Crisis Management: Towards a Model for the Hotel Industry

An Examination of Crisis Preparedness and Stakeholder Relationships in Crisis Situations

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ABSTRACT

Crises are inevitable. There is no way to prevent all crises from happening. In fact, in today's business environment crises are an integral part of organizational life. Crisis situations are by nature novel, unstructured, and outside the organization's typical operating frameworks. Crises are sudden, acute, and demand a timely response. Most man-made crises are in principle preventable. Crisis management is a new field of research that addresses the problems of dealing with crises, and the stress that accompanies crises. Crisis management involves efforts to prevent crises from occurring; to prepare for a better protection against the impact of a crisis agent; to make for an effective response to an actual crisis; and to provide plans and resources for recovery and rehabilitation in the aftermath of a crisis. It is no longer enough to consider "if" a crisis will happen but rather "when" a crisis will occur, "which type", and "how".

There is no doubt that the travel and tourism industry is especially susceptible and vulnerable to crises. It is argued that the hotel industry, given its operational characteristics, management practices (which is strongly influenced by long established traditions), and its operating environment, is even more prone to crises. However, very little has been done to understand crisis (that is, how a crisis evolves, crisis typology, anatomy, and management of crisis).

This study describes and discusses all major relevant elements and issues to the emerging field of crisis management. Within the domain of crisis management theory, the study describes and elaborates on critical issues such as crisis typology, anatomy of crisis, crisis planning and training, crisis decision making, crisis communication, and crisis management.

It is argued in this study that organizational culture is the most fundamental element in crisis preparedness. That is, organizational culture, not organization structure, size, financial history, etc., is the main determinant of crisis preparedness. The research also argue that stakeholders are fundamental in crisis prevention, crisis management and crisis recovery.

This study, in a first instance, examines the crisis preparedness of 33 of the 50 top hotel organizations operating in the UK (HCIMA, 1995). Crisis preparedness is examined in the light of organizational culture. For that, top executives in those organizations were interviewed and responded to two questionnaires. A crisis preparedness framework (or continuum) was derived from the application of factor analysis on the questionnaire data. The results suggest that the hotel industry is not prepared for crises. Given that a crisis is a multi-stakeholder phenomenon (it inevitably involves other agents) this study also explores, building upon the results obtained from the crisis preparedness continuum, the notion of stakeholders relationships in crisis situations. More specifically, the research proposition states that organizations that are crisis "prepared" are more consistent on their opinions about stakeholders' role and behaviour in crisis situations than those organizations that are not prepared for crises. The study confirmed both the research question and proposition.

The study also presents an operational definition of crisis management and proposes a model for crisis management.

LIST OF CONTENTS

CHAPTER 3 - <u>ORGANIZATIONAL CULTURE AND CRISIS MANAGEMENT: THE CRISIS FROM WITHIN</u>

LIST OF FIGURES

CHAPTER 5 - **THE HOTEL INDUSTRY and CRISIS MANAGEMENT**

CHAPTER 6 - **METHODOLOGY**

CHAPTER 7 - **DATA ANALYSIS, FINDINGS and DISCUSSION**

CHAPTER 8 - **CONCLUSION**

LIST OF TABLES

CHAPTER 2 - CRISIS MANAGEMENT

CHAPTER 5 - THE HOTEL INDUSTRY and CRISIS MANAGEMENT

CHAPTER 7 - DATA ANALYSIS, FINDINGS and DISCUSSION

LIST OF ABBREVIATIONS

AA - The Automobile Association
ABTA - Association of British Travel Agents
BCG - Boston Consulting Group
BDO Hospitality Consulting
BITOA - British Incoming Tour Operators Association
CEO - Chief Executive Officer
CFOs - Chief Financial Officers
E.I.U. - European Intelligence Unit
EU - European Union
ETB - English Tourist Board
FBI - Federal Bureau of Intelligence
GDP - Gross Domestic Product
GOP - Gross Operating Profit
HCIMA - Hotel, Catering and Institutional Management Association
HCTC - Hotel and CateringTraining Company
HRO - High Reliability Organization
NTO - National Tourism Office
PanAm - PanAmerican Airlines
PLC - Public Limited Company
RAC - Royal Automobile Club
SFA - Security and Futures Authority
SRI - Stanford Research Institute
SPSS - Statistical Package for Social Sciences
TWA - TransWorld Airline
UK - United Kingdom
USA - United States of America
VAT - Value Added Tax

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INTRODUCTION

1.1 - Introduction

The purpose of this research is, through analysis, to gain insight into the crisis preparedness of hotel organizations and to explore stakeholders' relationships in crisis periods. The research has three broad objectives. The first is to describe and display the main element that constitute crisis preparedness. The description of the element that constitute crisis preparedness forms the material for analysis which embraces the variables that give rise to crisis preparedness pattern. The second is to examine crisis preparedness in hotel organizations in the United Kingdom. The third is to contrast the perceived differences (views) that hotel organizations have of their functional stakeholders in distinct crisis situations. This research has also the objective of developing a crisis management model that embraces and reflects all the major relevant concepts to the topic of crisis management.

There are essentially four basic areas to this study, which are: first, the study makes a comprehensive review and description of crisis management theory and practice and discusses the relevance and applicability of crisis management to business organizations today. Second, a revision of the main component of crisis preparedness (organizational culture) is done, specially with regards to crisis and crisis management. Third, since crises are essentially a multi-stakeholder phenomenon (crisis never happens in isolation), the emerging stakeholder theory is reviewed. A discussion on the role stakeholders can play in crisis and in crisis management is also presented. Finally, the hotel industry is examined in its main characteristics and vulnerabilities to crisis.

The research attempts a comprehensive analysis of the crisis preparedness of the 50 top hotel organizations operating in the United Kingdom and explores hotel organization's views of their main functional stakeholders in crisis situations. In pursuit of its objectives the study uses new ways of examining crisis preparedness using rationalizations hotel executives use in relation to crisis and crisis management. Organizational culture is operationalized in terms of rationalizations. While not reducing organizational culture to the phenomenon of rationalization, rationalizations are manifestations of deeply held basic assumptions. Rationalization represents one dimension through which organizational culture is manifested, and thus influences individuals and groups and behaviour.

The research presented here represents the first of its kind to offer a detailed description and analysis of crisis management in the hotel industry. The study used qualitative and quantitative data to describe and analyze crisis preparedness and the main elements that dictate crisis preparedness. Quantitative data was used to investigate and describe hotel organizations' expectation of stakeholder's role and behaviour in a given crisis situation.

1.2 - The Study in Context

Tourism activities are not commonly associated with crisis. Pleasure, relaxation, safety and enjoyment are all embodied in the concept of tourism, whereas crises bring about anxiety, distress, fear, panic and trauma. However, crisis is an inevitable part of business today. In fact, crisis cannot be disassociated from any business activity. The potential for major crises to develop and escalate in business today is greater than ever. Given the nature of the tourism industry the issue of crisis management becomes even more relevant. Some authors argue that, not only is the tourism industry very vulnerable to crisis, but it also provides the right setting for some crisis to emerge and evolve (Ryan, 1993; Cassedy, 1992; Woods and Kavanaugh, 1994; Kelly, 1993; Chesney-Lind and Lind, 1986). There is also evidence to support the view that the hotel industry is one of the most vulnerable to crisis (Barton, 1994; Brownell, 1990; Brewton, 1987; Harris, 1994; Lewis, 1994; Webster, 1990; Bell, 1990). For example, Brownell (1990) posits that the hotel industry is characterized by high levels of uncertainty, Olsen and Zhao (1997) suggest that management practices in the industry are influenced by long established traditions and that the industry is slow to adapt to new realities (is typically a re-active industry), and Lewis (1994) argues that the hotel industry leads the way in business failure. Yet, very little has been done towards understanding crisis and managing crisis in the hotel industry.

The hotel industry has experienced in the last few years one of the most difficult periods ever. In fact, some analysts argue that the recession of late 1980's and early 1990's, combined with the effects of the Gulf War on tourism and travel, was the worst period for the hotel industry since World War II. However, crisis for the hotel industry is not something new. Those were major events (macro) that unsettled the world economy. Micro and other events also have the potential to destroy whole sectors or individual hotel groups or properties. This research is mainly concerned with those events that conspire and escalate to an out of proportion situation - crisis.

It is argued in this research that crises are inevitable. Crisis today happens to any industry, anywhere, regardless of industry structure, financial history, management style, and so forth. Moreover, industrial and commercial crisis today have the potential to rival natural disasters in both scope and magnitude (such as the Chernobyl, Bophal, and others). For these type of crises no geographical boundaries exist and potentially they can also have transgenerational consequences. A closer look at events in the last two decades suggests that crises are on the increase and not, unfortunately, on the decrease.

Although natural crises are important for the hotel industry (natural crisis/disasters have received some attention by academics and professionals alike), this research examines man-made crisis only. One reason for that is that, in principle, they are preventable. Yet, time and time again history repeats itself as far as crisis is concerned. It seems that our cultural, educational, and social structures combine to "create" increasingly more complex and difficult to anticipate crises. It also seems that our ability to anticipate and manage crisis effectively is very limited.

Hotels operate in a dynamic and sometimes hostile environment. The nature of hotel operations is characterized by a high level of uncertainty. It is argued that few other industries experience such a high level of continuous uncertainty. Having said that, the range of crisis the hotel industry is vulnerable to is very large indeed. Even though there is evidence to suggest that not only is the hotel industry more vulnerable to crisis than other industries but the industry also provides the right environment for certain crises to develop and escalate, very little has been done to understand crisis. That is, what constitutes a crisis, crisis typology, crisis patterns and behaviour, management of crisis, and so on.

Crises are both organizational and inter-organizational phenomena. Whenever a crisis occurs it has the inherent potential to engulf and/or affect other individuals or institutions. Crises inevitably extend beyond the organization of origin to encompass a broad range of economic, social and political agents and forces. These impacts on organizational stakeholders represent intermediate outcomes from the chain of events that constitute a crisis. Some of these outcomes change important contextual factors. They may lead to organizational bankruptcy, regulatory changes, or may threaten the legitimacy of an entire industry. (For the purpose of this study, stakeholders are all those vested interest groups, parties, associations, institutions, and individuals who exert a hold and a claim on organizations. Stakeholders are all those who either affect or are affected by an organization and its policies - i.e., its behaviour).

Having said that, crisis management, organizational culture, and stakeholder management cannot be viewed separately. They are interlinked and interdependent. This study observe these elements in function in hotel organizations in the UK.

