 2004; Can, 1997; Booth, 2015). Predicting the crisis threatening the purpose and existence of the organization, and introduction of the crisis prevention mechanisms already invalidates a crisis situation. In this sense, conceptually, there are a number of basic elements that a negative change emerging in organizational structures must carry in order to be accepted as a crisis. These can be expressed as the tension emerging as a result of the inadequate time and knowledge needed to overcome the crisis as well as the unpredictable nature of the crisis, and thus, the insufficiency of the crisis management mechanisms, and the urgency of intervention (Asanaktlu et al., 2003). The crisis that emerges as a threat to the existence, purpose and potential of the organization is often a condition that must be responded urgently (Reilly, 1987). The most important concept confronted in this context is the crisis management.

At first, the factors that cause an organizational crisis must be well analyzed in order to realize an effective crisis management. If the elements that create the crisis are determined correctly, it will be possible to manage the crisis effectively. For this reason, when we look at the dynamics that trigger the

11 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the product's webpage:
www.igi-global.com/chapter/corporate-reputation-management-in-times-of-crisis/196317?camid=4v1

This title is available in Advances in Logistics, Operations, and Management Science, InfoSci-Books, InfoSci-Business and Management, Business, Administration, and Management, Communications, Social Science, and Healthcare, InfoSci-Media and Communications, InfoSci-Select, InfoSci-Select, InfoSci-Select. Recommend this product to your librarian:
www.igi-global.com/e-resources/library-recommendation/?id=100

Related Content

Modelling and Analyzing Consumer Behaviour Employing Observational Data

Yuliia Kyrdoda, A.Malek Hammami, Drakos Periklis and Panagiotis Kaldis (2018). *International Journal of Food and Beverage Manufacturing and Business Models* (pp. 42-57).

www.igi-global.com/article/modelling-and-analyzing-consumer-behaviour-employing-observational-data/205687?camid=4v1a

Processed Food Trade of Greece with EU and Non-EU Countries: An Empirical Analysis

Pascal L. Ghazalian (2016). *International Journal of Food and Beverage Manufacturing and Business Models* (pp. 15-30).

www.igi-global.com/article/processed-food-trade-of-greece-with-eu-and-non-eu-countries/163273?camid=4v1a

Leading Learning Communities with Creative Practice

Susannah L. Brown, Jennifer Lynne Bird, Ann Musgrove and Jillian Powers (2017). *Encyclopedia of Strategic Leadership and Management* (pp. 1379-1390).

www.igi-global.com/chapter/leading-learning-communities-with-creative-practice/173605?camid=4v1a

Some Studies in Multi-Storage Inventory System: Using Genetic Algorithm

Shyamal Kumar Mondal (2016). *Optimal Inventory Control and Management Techniques* (pp. 176-200).

www.igi-global.com/chapter/some-studies-in-multi-storage-inventory-system/146969?camid=4v1a