1.3 - Contribution to Knowledge

1.3.1 - A General Overview of Crisis Management Main Issues

Crisis management is a very recent field of study. In fact, it is still in its infancy (Mitroff and Pearson, 1993a; Shrivastava, 1992; Janis, 1989; Perrow, 1984; Fink, 1986). There still exist fundamental problems in the field of crisis management associated with the evolution of a new field of research, as for example definition of the concept (in this case, crisis). The concept of crisis has evolved historically in many different disciplines and fields. Every scientific field has its own definition and concept of crisis. An in-depth review of this abundant literature highlights the complexity of crisis as a phenomenon and suggests the need for a theory in crisis management that addresses this complexity. In management science the definitions provided so far have not received enough empirical support. In many cases, where additional concepts were introduced they have been of a controversial nature viewed essentially from the point of interpretation of evidence, without outlining some of the critical issues surrounding its conception.

Pauchant and Mitroff (1992) observed that the most erroneous misconception in management science is the refusal to see a crisis as a positive force, as a factor itself contributing to the very existence of an organization. Very few authors in management science emphasize this critical paradox (Miller, 1990;

Schwartz, 1990; Pauchant and Mitroff, 1992; Mitroff and Kilmann, 1984; Fink, 1986; Janis, 1989).

Considering that the concept is used in many different fields and disciplines, the definition of crisis as well as the attribution of crisis causes are highly diversified and strongly biased by the particular field in which they are studied (Pauchant and Douville, 1993). The problem of definition is further aggravated by the extensive use of synonyms in the literature, such as problems, turning point, jolt, disaster, catastrophe, etc.

The problem of definition and misconception of the term hampers development in crisis management. It is argued that this fact may be responsible for the lack of preparedness of some organizations.

In general, the literature does not provide a widely accepted definition of crisis and attempts to categorize types or forms of crises have been sparse. Approaches to crisis research have been quite different. Some researchers have explored multiple forms of crisis (Meyers and Holusha, 1986; Fink, 1986; Mitroff et al, 1989), others have examined crises as a single phenomenon (Nystrom and Starbuck, 1984; Smart and Vertinsky, 1977, 1984) or have concentrated on only one manifestation of crisis (Billings et al, 1980).

Crisis research to date has relied heavily on a single method of study, the case study. While case studies provide substantial depth of analysis, they are usually difficult to compare.

Crises do not limit themselves to negative effects. Research has shown that crisis can bring enormous benefits to organizations (Rosenthal and Pijnenburg, 1990; Pauchant and Mitroff, 1992; Fink, 1986; Mitroff et al, 1992; Nystrom and Starbuck, 1984; Kerchner and Schuster, 1982; Mitroff and Pauchant, 1990). In some cases, researchers have formally suggested that crises are sometimes exactly what are needed for allowing organizational members to make long overdue strategic shifts (Nystrom and Starbuck, 1984; Pauchant and Mitroff, 1992; Fink, 1986; Mitroff and Pauchant, 1990).

Kerchner and Schuster (1982, pp. 121) argued that for most managers, crisis "connotes a state of affairs to be avoided, for the outcome is risky and may very well be prejudicial to personal and organizational health." However, ".... crises, although they are inherently risky, under certain conditions can be transformed into instruments of organizational good." Kerchner and Schuster (1982) also argue that the question for managers is to know "when to declare a crisis and how to utilize one." Indeed, crises are neither inherently good or bad for an organization. Their impact may cut in either direction. But, and as pointed out by Fink et al (1971, pp. 16), the declaration of a crisis may create an opportunity for organizational élan, teamwork, and a spirit of compromise, even sacrifice, on the part of individuals within the organization and its sub-units. In other words, crisis can become a "vehicle for organizational growth". Unfortunately, a great number of authors in crisis management still take only a reactive stance, viewing crisis management activities mostly as a means for coming back as soon as possible to "business as usual". By focusing on the need to restore the status quo before the emergence of a crisis, the opportunity to address the structural and systemic needed changes that a crisis can make visible is missed (Mitroff et al, 1992).

Researches by Mitroff and Pauchant (1990) revealed that managers that have engaged in crisis management, that is, managers that have allowed themselves to rigorously learn from their past crises and crisis management experiences and acted on the basis of the experiences, "have developed through crisis management substantial strategic advantages over their competitors". Mitroff and Pauchant (1990) also argue that the strategic advantages mentioned above not only positively affected the firms having developed them, but that they are also "societal advantages", diminishing the risks and/or impact of crises and of the current ecological and ethical decay (in Mitroff et al, 1992, pp. 255).

Having said that, hotel organizations need to acknowledge that crises are indeed a part of their "normal" operations and need to orderly and systematically devise the mechanisms necessary to deal with crisis. Only with proper advance planning can there be a positive side to a crisis.

1.3.2 - Contribution to Knowledge - Relevance of the Research

The justification for the relevance of this research lies in two dimensions. The first is in crisis management research *per se*. With regards to the main body of crisis management theory, this present research attempts to move into the largely uncharted waters of measuring crisis preparedness in the context of the hotel industry. Moreover, the research examines and attempts to establish a relationship between crisis preparedness and stakeholder relationships in a crisis period.

The conventional approaches to assess crisis preparedness in the industry are set aside so that a more effective and reliable measurement tool can be applied. This involves the realization and formulation of new ways and techniques to attempt crisis preparedness evaluation. As mentioned before, organizational culture was operationalized in terms of rationalizations.

This research also attempts to encompass a broader (more realistic) set of stakeholders that affect organizations today. That is, the traditional stakeholders (those that represent the impact of impersonal forces external to the organization) are complemented by another set of stakeholders not normally addressed by the conventional literature. The "new" stakeholders represent the bizarre and abnormal characters that affect organizations. In principle, all stakeholders (both the external forces and the new set) are inseparable. They are in constant contact with one another. The assessment of stakeholder relationships in crisis situations also required innovative approaches. A different set of stakeholders (archetypal) was developed.

The second justification of the relevance of this research lies in the attempt to expand the knowledge within hotel management theory to include the concepts of crisis and crisis management. In terms of research on hotel management this research represents an attempt at grafting factors onto a mode of thinking about crisis and crisis management in the industry which has been perceptualised by tradition and the insularity of the industry. It seems that everyone in the industry acknowledges the vulnerability of the industry to crisis but very little has been done towards understanding crisis and crisis management as a whole. There is negligible evidence on the topic specifically relating to the hotel industry.

The research proposes both an operational definition of crisis management and a model for crisis management.

1.4 - Why Crisis Management and the Hotel Industry

In general, the case for arguing that the relevance of studying crisis management in the hotel industry lies in the economic and social importance of the hotel industry. This wider context, however, is not *per se* the only focus of this research. The case therefore, also rests on the importance of a number of additional issues which warrant research into crisis management in the hotel industry. This research, then, contributes to some issues.

First, crisis management is a fairly recent concept for the hotel industry. Some authors such as Brewton (1987), Barton (1994), Cassedy (1992), and others, have suggested that crisis management in the tourism and hospitality industry is still in an embryonic phase.

Second, there is evidence to suggest that the hotel industry is not only one of the most vulnerable industries to crisis but it also provides the environment for certain crises to develop and escalate (Brownell, 1990; Barton, 1994; Brewton, 1987; Harris, 1994; Lewis, 1994; Sonmez and Backman, 1992; Webster, 1990; Bell, 1990).

Third, researches have shown that in general managers are not prepared to deal with the challenges posed by a crisis (Mitroff and Pauchant, 1990; Shrivastava, 1992; Milburn et al, 1983; Pauchant and Mitroff, 1992; Pauchant and Douville, 1993; Janis, 1989). A crisis inevitably brings an enormous emotional toll that trained people find difficult to tolerate. Management then is not prepared technically, emotionally and psychologically to deal with crises.

Fourth, it seems that current educational, social, and cultural trends and values emphasize the "productive" side of organizations. However, previous studies argue that the destructive side of organizations can easily outweigh their potential productive side (Perrow, 1984; Mitroff and Kilmann, 1984; Mitroff and Pearson, 1993a; Shrivastava, 1992; Smith 1990; Weick, 1987, 1988; Hedberg, 1981; Hambrick and D'Aveni, 1988; Miller, 1990; Shrivastava, 1988). There is then a lack of balance in approach.

Finally, as the world today is characterized by the interdependence and interconnectedness of systems, it is important to address the potential impact of adverse organizational events on business stakeholders.

The points above, individually or combined, are a fundamental justification for the study of crisis management in the hotel industry. It is also important to notice that crisis management analysis and research is not purely of academic interest. Crises are a real part of life. The number of crises business organizations are exposed to is on the increase. Crises are becoming more complex and difficult to anticipate and manage. In addition, current trends in designing organizations seems to increase their degree of complexity and fragility. Crises today are highly complex issues that require highly complex solutions.

The justification for studying crisis management in the hotel industry in the UK lies in different aspects. The first is the representativeness of the industry in the UK. Most of the major hotel companies operate in the UK. The UK, specially London, is both a major tourism and business destination (therefore quite representative of the range of product supply in the hotel industry). Second, the hotel industry in the UK is very dynamic and competitive. Third, the industry has also, unfortunately, a long history of dealing with terrorism threats and other major potential crisis issues. Another reason for studying the UK industry lies in the fact that the researcher not only worked in the industry before but also had already conducted research on the industry for a Masters degree and therefore had some experience and knowledge of the industry.

1.5 - Research Objectives

The purpose of this research is to examine and analyze crisis preparedness in the hotel industry and to explore stakeholders relationships in crisis periods. The broad purpose of this study is to enhance understanding of crisis management and stakeholder relationships in the context of the hotel industry.

This general purpose led to the formulation of specific objectives:

1 - To describe and discuss the fundamental issues surrounding the emerging field of crisis management.

2 - To display and describe the main component of crisis preparedness. That is, to describe the main element responsible for organizational crisis preparedness as well as to display and explain its variables and their attributes which contribute effectively to organizational crisis preparedness.

3 - To examine and describe the organizational culture of hotel organizations in relation to crisis and crisis management - Crisis preparedness of hotel organizations.

4 - To assess stakeholders relationship in crisis situations.

5 - To develop a crisis management model that would embrace and reflect all major relevant concepts to the topic of crisis management.

This study can be viewed in two main parts, although they are interrelated. The first one is related to the issue of crisis management, and the second part is concerned with stakeholders relationship in crisis situations.

Objectives 1 and 2 are concerned with a description of crisis management as a function and with crisis preparedness. Objective 3 represents the assessment of crisis preparedness of hotel organizations. These three first objectives then constitute the first part of the study. The overall objective of the first part of the study is to establish the cultural profile of hotel organizations in relation to crisis and crisis management. That is, to identify which organizations have a culture favourable to crisis management and which organizations do not have a culture favourable to crisis management.

The analysis of the above points resulted in a crisis preparedness framework which provided the basis for the accomplishment of the second part of the research (objective 4). Objective 4 is concerned with stakeholders relationship in crisis situation.

1.6 - The Structure of the Research

Having introduced the research objectives and their rationale, the remainder of the study is divided into seven further chapters, which are organized in the following manner:

Chapter two reviews the literature on crisis management. Because crisis management is a recent field of research there are many problems associated with its evolution. The problem of definition (defining crisis) is a serious and complex one in the subject of crisis management and it is argued that it hampers development in the field. The concept of crisis is reviewed and a description of the use of the concept in many disciplines is done. The implications relating to the diverse use of the concept are also emphasized. Crisis management is a new field of research which has implications for defining itself. Some definitions have been proposed but received little empirical support. An operational definition of crisis management is proposed. This chapter also discusses the major issues related to crisis management, such as crisis typology and anatomy (the main phases in the evolution of a crisis). A crisis has many distinct consequences, to both the crisis sufferer and its stakeholders. A discussion on crisis consequences and decision making in crisis is also presented. Crisis management inevitably involves crisis decision making. However, a crisis is an ill-structured situation and there are many implications for the decision making process which are presented and discussed. This chapter also highlights the issue of crisis and crisis management in the context of the tourism and hotel industry. The purpose of this chapter is to illustrate the wider research field of crisis management and to put it in the perspective of the hotel industry.

Chapter three focuses on crisis preparedness. Essentially it reviews and explores organizational culture theory and establishes organizational culture's specific relations to crisis and crisis management. As a concept, organizational culture is relatively new. There is still much confusion and controversy surrounding the concept and its definition. Many definitions of the concept have been proposed, each reflecting a particular point of view. In organizational culture research the term is used indiscriminately. This chapter discusses and displays the main functions of organizational culture and the role it plays in crisis management. It is argued that the culture of an organization can be either an organization's own worst enemy or an organization's saviour, as far as crisis management is concerned. That is, the culture of an organization can serve to precipitate a crisis by providing the environment within which such an event can escalate rapidly, or, the prevailing culture can be central to an organization's ability to cope with threatening situations (anticipating and managing crises effectively).

Organizational culture is also reviewed in terms of organizational adaptability to changes. The hotel industry and its main operating characteristics are discussed and the implications of the uncertainties surrounding its operations (e.g., service encounter and other issues) to change/adaptability in the industry are highlighted. The discussion in this chapter also explores the relationships between organizational culture, strategic management, and crisis management. It is argued that crisis management should be an integral part of strategic management. The general thrust of chapter three is to illustrate the role and importance of organizational culture in crisis management and to support the link and integration of crisis management and strategic management.

Chapter four deals with the issue of stakeholder theory and stakeholder's roles in crisis and crisis management. The chapter begins with a review of the emerging theory of stakeholders. It is argued that the alternative to stakeholder theory (the stockholder theory, serving the shareowners) is morally untenable. The discussion centres on the question of to whom and for what ends is the modern organization responsible. As an evolving field, there are many controversies surrounding the issue. There are many operational problems such as lack of operational definition, the identification of "legitimate" stakeholders, and implementation of the concept which are displayed and discussed. This chapter highlights the implications and importance of stakeholder management in crisis management. Stakeholders are central to crisis prevention and management. Since crises are a multi-stakeholder phenomenon, stakeholders are inevitably directly or indirectly implicated by the occurrence of crises. Crises have implications for stakeholders.

The chapter links stakeholder theory to crisis management. It is argued that anyone (individual or group) has the potential to affect or be affected by organizational action or inaction. Therefore, understanding stakeholder systems and dynamics is an essential element in effective crisis management. Stakeholders are key players in both preventing and contributing to crisis resolution. Chapter four introduces and discusses another set of stakeholders not usually covered by the conventional literature. The traditional literature refers to stakeholders that represent the impact of impersonal/institutional forces external to the organization. The new set of stakeholders represents another set of forces that today affect and interact with the modern organization. They represent the abnormal and bizarre characters that now affect organizations. They emanate from the sociopathic behaviour that has been increasingly directed at organizations, such as sabotage, executive kidnapping, terrorism attacks, product tampering, highjacks, etc. It is argued that the more conventional stakeholder system is not wrong. Rather, it is incomplete. In principle both stakeholders systems are in constant contact with one another. They are inseparable.

Given that the world today is characterized by the interconnectedness and interdependence of systems, the issue of stakeholders is central to crisis management. Crisis is both an organizational and interorganizational phenomenon. In attempting to understand stakeholder's roles in crisis management the concept of frame of reference is introduced and discussed.

Frame of reference refers to the analytical tool (method) that is used by people and organizations to select and process information. Frame of reference is particularly valuable for understanding how and why organizations react to crises the way they do.

The whole issue of stakeholders and crisis requires an understanding of assumptions and how assumptions are formulated and operate. This chapter also introduces the concept of assumptions and demonstrates the relevance of assumptions to the topic under investigation. Assumptions are at the centre of decision making in most circumstances and therefore are important variables in effective crisis management.

Finally, chapter four introduces and discusses the concept of archetypes. Few studies link archetypes and organizational theory. Archetypal images emerge whenever an individual or group/institution interact with one another. As business operates in a system of interdependent and interconnected relationships, it can be assumed that archetypal imagery (consciously or unconsciously) is a vibrant part of organizational life. It is argued that archetypes are useful for understanding organizations and the impact of organizations on individuals or groups and vice-versa. Therefore, when considering stakeholder relationships in crisis situations, understanding archetypes becomes an important issue in crisis management. The issue of archetypes is introduced briefly to provide the basis for, and to justify, the use of archetypal stakeholders in the methodology of this study. The concept is introduced from an instrumental perspective. The main purpose of this chapter is to illustrate the importance and complexity of stakeholders relationship in the management of business and specifically in crisis management. Stakeholder management is an essential and crucial element in effective crisis management.

Chapter five describes the hotel industry in general and specifically in the UK. It also discusses the hotel industry in the context of crisis management. The chapter starts with a general description of the international hotel industry describing its market structure and other issues that are characteristic of the industry, such as the problems of definition and classification, the difficulties in making comparisons in the industry, etc. The discussion of the industry is then narrowed to the European scene and is concentrated in the hotel industry in the UK. The chapter describes major trends and developments in the UK hotel industry and emphasizes the period of recession and the Gulf War and the implications and impact of those events on the general "health" of the industry. Since this study was initiated in 1993 and the main study (data collection) took place between 1994 and 1995, the chapter describes and displays the industry structure and profile, and highlights the main events relevant to this research in that period.

The main focus of the chapter refers to the hotel industry and crisis management. A general review of the social and economic role of the industry is provided. The chapter then focuses on the industry and its main operating characteristics, operating environment, stakeholders, etc., and the implications of the dynamics of the environment for crisis management. A review and discussion on management practices in the last ten years is also provided. It is argued that there is a great deal of interdependence between the hotel industry and its stakeholders. A link between what has been discussed in the previous chapter is then established. It has been argued that given the increasing rate of change in major environmental factors, hotels should be studied as a total organization and a system approach is necessary (Mullins, 1992). This study also discusses some other forces (not only the impersonal external factors) that potentially affect hotel organizations, such as the ones described in chapter four. In fact, Freeman (1984, pp. 53) argues that

> "Some groups may have as an objective simply to interfere with the smooth operations of our business. For instance, some corporations must count 'terrorist groups' as stakeholders. As unsavory as it is to admit that such 'illegitimate' groups have a stake in our business, from the standpoint of strategic management, it must be done."

The chapter then discuss the vulnerability of the industry to crisis and concludes that the hotel industry is among the most vulnerable ones to crisis. Previous studies revealed that the tourism industry, in general, is not at all prepared to face the challenges posed by a crisis (Cassedy, 1992). A study by Lewis (1994) suggests that the hotel and catering industry in the UK leads the way in business failure, compared with other sectors. The range of crisis that the hotel industry is vulnerable to is very wide indeed. Crisis in the hotel industry can take many shapes and forms, from an airplane crashing on a hotel to executive crime, from sex harassment to food poisoning, from racism to terrorist attacks, and so forth. A discussion on some types of crisis is presented and special attention is given to the issues of crime and safety in the industry.

The chapter is closed with a discussion and link between crisis management, the hotel industry, and stakeholder management. The many potential ways hotels can affect or be affected by stakeholders are discussed. It is argued that the stakeholder concept is a valid one for the industry and should be addressed in all aspects of hotel operations. The main purpose of this chapter is to illustrate the general importance of hotels in a total system, to highlight the vulnerability of the industry to crisis, and to emphasize the importance of crisis management for the hotel industry. The chapter attempts to bring together the concepts of crisis management and stakeholder management and theory into the general context of the hotel industry and hotel management, emphasizing the importance of the integration of those issues.

Chapter six presents the methodology used in this research. It begins with an outline of the procedure flow of the research. The chapter then presents and discusses the research design. A review and discussion of previous methods and models of measuring culture is presented and is followed by the rationale for the design of the questionnaires and interview. The objectives of this research demand that there are two phases to this study. One is the identification and establishment of hotel organization crisis preparedness and the other is the examination of stakeholder relationship in crisis situations. The chapter then proceeds to describe the pilot studies and results and the modifications required and implemented.

The discussion then shifts to describe the subjects who comprise the sample and a discussion on the sample profile is then followed. Given that the study has necessarily two phases, the sequencing of the application of the instruments for data collection becomes an important point and a discussion on the issue is provided. This is followed by the main forms of analysis applicable to the data output. Finally, the problems of the methodology are discussed. The intention of this chapter is to illustrate the methodology of this research in order that the study could be replicated or developed for further analysis.

In chapter seven the data analysis, findings, and discussion are presented. The chapter starts with a presentation of the procedure flow of data collection instruments and analysis. This is followed by a description of the sample and a discussion on the implications for the research and methodology. A detailed description of the approach to data analysis is presented followed by the results and implications.

As this study requires two stages in its analysis, the chapter then proceeds to discuss the findings related to the first stage and provides a framework of crisis preparedness of the sample under investigation. In creating and contrasting the profile of crisis prepared and crisis not prepared organizations, the chapter introduces qualitative data into the discussion to support and complement the findings. This is followed by a discussion on all aspects of crisis preparedness in the hotel industry and its implications. The chapter then, building on the analysis and results of the first stage, is concluded with an analysis of the findings and discussion on the results of the stakeholder relationship analysis (the second stage). In this chapter conclusions are drawn from the findings and the presentation of findings and discussions are organized around the main objectives of the research.

In chapter eight, the conclusions of this research are drawn and discussed. The chapter discusses first the main themes of the study in relation to the findings. In this chapter a crisis management model is also proposed. The chapter then discusses the methodological limitations and other problems and finally explores the direction of future research. In relation to this last point the chapter emphasizes the need to explore the topics discussed in the research from a conceptual, technical/operational, and theoretical perspective.

CRISIS MANAGEMENT

"There is nothing more difficult to take in hand, more perilous to conduct, or more uncertain in its success than to take the lead in the introduction of a new order of things".

Niccolo Machiavelli

2.1 - Introduction

Crisis Management is a recent research area of study. It still in its infancy, according to Mitroff (1994), Mitroff and Pearson (1993a), Pauchant and Douville (1993), Smith (1990), Pauchant and Mitroff (1988), Smith and Sipika (1993), Miller (1988), Fink (1986).

Crises are an integral part of organizational life. No firm, regardless of its size, nature of operations, or type of industry, is immune to crises. Crises can be caused by a number of internal and external factors (Kuklan, 1986; Mitroff and Pearson, 1993a; Fink, 1986; Smith and Sipika, 1993; Booth, 1993).

In this chapter the subject of crisis management will be discussed in general terms. The objective is to provide an overview of how it has evolved and to point out the relevance of crisis management to modern management of business.

Specific areas within crisis management, such as the problem of construct, crisis typology, crisis anatomy and planning/preparing for crises, crisis consequences, and decision making in crisis situations, are highlighted in this chapter. The issue of crisis and organizational culture is dealt with in Chapter 3, while the issue of stakeholder and crisis can be found in Chapter 4.

Traditionally, the literature related to crisis management is mainly based on the "heavy/hard" side of the economy (i.e., chemical, oil, manufacturing, etc.), and very little has been done in the "soft" sector of the economy (service). Nevertheless, valuable concepts can be applied to any sector of the economy, and since the interest here is with organizational systems and not with end products or production processes in themselves, those studies are the most valuable source of information available. Moreover, many lessons can be learned from past success and failure of crisis management.

Crisis management is seen here from the perspective of man-induced crisis only. Natural disasters will not be discussed since the concern here is with management and the implications of crisis management to the management of business.

2.2 - Crisis Management

Human-induced crises today have the potential to rival natural disasters in both scope and magnitude. An increasing number of organizations incorporate technologies in which errors can lead to catastrophic consequences (Perrow, 1984; Klein et al 1995). For example, considering only the financial variable, the cost of the Exxon Valdez oil spill crisis in 1991, two years after the disaster, was running at more than two billion dollars (Small, 1991), and it is estimated that the total costs of the operation have more than doubled since, and the crisis is not yet over. The consequences of this and other recent major crises were diverse and far-reaching. The devastation caused by some recent crises included the loss of hundred of human lives as well as immeasurable damage to future generations and to the environment. For instance, major crises such as Chernobyl and Exxon Valdez, as well as the oil spills and fires during the Gulf War, affected large regions of the globe. Previously, such effects could only have been caused by natural disasters (Mitroff and Pearson, 1993a).

From 1900 to 1987, there have been 29 major industrial accidents in the world (Richardison, 1993; Smith and Sipika, 1993). Approximately 50 per cent of them have occurred since the late 1970s. A close examination of the events suggests that the scale of such crises also shows signs of increasing.

Technological developments are evolving by the minute and multiplying. As our technology expands, as our wars multiply, and as we invade more and more of nature, we create systems - organizations - that increase the risks for operators, passengers, innocent by-standers, and for future generations (Chartrand, 1987).

The 1980s will be marked for ever by the major commercial and industrial crises that took place during that decade. Considerable loss of lives were witnessed in major industrial and commercial disasters such as the Bhopal accident, Chernobyl, Mexico City, Tylenol, Hyatt Regency (Kansas - USA), and the Piper Alpha oil platform. The transport industry also suffered serious accidents during the same decade which had the consequence of losing public confidence in this sector of the service economy. Most commonly exposed were the sinking of the Herald of Free Enterprise, the Challenger space shuttle, the King Cross underground station fire, the Exxon Valdez oil spill, and the Lockerbie/Pan-Am and Kegworth/M1 aircraft crashes. Lessons from the Herald of Free Enterprise disaster were not learned and yet again the world witnessed another tragic maritime accident in Scandinavia (the Baltic Ferry Estonia, 1994) in which the same faults identified with the sinking of the Herald of Free Enterprise were to blame. More than 900 people died on the Estonia.

The tourism industry also was subject to a series of catastrophic incidents which raised public consciousness of the risks associated with activities and sectors within the industry. A closer look at one "product" of the leisure industry alone in the UK, football, can provide a series of accidents in recent years - Bradford City ground, the Heysel riot, and the Hillsborough stadium disaster where supporters were crushed to death following an overcrowding incident - (Smith, 1990; Mitroff and Pearson, 1993a). More recently and in another fashion, the cruising business has also been in evidence for its crises. Cunard, owners of the QE2 cruise ship, has been defending a US$ 62 million (£40m) claim filed in New York by aggrieved passengers who traveled in what they allege were "building site" conditions on a Christmas cruise (Financial Times, February, 8, pp. 8, 1995). The crisis was aggravated by poor public relations. The QE2 crisis resulted in an immediate loss of £7.5 million for Trafalgar House, owner of Cunard (Hamilton, 1995). Crises come in many shapes and forms. In June 1996 the Protestant Church in the United States voted to boycott all firms, theme parks, and other Disney products, because they (the Church) considered Disney's policies towards homosexuals too liberal and that it undermined Christian values. The important point here is that the Southern Baptist Church alone has over 60 million members. Other well publicized tourism-related crises include the Los Angeles rioting (April, 1992); numerous hostile takeovers in all sectors of the industry; terrorist attacks in tourism-related buildings or activities in Egypt, Sir Lanka, Peru, Northern Ireland, and other countries; tourism-related crime (both directed at tourists or corporate crime) in many parts of the world; tourist kidnappings; sex-related tourism crime in Asia, Latin America, and other areas; the explosion of the TWA (New York - Paris flight - July, 1996); among others.

2.2.1 - The Hospitality Industry and Crisis Management - An Introduction

The hospitality industry is one of the most susceptible and vulnerable industries to crisis due to its nature and operating environment (Brewton, 1987; Webster, 1990; Barton, 1994; Bell, 1990). High levels of uncertainty in its operations and service encounters characterize the industry. In fact, Brownell (1990) suggests that in the hospitality industry, uncertainty is the norm. Brownell (1990, pp. 197) goes further to state that "few other organizations experience the same high degree of continuous uncertainty."

Crisis in the hospitality industry can take many shapes and forms - from a jumbo jet crashing onto a hotel to a stock market crisis to rape or sexual harassment. In a study conducted by Barton (1993), of some 802 business disasters from 1980 to 1991, nearly 8 percent occurred in the hospitality industry. Among the crises events which captured world media attention were the fire of the MGM's Grand Hotel - 85 people were killed (Las Vegas, 1980); the Bombing of the Grand Hotel (Brighton, UK, 1984); the collapse of two skywalk bridges in the Hyatt Regency Hotel in Kansas City (1981) - 114 deaths and more than 200 injured; the lethal outbreak of "Legionnaires' Disease" at the Philadelphia's Bellevue Stratford Hotel (1976); the murder of 23 people at Luby's Restaurant in Killeen, Texas (1991); a US$ 1 million ransom paid to the kidnappers of a daughter of a Las Vegas hotel-casino owner (1993); the terrorist bombing of the New York's World Trade Center which made significant structural damage to the New York Vista Hotel (1993); and the list goes on and on.

In the UK, apart from other types of crisis, the hospitality industry also experienced a crisis of confidence in the early 1990s after numerous corporate hostile takeovers, near collapses, and malpractices. Companies that promised much at their launch and gained the confidence of the financial markets and independent investors failed to fulfill expectations which had serious consequences for both investors and consumers. Among the troubled companies were Brent Walker, Kennedy Brookes, Pavilion Leisure, Baron Hotels, Penguin Hotels, and Leading Leisure. Other heavily publicized cases were the suspension of shares of the Queens Moat Houses and Resort Hotels, the takeover of Mecca Leisure by Rank, and more recently, the hostile takeover of Forte by Granada.

As mentioned above, crises are on the increase and not, unfortunately, on the decrease. Despite this evidence, the hospitality industry is far behind, with regard to crisis management, in comparison with other industries, such as airlines. For detailed discussion on the hospitality industry and crisis management please refer to Chapter 5.

Table 2.1 below illustrates some major industrial crises up to 1984 (with one hundred or more fatalities). Table 2.2 shows some generic types of crises that took place in the period between 1982 and 1992 (most publicized crises). Table 2.3 displays a sample of recent and well publicized tourism and hospitality related crises.

Table 2.1 - Major Industrial Crisis (100 or more fatalities)

	Place	Cause	Deaths	Other Damages
1917	Petrograd (URSS)	Factory Explosion	100	
1921	Oppau (Germany)	Fertilizer factory explosion (ammonium nitrate)	561	1,900 casualties, damage to the town
1942	Tessenderloo (Belgium)	Explosion in a chemicals plant (ammonium nitrate)	200	1,000 casualties
1944	Cleveland (United States)	Explosion of 4,300 m3 of confined liquefied natural gas, fire ball	136	350 casualties, streets swept by burning gas, windows broken; 79 houses, 2 factories, and 79 cars destroyed ($6.8 m)
1947	Texas City (United States)	Explosion of a ship with a cargo of ammonium nitrate (1,750 tn)	532	200 unaccounted for, 300 casualties, serious damage to city
1948	Ludwigshafen (Germany)	Explosion of confined dimethyl ether	245	3,800 casualties, damage at 8 km distance (French francs 80 m)
1956	Minamata (Japan)	Mercury distarge into river and bay	250	Over 100,000 alleged mercury-poisoning casualties
1978	Los Alfaques (Spain)	Explosion of liquefied propylene in transport by lorry	216	200 casualties (French francs 144 m compensation)
1980	Norway	Offshore-rig collapse	123	
1982	Tacoa (Venezuela)	Oil explosion and fire at power station	145	Fire in neighborhood, 1,000 casualties
1984	Cubatão São Paulo (Brazil)	Petrol explosion following pipeline fracture	508	Fire in a shanty town (3,000 inhabitants) built illegally on Petrobras lands (Petrobras claimed no more than 90 deaths)
1984	Bhopal (India)	Emission of 40 tn of methyl isocyanate	2,500	About 180,000 other casualties. 300,000 people left the area voluntarily when the plant was recommissioned

Source: Paul Shrivastava, Bhopal - Anatomy of a Crisis, 2nd Edition, pp. 9 - 11, Paul Chapman Publishing Ltd, London, 1992

Table 2.2 - Some Most Publicized Crisis Between 1982 - 1992

1982	Tylenol pills are poisoned, resulting in seven deaths
1983	Brinks is robbed of 3.5 tons of bullion gold at Heathrow Airport
1984	Bombing of IBM office in Purchase, New York
1984	Bank of America unexpectably closes one hundred thirty-two branches employing 2,200 people in ninety California communities
1985	Bank of Boston is accused of money laundering, complicity with organized crime
1985	Belgium's Heizel Stadium soccer riots kill thirty-nine, wound four hundred and fifty spectators
1985	Tampon makers Johson & Johnson, Kimberly-Clark, Procter & Gamble, and others face a toxic shock syndrome crisis
1985	Walkway of Hyatt Regency Hotel in Kansas City collapses
1985	Strike by Hormel workers; razor blades found in some products
1985	A. H. Robins files for chapter 11 amidst claims that its Dalkon IUD caused miscarriages and deaths
1986	False rumours that Procter & Gamble's logo reflects Satan-worshipping management
1986	DuPont Hotel fire in Puerto Rico leaves ninety-five dead
1986	Morton Thiokol struggles to explain company's role in NASA's *Challenger* disaster
1986	Thousands are estimated to have been killed or injured in explosion at Soviet Chernobyl nuclear power plant
1987	Texaco slapped with a $10.5-billion judgement in court battle with Pennzoil
1987	10,000 cubic meters of contaminated water enters the Rhine River due to accident at Sandoz Chemical plant
1987	Audi vehicles accelerate without explanation
1988	Employee of ESL (Sunnyvale, California) kills seven, injuries five in office shooting
1988	Hitachi officials indicted for stealing trade secrets from IBM
1988	Explosion of Pan Am Flight 103 over Lockerbie, Scotland, caused by terrorist bomb
1989	Massive oil spill from the Exxon Valdez along coast of Alaska
1989	Dean Witter stockbroker charged with bilking investors of $2.6 million
1990	Arrest of Michael Milken and the bankruptcy of Drexel Burnham Lambert
1990	Perrier Water's benzene incident leads to product recall
1991	Japanese stock market scandal creates crisis for hundreds of corporations implicated in schemes to cover up trade losses
1991	Tweenty-four customers of Luby's Cafeteria in Killeen, Texas, are shot to death during a lunch-hour massacre

Source: Barton, L. - Crisis in Organizations: Managing and Communicating in the Heat of Chaos, South-Western Publishing Co., Cincinnati, Ohio, 1993

Table 2.3 - A Sample of Recent and Well Publicized Tourism and Hospitality Related Crisis

Recent Tourism and Hospitality Related Crisis

- Health Related

  1996 Meningitis Scare - Spain
  Cancellation of thousands of holiday trips (June)
  1996 BSE (mad cow disease) Scare - Europe (March)
  Severe implications across the industry
  1996 McDonald's sued over the "burger bug" death.
  A bacteria found in a burger killed a 6 years old girl and made many more severely ill (September)

- Environment Related

  1996 Oil Spill in Penbroke - Wales (February/March)
  1996 Torrential rain caused sudden flooding in camp site in Biescas, Spanish Pyrenees. Over 70 people died (8/8/96)
  1993 Holbeck Hall Hotel - A cliff side hotel fell into the sea (June)

- Terrorism Related

  1996 IRA bombing of Hotel in Northern Ireland in the town of Enniskillen 17 injuried (July)
  1996 Egypt - Terrorist attack on tourist bus
  1996 Spain - ETA Bombing of airports and hotels in the Costa Dourada (July)
  Basque Separatist Group planted 6 bombs in 2 days in hotels in the resort town of Salou, causing panic and terror among tourists and local residents. The bombing of Reus Airport in the same area injured more than 60 people, including 25 British tourists
  1996 Israel - Terrorist attack on tourist bus
  1996 Tourist kidnappings in Peru, Sri Lanka, India, Indonesia

- Social/Civil Related

  1996 Boycott on all Disney's products by the Protestant Church in the USA
  The Protestant Church considered Disney Corporation's policy towards homosexuals "too liberal" (June)
  1996 Sex-tourism in Asia and Latin America
  Pressure by Interest Groups and Civil Liberty Groups. Legislation change in some Western countries to prosecute offenders.
  1992 Los Angeles rioting (April)

- Industry Related

  1996 Hostile Takeover of Forte by Granada

2.2.2 - The Inevitability of Crisis and Management Capability

An organizational crisis can occur today with little or no warning, anywhere, any time. A crisis can also happen to any organization, large or small, public or private, regardless of its management style (Fink, 1986). Regrettably, the prospects for companies having to face some form of major crisis, more than one, are greater than ever before. Human error, lack of judgment, lack of anticipation, corporate greed, mechanical failure, all combine to guarantee that a major crisis will present itself to company executives sooner or later. Indeed, Mitroff and Pearson (1993a) suggest that the potential for large scale, human-induced crises is virtually built into the fabric of our times. They also argue that the potential negative effects of technology exceed the ability of our organizations and management structures to control them. Weick (1987, pp. 112) argues that accidents occur because the humans who operate and manage complex systems are themselves not sufficiently complex to sense and anticipate the problems generated by those systems. He goes further to argue that this is

> "a problem of 'requisite variety', because the variety that exists in the system to be managed exceed the variety in the people who must regulate it. When people have less variety than is requisite to cope with the system, they miss important information, their diagnoses are incomplete, and their remedies are short-sighted and can magnify rather than reduce a problem."

Moreover, and as noted by Pauchant and Douville (1993), most of the current knowledge in designing innovative and performing organizations tends to increase their degree of complexity and fragility. With all the complexities and uncertainties, it is apparent that any intervention in a crisis situation has the potential for creating other problems. As Weick (1988, pp. 308) has observed about crisis situations,

> "Our actions are always a little further than is our understanding of those situations, which means we can intensify crises literally before we know what we are doing".

As mentioned before, crisis management is still in its infancy. Not many organizations are aware of crisis management as a business function. In fact, it represents a "counter-culture". It seems that the world is obsessed with the positive side of management, emphasizing the sole importance of production, technological progress, breakthrough, etc. To all that, there is, as there is in nature, the other side of those forces: the destructive potential of the very success they claim. Rosenthal and Pijnenburg (1990, pp. 277 - 278) argue that crises (natural or man-made disasters) do forward the awkward dimension of "un-ness": unexpected, unscheduled, unplanned, unprecedented and definitely unpleasant. Unfortunately, crisis management is still being considered peripheral to the core activities of the day-to-day operations of businesses. Research on crisis management has been largely overlooked in comparison to other issues that promote "success". Managers are educated and trained to think success. That has been the focus of Business Schools. The net result of such emphasis is that managers are not prepared technically, psychologically, and emotionally to deal with a common feature of business operations and management of today: crisis. As suggested by Booth (1993), "most executives are not used to tacking the complex set of internal and external issues that are thrown up by crisis". Managers are often seen as not confident, pessimist, etc., when contemplating a downturn in their business. This view is supported by Meyers and Holusha (1988), who argue that "most chief executives don't like to think about crisis. They equate crisis with bad management; things that just don't happen on their watch". Indeed, research conducted by Mitroff, Pearson and Pauchant (1992, pp. 248 - 249) revealed that

> "managers and professionals had not the required and necessary emotional, ethical and existential strength to address the challenges posed by a potential crisis."

Having said that, it is evident that not only are crises increasingly more frequent and complex, but also our ability to deal with crises (at any level) is extremely limited. In a note of caution, when referring to industrial crisis, Shrivastava (1988) stated that

> "... industrial crises show us that organizations are not simply systems of production. They are also simultaneously, systems of destruction. Thus, it is not enough to manage organizations for greater productivity. They must simultaneously be designed, structured and managed, to reduce their destructive potential".

The notion that the crisis events such as the ones cited earlier were somehow unforeseen is somewhat spurious, as academics have argued for many years that all systems have a propensity towards failure (Perrow, 1984; Fink, 1986; Weick, 1987). Indeed, there is evidence which indicates that each of the dramatic events of crisis that occurred in the 1980s could have been prevented if human operators and their managers had been crisis prepared, that is, equipped to anticipate, respond to, and learn from their crisis experiences (Mitroff and Pearson, 1993a; Smith, 1990). Therefore, organizations should strive to have the frameworks and capabilities to cope with high levels of uncertainties and the seemingly increasing magnitude of crisis events. In a world of increasing technological complexity and interconnectedness brought about by this very technology, management can no longer afford to operate 21st century systems of vast complexity with 19th century management thinking (Mitroff et al, 1989).

If management acknowledges that in these complex and unpredictable times in which we live and operate, anything is possible, including a major crisis that may prove devastating to their business, management will be in the "right frame of mind" to accept the contention that forms the basic foundation of crisis management: proper advance planning. Only then, there can be a positive side to a crisis. It is no longer enough for managers to consider "if" a system will fail but rather "when" that failure will occur (Fink, 1986; Smith, 1990). Most recently, Mitroff and Pearson (1993b) suggested that the question should be "when", "which type", and "how".

Smith (1990) goes further to suggest that in the UK, where the concept of "corporate manslaughter" has been brought about by the courts (following the Herald of Free Enterprise sinking), responsible organizations will have to ensure that all necessary steps will have to be taken to prevent an accident occurring. More recently, legislation in the UK has been changing with considerable implications for businesses. Special interest groups have increased their power and influence over corporate affairs. Organizations have not only to deal with market forces, uncertainty, etc., but also the issue of morality and ethics which are getting new dimensions. Companies like Shell UK and British Aerospace, for example, spent millions of pounds in dealing with the demands and court actions of interest groups (Norman, 1995). Shell has adopted a more pro-active approach and now has in its board members of interest groups. Policies are now drafted in accordance with what the stakeholder advises and inputs.

On July 1996 members of an interest group were acquitted of causing £1.5 million of damage after they broke into a hangar at British Aerospace's factory near Preston, Lancashire, and attacked a Hawk warplane that they believed would be used against the civilians of East Timor (Craig, O. - in The Sunday Times, Focus, 4, August, 1996, pp. 15). The jury agreed with the argument that morally, their direct action was right. The defendants argued that the costs incurred by damage inflicted on the plane were secondary to preventing its sale to the Indonesian government for use in the "genocide" in East Timor. They argued that they were preventing a much greater crime. In this sense, their actions were not against the law. The important issue here is that this verdict would have been unthinkable 10 years ago.

With regards to the tourism industry, new legislation has been drafted which increases the possibilities for clients to sue tour operator and travel agents for "unsatisfied" holidays. Legal actions in the travel industry against providers went up 16.8% between June 1995 and June 1996 (The Times, 11, June, 1996). The European Community Package Regulations, introduced in 1995, and the UK Package Travel Regulations of 1992 have both set out strict guidelines and forced tour operators to be more honest and accountable (Gardner, 1996; Richardson, 1993). An indication of this trend is confirmed by The Association of British Travel Agents (Abta) which received more than 17,500 complaints in 1995 alone - up 17% on 1994.

Having said that, if management accept the premise that all organizations will face a crisis at some stage in their life span, the question which needs to be addressed is: how to cope with events when they occur and what steps should be taken to prevent them from occuring in the first place? Again, only with proper advance planning can there be a positive side to a crisis.

The Chinese have embraced this concept for centuries. The symbol for the word "crisis" - called "Wei-Ji" - is actually a combination of two words, "danger" and "opportunity" (Fink, 1986).

2.2.3 - Defining Crisis and Crisis Management

2.2.3.1 - Crisis - Towards a Definition

Contrary to popular believe, a crisis is not necessarily bad. It is merely characterized by a certain degree of risk and uncertainty.

- Fink 1986.

Historically, the concept of crisis originated in the medical field. It referred to phases of an illness in which the body's self-healing powers became inadequate for recovery, even with external help from life-support systems and medicines. A medical crisis represents the advanced point of a progressively worsening illness, when the illness acquires an objective force against which both patient and doctor are powerless. Such a crisis ends in a structural transformation of the body that may include permanent damage or death. Resolution of the crisis is a liberating experience that restores the physical powers of the patient. Both structural transformation and liberation are integral aspects of crisis resolution (Shrivastava, 1992).

2.2.3.1.1 - Evolution of Concept

The word "crisis" is derived from the Greek "Krisis", meaning "decision" (Pauchant and Douville, 1993). In ancient Greece, crises were "moments of truth when the significance of men and events were brought to light". Another meaning was the "turning point" of an illness (as mentioned above) "in which it is decided whether or not the (individual) organism' self-healing powers are sufficient for recovery" (O'Conner, 1987, pp. 54 - 55).

In economic theory, the word "crisis" was used in the "objectivist" sense in the late seventeenth century to refer to conditions of general market disequilibria. By the early nineteenth century, the word was widely employed to contrast "pathological" situations with more normal times. O'Conner (1987, pp. 55) illustrates further how crises were understood:

> "...While the most perceptive of all the classical political economists, Simonde de Sismondi, theorized that crises were inherent features of industrial capitalism, economic hard times in ancient society and feudalism, as well as in early modern Europe, were universally regarded as pathological in that they arose from 'external' causes, especially bad harvests and the politics of dearth. Or they were viewed as merchant-capitalist and financial 'excesses', 'panics' generated by wars and political forces and/or financial speculation external to material production, hence not 'normal' or regular events in economic life. Or crises were understood (as Hengel did) as what may be called 'sectoral crises' - the decline of particular industries or branches of production owing to changes in conditions of demand or the emergence of low-cost competition in the regions or countries - processes which remains highly relevant to modern economic conditions" (O'Conner, 1987, pp. 55).

Webster's defines a crisis as a "turning point for better or worse", as a "serious or decisive state of things", as a "turning point when an affair must soon terminate or suffer a material change", as a "decisive moment" or "crucial time". It also defines a crisis as "a situation that has reached a critical phase". A crisis is a "decisive or crucial time, stage, or event" (Webster's, 1979).

Regardless of how a crisis is defined, it brings with it an inherited element. A crisis is invariably an unstable time or state of affairs in which a decisive change is impending - either one with the distinct possibility of a highly undesirable outcome or one with the distinct possibility of a highly desirable and extremely positive outcome.

The fact that crisis management is a very new field of research, has also implications for its self-defining. Crisis research to date has relied heavily on a single method of study: the case study (Turner, 1976; Nystrom and Starbuck, 1984). While single case studies do provide substantial depth of analysis, they are difficult to compare and there is a clear need to go beyond the case study approach (Booth, 1993; Reilly, 1993). This emerging academic specialization owns its theoretical roots to works undertaken largely in North America. Crisis management is one of the most interdisciplinary fields that exists (Smith, 1990; Mitroff, 1994; Booth, 1993; Mitroff and Kilmann, 1984; Reilly, 1993; Pauchant and Douville, 1993). Mitroff (1988a) argues that "modern crises criss-cross not only whole industries, but also every conceivable specialty within an organization. Different parts of an organization tend to own different crises". That is, while one part will be most susceptible to terrorism, another may be vulnerable to product tampering, and another to faulty communication. However, any of these can easily spread to another part of the organization. The problem of definition is further complicated if one considers the stand point from where it is defined. Due to the fact that this field is "essentially multidisciplinary in nature" (Smith, 1990; Mitroff et al, 1992, pp. 241), drawing on research in the fields of economics, sociology, political science, demography, philosophy of science, psychology, psychiatry, theology, management, ecology, biology, physics, social theory, history, and others, the term is often defined quite differently depending on the academic context in which it is used.

2.2.3.1.1.1 - Definition by Academic Context: Ambiguity and Bias

Every scientific field of knowledge presents its own definition of a crisis. An in-depth review of this abundant literature highlights the complexity of crisis as a phenomenon and suggests the need for a theory in crisis management that address this complexity. Some perspectives used by different fields are presented here.

O'Conner (1987, pp. 16 - 17) argues that crisis literature originally converged on problems of defining crisis and identifying crisis symptoms. Thus, economists defined the economic crisis in terms of inflation, unemployment, and stagnation; swollen government deficits, and high interest rates; high energy costs and productivy shortfalls; the decline of "smokestack" industries; the inability of national governments to control money supplies; international monetary disequilibria; explosively high Third World debt; and threats of a world credit collapse. Political scientists identified crisis sources in failures of political leadership; weakness in crisis management systems; "ungovernability" and "excessive democracy"; the inability of political party systems to channel and control social conflict; or the failure to develop an equitable international political system. Marxist political economic theory attributes crises to the contradiction existing between social classes and between the values of the exchange and the use of the production (Habermas, 1973). Sociologists discovered new and growing social inequalities; rifts in "structures of normative action"; challenges to traditional authority; "deficits" of motivations and incentives; "insufficiencies of social control"; and a revival of atomized individualism. Psychologists became increasingly alarmed by the ."crisis of the family", especially the plague of divorce, family violence, and child abuse, as well as others signs of social decadence such as violent pornography, widespread drug abuse, increased crime, and what is regarded as a trend toward mass personality disintegration and social and political fanaticism, the lack of spirituality.

Historians often view crises as the result of a cumulative loss of harmony between the elements of a society, such as over-expansion in military power, technology, sexual behaviours, and so on (Kennedy, 1988 in Pauchant and Mitroff, 1992; Toynbee, 1972 in Pauchant and Mitroff, 1992). In chaos theory a crisis is defined as the breakdown of equilibrium, but views the cause of the crisis as itself an attempt to achieve a greater order (Gleick, 1987 in Pauchant and Mitroff, 1992; Prigogine and Stengers, 1984 in Pauchant and Mitroff, 1992).

In the management approach, unfortunately, most writers in management science do not embrace this multifaceted view of crises. Mitroff et al (1992) suggest that in the organizational sciences the definition of a crisis most commonly used is the one by Hermann (1972, in Mitroff et al, 1992, pp. 241), where crisis is defined as a "threat to a high priority goal, a time restriction and a surprise". However, these three concepts have not received empirical support in further studies in which researchers stressed that a "crisis" is by definition subjective and that it belongs to the eyes of the human being or system experiencing the event. Another example of a limited view of crisis can be observed in the definition provided by Mulder et al (1971). Mulder defines organizational crisis as a "situation in which goals are at stake that are of high importance to the system when the probability that the goals will be achieved is small" (Mulder et al, 1971, pp. 21). In this case, only the first concept in Hermann's definition is considered.

Perhaps, the most erroneous misconception in management science is the refusal to see a crisis as a positive force, as a factor itself contributing to the existence of an enterprise. By stating that a crisis has both a positive and a negative side, one is not only saying that a crisis is both a danger and an opportunity; one is also saying that the destructive side of a crisis is itself a *sine qua non* condition for the development of an organization (Pauchant and Mitroff, 1992). Very few authors in management emphasize this critical paradox (Miller, 1990; Schwartz, 1990; Pauchant and Mitroff, 1992). In essence, these authors are pointing to the fact that life and death, order and chaos, construction and destruction, order and disorder, "business as usual" and crisis, should not be seen as opposites but rather as a unified whole. Indeed, this misconception is so serious that authors like Pauchant and Mitroff (1992) single it out as the most important factor why so many organizations are not crisis-prepared.

2.2.3.1.1.2 - Other Dynamics of Crisis Definitions: Causes, Sources, Nature

Considering that the concept is used in many different fields, the definition of crisis as well as the attribution of crises causes are often highly diversified as well as strongly biased by the particular field in which they are studied (Pauchant and Douville, 1993).

The literature is also split on the issue of crisis sources (Mitroff et al, 1992). Some researchers have labeled crises as "normal accidents", that is, as emerging naturally from the complexity and tight-coupling embedded in modern technologies (Perrow, 1984); others have emphasized that crises are the results of "wrong" decisions made by policy makers (Janis, 1989); others have suggested that the emergence of crises is to be seen in the complex interrelations existing between humans and technologies, embedded in the "causal texture" of both environments and organizations (Shrivastava, 1992; Pauchant and Mitroff, 1992); while others attribute crisis to repeated successes and gradual acclimatization (Starbuck and Milliken, 1988). As an example, Charles Perrow (1984), looked at the underpinnings which led some areas of activity to be more prone to crisis than others. Perrow identified two important axes he felt had a significant affect on the source of crisis. The first axis was the degree of coupling. Loosely coupled systems could operate even if one or two of the links were absent. Tightly coupled systems were those where only one small error in one small component could mean a critical breakdown to the whole system. The second axis was the degree of interactions. Where there are only simple linear interactions mistakes could be easily seen and dealt with. Where there were complex interactions it could be difficult to find errors and to trace the effect of errors elsewhere in the system. Perrow suggested that the combination of tight coupling and complex interactions could lead to situations in which small changes in either the interactions or coupling could lead to catastrophe. The classic example of this was the Challenger disaster. The development of the Challenger shuttle was a highly complex and tightly coupled system.

The problem of definition is further illustrated when a closer examination of some different perspectives on the nature of a crisis is done. For instance Dyson (in Smith, 1990, pp. 265) argues that "Crisis is clearly a perceptual affair. Industrial crisis has different faces in the sense that a particular crisis is likely to consist of a set of interlocked crises". Smith (1990) suggests that even if the inherent ambiguity that exists within the use of the term is accepted, "it is necessary to assess what a crisis entails for those actors involved within it". A differentiation between those crises that are deemed to be intentional (war, civil disturbances, etc.) and those which occur "accidentally" within the context of a community set was made by Quarantelli (1988). Events which are said to be "accidental" would include some of the ones cited earlier which resulted in considerable loss of life amongst local residents (for example, Bophal and Lockerbie/Pan-Am air crash). In his account of the Bhopal accident, Shrivastava (1992) further illustrates the previous definition as he defines crisis as "organizationally-based disasters which cause extensive damage and social disruption, involving multiple stakeholders, and unfold through complex technological, organizational and social process". Shrivastava here refers to crises that have the potential to affect a number of groups with which the host organization interacts. This concept brings with it a whole new dimension. It has to be emphasized that in modern business operation virtually all crises have the potential to affect stakeholders regardless of their nature. Indeed, Mitroff and Pearson (1993a) argue that

> "It is no longer enough for any organization to consider merely its own crisis management interests in isolation from the environment. Organizations that are well prepared (for crises) recognize that a crisis has the potential to affect not only themselves and their products, but also the broadest array of potential stakeholders: consumers, competitors, suppliers, and members of the general environment".

Stakeholders, as defined by Mitroff and Kilmann (1984, pp. 23)

> "are all those vested interest groups, parties, associations, institutions, and individuals who exert a hold and a claim on modern organizations. Stakeholders are all those who either affect or who are affected by an organization and its policies (i.e., its behavior)".

The threat of a crisis striking any industry is also greater then ever before due to the evolving nature of the market environment. Considering customers as stakeholders alone, it has been noted that they are no longer buying products on the basis of prices or "value" alone. As buyers becomes more and more knowledgeable they now demand products from "responsible" organizations. A company has social responsibilities to the community in which it operates and to the larger environment. This is now part of the "deal" consumers want to take home with them. They buy "responsible products" or "politically correct" produced goods. Indeed, evidence shows that 77% of Americans consider a company's environmental reputation when buying goods (Small, 1991). Marconi (1993) suggests that during the 80s "... the whole point in investing was to make money and that greed 'is good'. Most people have trouble with such a blatant regard for a questionable trait. Although in the 1980s such position was actually fashionable..."; it is no longer accepted *per se.* Investors do continue to want a good return on their investments, but society is now asking for "responsible" means. Lesly (1991) makes this point when arguing that the cost of the developments of the 80s will be high for business that does not follows the "human climate", as he puts it. This trend is nothing new, as it had been already identified over a decade ago by Mitroff and Kilmann (1984), when they argued that there is

> "a rising demand for a new kind of institution altogether - a corporation no longer responsible simply for making a profit or producing goods but

simultaneously contributing to the solution of extremely complex ecological, moral, political, racial, sexual, and social problems".

It is also important to notice that, regarding public perception, there are also considerable differences between human-induced crisis and natural disasters. The public generally reacts more negatively to the effects of human-induced crisis then to natural disasters. While organizations may have little control over natural catastrophes, and this is understood by the public, human-induced crisis can devastate the long-standing reputation of an organization. In principle, this type of crisis is preventable, given the appropriate means for designing safer systems and managing them better (Hale, 1989). For this reason, human-induced crises receive severe condemnation.

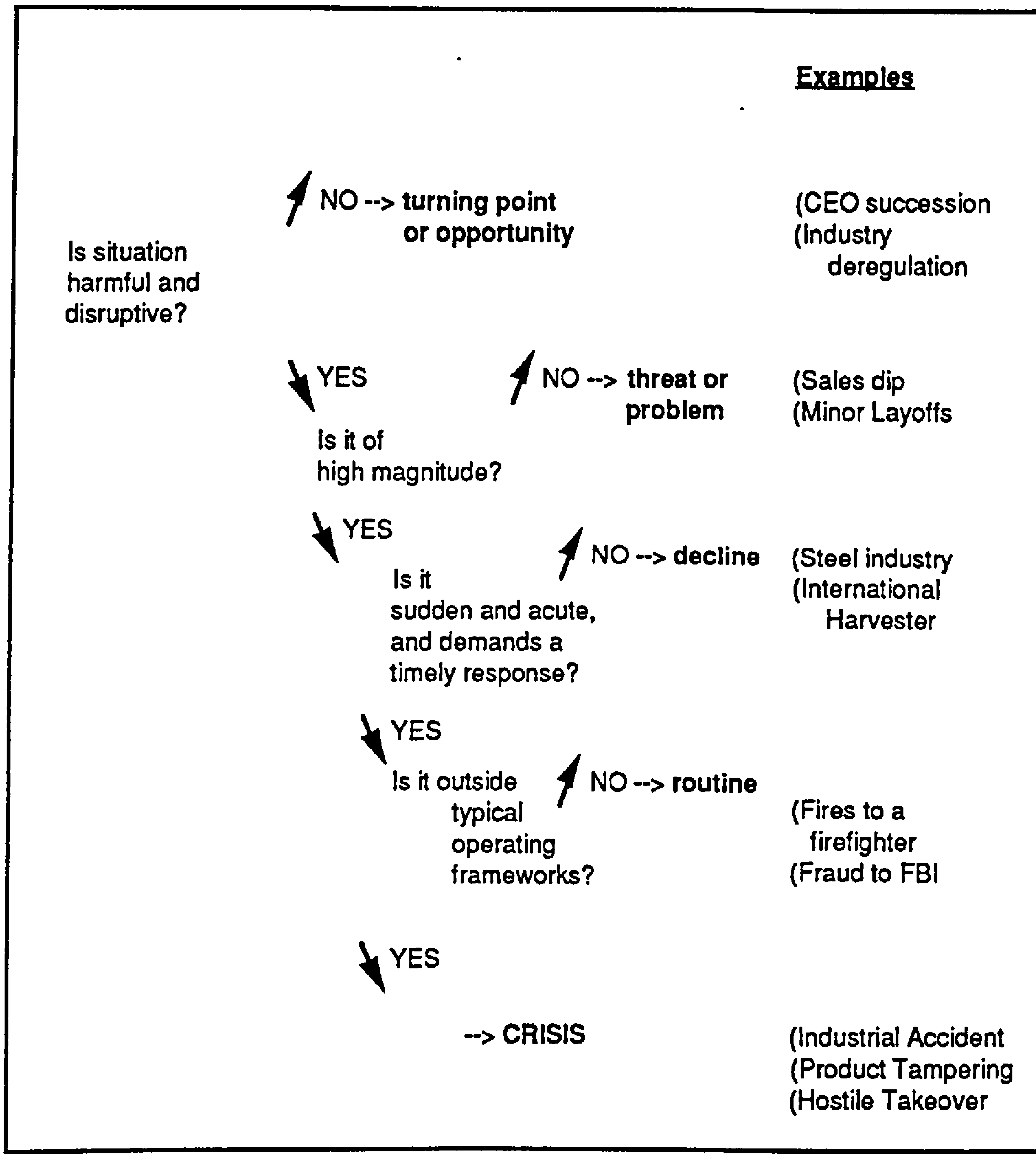
One can then conclude that there is indeed a problem of construct. The literature provides no generally accepted definition of crisis and attempts to categorize types or forms of crises have been sparse. Although some researchers have explored multiple forms of crises (Meyers and Holusha, 1986; Fink, 1986; Mitroff et al, 1989), others have examined crises as a single phenomenon (Nystrom and Starbuck, 1984; Smart and Vertinsky, 1977, 1984) or have concentrated on only one manifestation of crisis (Billings et al, 1980). The issue of construct has been further complicated by the use of various different terms in the literature as a synonym for crisis, such as disaster (Gephart, 1984; Hale, 1989), catastrophe (Mitroff and Kilmann, 1984), jolt (Meyer, 1982), problem (Kiesler and Sproull, 1982), turning point (Milburn et al, 1983).

Finally, a general definition of crisis was developed by Pauchant and Douville (1993, pp. 45 - 46):

> "crises are disruptive situations affecting an organization or a given system as a whole and challenging previously held basic assumptions; they often require urgent and novel decisions and actions, leading potentially to a later restructuring of both the affected system and the basic assumptions made by the system's members."

More specifically, Reilly (1993) defined crisis in a way that crisis is differentiated from its possible analogues, such as threat or decline. Figure 2.1 below shows Reilly's approach to crisis definition.

Figure 2.1 - Reilly's Definition of Crisis



Source: Reilly, A. H. - Preparing for the Worst: The Process of Effective Crisis Management - Industrial and Environmental Crisis Quarterly, V. 7 (2), pp. 115 - 143, 1993

Reilly (1993, pp. 116) defined crisis as

> "a situation which is harmful and disruptive (versus a turning point or an opportunity); is of high magnitude (versus a threat or a problem); is sudden, acute, and demands a timely response (versus decline); and is outside the firm's typical operating frameworks (versus routine, such as fire to firefighters)".

Reilly emphasizes that this definition includes situations which stem from within the organization (e.g., criminal top management) as well as precipitating events arising from outside the organization (e.g., terrorism).

2.2.3.2 - Crisis Management Defined

The fact that crisis management is a very new field of research, has also implications for its self-definition, as discussed in the last section. Moreover, crisis management is one of the most interdisciplinary fields that exists. The ability to manage a crisis starts with management's ability to "interpret" and define a crisis. Misdefinition of crisis is not uncommon in business. Booth (1993) outlines that facts or signals that define a crisis may be ignored, repressed, or misinterpreted by organizational leadership. Even when there are clear indicators there may be serious disputes about the nature of the crisis as organizations will try to protect their own interests. With respect to the question of definition, it is important to take an interpretative approach which utilizes and values the relevant information. Kouzmin and Jarman (1992, in Booth, 1993) indicate that for some of the more complex crises a whole series of competing definitions of the crisis may be found in each of the different public and private agencies involved. Each may have some evidence to support their definition but none is adequate on its own as a complete definition (this issue is further discussed in Chapter 4). More importantly, by adhering to their own definitions the root causes of the crisis may simply not be addressed. As a result, the organizations involved claim to be handling the crisis but in reality their activity actually exacerbates the crisis.

Kerchner and Schuster (1982, pp. 122) citing Kupperman (1975) suggest that

> "Crises are matters of degree, being emotionally linked to such subjective terms as 'calamity' and 'emergency' ... Crises are generally distinguished from routine situations by a sense of 'urgency' and a concern that problems will become 'worse' in the absence of action".

Action in this sense can then be seen in a broader way, not only reactive. Indeed, crisis management starts well before any event boils into a full-blown crisis (Fink, 1986; Mitroff and Pearson, 1993a). Indeed, Rosenthal and Pijnenburg (1990, pp. 279) argue that crisis management involves efforts:

- to prevent crises from occurring,
- to prepare for a better protection against the impact of a crisis agent,
- to make for an effective response to an actual crisis,
- to provide plans and resources for recovery and rehabilitation in the aftermath of a crisis.

It is important to understand that unlike risk, uncertainty can never be completely controlled or eliminated. As the external environment (and to a certain degree the internal environment) becomes increasingly uncertain, the ways organizations minimize the risks of, and capitalize on the opportunities presented by that uncertainty becomes correspondingly important.

Crisis situations are by nature novel, unstructured, and outside the organization's typical operating frameworks. Each crisis is different, and thus requires a non-programmed decision response. As mentioned previously, crises are highly uncertain and complex situations. It is also important to remember that because of the constraints of bounded rationalities, those executives nominated to cope with organizational crises must learn strategies for simplifying these complex judgment tasks. Another characteristic of crisis situations is that they are often overload by incomplete, and conflicting information. Therefore, given crisis and crisis situation characteristics, effective crisis management must rely on at least three processes: problem perception, analysis, and decision making (Reilly, 1993).

Crisis management was defined by Mitroff (1994, pp. 102) as

> "a series of ongoing, interrelated assessments or audits of kinds of crises and forces that can pose a major threat to a company's main products, services, manufacturing processes, employees, environment, and the communities. Crisis management also consists of a series of activities for the design, redesign, and implementation of key plans, procedures, and mechanisms for crisis detection, prevention, preparation, containment, recovery, and learning."

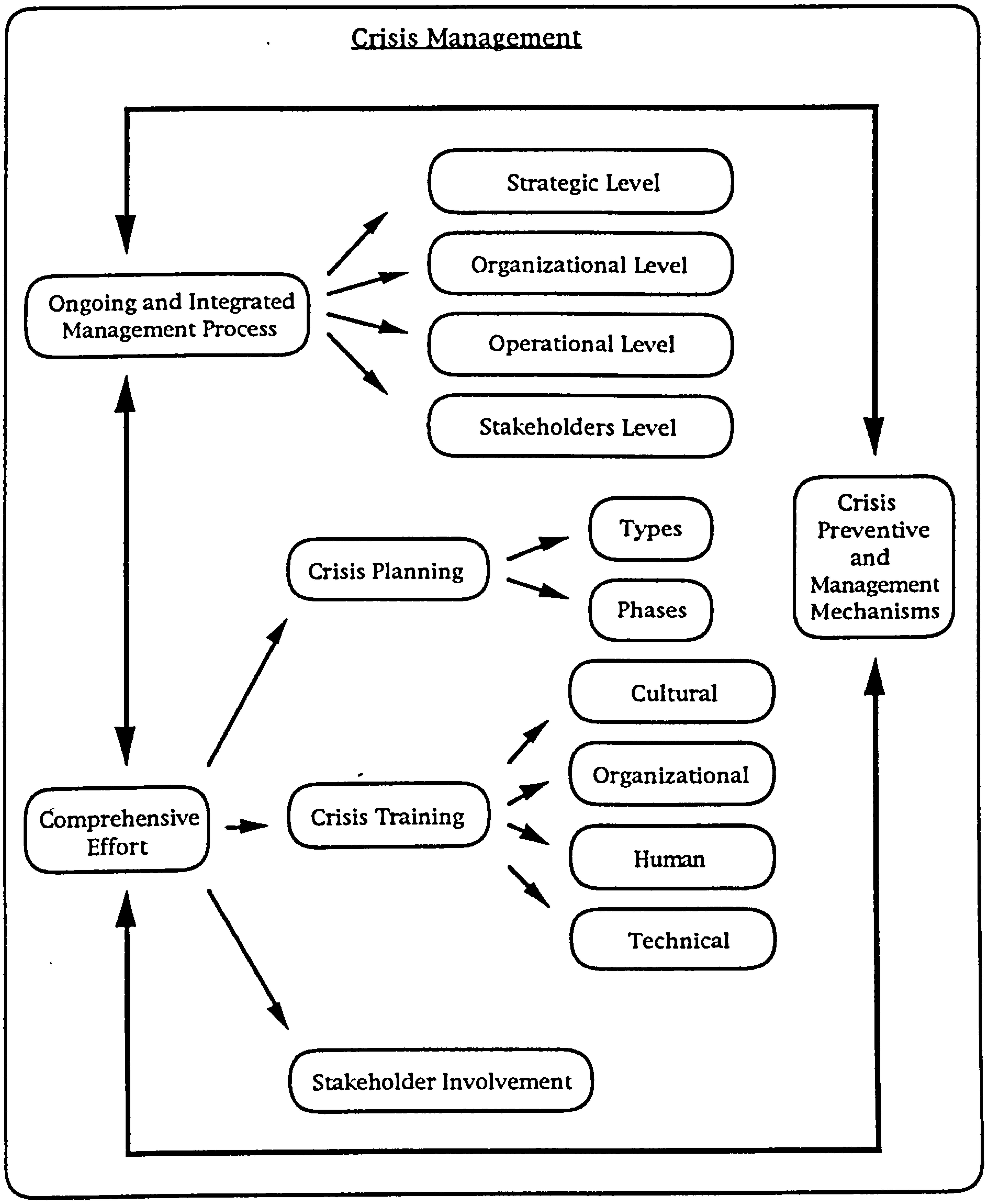
For the hotel industry, which will be discussed in a later chapter, the purpose of crisis management planning was defined by Brewton (1987, pp. 10) in the following terms:

> "The purpose of crisis management planning is to enable management to make qualitative decisions under pressure of time, while avoiding or minimizing injury to guests and danger to hotel assets".

This definition is, for the purpose of this study, a very limited/narrow statement since it does not take into account the broad array of hotel stakeholders and considers only "physical" crisis consequences (i.e., terrorist attack, fire, etc.). Issues such as psychological impact to guests and stakeholder and other consequences are very much overlooked. A more appropriate view would address other subtle crises, where all stakeholders are considered and accounted for. This issue is discussed further in the following chapters.

Having said all that, an operational crisis management definition for the purpose of this research is proposed: **Crisis management is an ongoing integrated and comprehensive effort that organizations effectively put into place in an attempt to first and foremost understand and prevent crisis, and to manage effectively those that occur, taking into account in each and every step of their planning and training activities, the interests of their stakeholders.** Figure 2.2 below summarizes the operational definition of crisis management.

Figure 2.2 - Crisis Management - An Operational Definition



2.2.3.3 - Crisis Management Development and its Implications for this Research

Given that crisis management is an emerging field of research there are inevitably clear implications for this study. The main implication is that there is not yet a paradigm. Crisis research to date has relied heavily on a single method of study, the case study. Clearly, there is the need to go beyond this approach, if only for the effect of comparison.

The issue of crisis definition and bias is a serious one. The literature provides no generally accepted definition of crisis. This fact is hampering development in the field of crisis management as attested to by many authors. Crisis classification, categorization, and typology still need to be developed further to ensure a more uniform system so that a coherent framework could be derived and applied across industries, sectors, and even disciplines. Given that crisis management is in essence inter-disciplinary, any search for an understanding of the topic inevitably implies in-depth review of many disciplines, subjects, and different contexts. Some disciplines have traditionally dealt with the issue of crisis, such as the ones in the medical field, environment, biology, economics, etc. Unfortunately, the management area is the least developed one, as discussed above. Having said that, a working definition of crisis management had to be developed, based on research, to serve the purpose of this study.

2.3 - Typology of Crisis

The types of crises encompassed by the field of crisis management is very large: they range from "traditional" business crises, such as cash-flow shortage, market fluctuation, bankruptcy, leadership crises, etc., to less "common" or less traditionally addressed crises in standard business training, such as terrorist attacks, environmental disasters, psychopathic behaviours, malicious rumors or ecological crisis of the planet (Pauchant and Douville, 1993).

In today's environment, the total set of potential crises that could affect any organization is too large to prepare for, even with the best of budgets. This point is illustrated in Table 2.4. It shows a list of some situations that could turn into full-blown crises.

Table 2.4 - Some Situations that Could Turn into Full-Blown Crises

- Abortion
- Accidents
- Activist action
- Acts of God
- Adverse government action
- AIDS
- Aircraft crashes
- Aircraft safety
- Airport safety
- Airport security
- Ambush interviews
- Analyst presentations
- Annual meetings
- Anonymous accusers
- Bad debts
- Bankruptcy
- Chemical abuse
- Chemical dependency
- Chemical spills
- Civil unrest
- Competitive misinformation
- Contamination
- Corporate campaigns
- Corporate control
- Corporate governance
- Cost overruns
- Counterespionage
- Crashes
- Customer misuse
- Death (customer)
- Death (employee)
- Death (key executive)
- Demographic changes
- Depositions
- Deregulation
- Discrimination
- Disparagement
- Divestiture
- Downsizing
- Drug and Chemical abuse
- Embezzlement
- Employee injure
- Equipment malfunction
- Exposure
- Exortion
- Falling reputation
- False accusations
- Falsification
- Fire
- Foreclosure
- Government intervention
- Government spending cuts
- Government investigations
- Grand-jury investigations
- Grass-roots demonstrations
- Hazardous-material accidents
- Hostage taking
- Hostile takeover
- Image distortion
- Inaccessibility
- Inconsistency
- Indictment
- Insider activities
- International accidents
- International competition
- International issues
- Irradiation
- Irritated reporters
- Judicial conduct
- Labour problems
- Landfill siting
- Lawsuits
- Layoffs
- Leaks
- Leverage buyouts
- Liquidations
- Lying
- Mergers
- Multiple-use issues
- New-product failures
- New-product introduction
- No comment
- Noise
- Nuclear emissions
- Political problems
- Premature disclosure
- Product recall
- Product tampering
- Proxy contests
- Public testimony
- Quote in context
- Quote out of context
- Rationalization
- Reclamation
- Rumors
- Sabotage
- Scandal
- Security leaks
- Seepage
- Sexual addiction
- Shifts in value
- Special-interest groups
- Strikes
- Takeovers
- Tax shifts
- Technology transfer
- Television interviews
- Terrorism
- Traffic
- Transplants
- Transport accidents
- Uncontrolled exposure
- Unethical behaviour
- Vandalism
- Visual pollution
- Whistleblowers

Source: Lukaszewski Group, in Mitroff, Ian, I. and Pearson, C. - Crisis Management: A Diagnostic Guide for Improving Your Organization's Crisis-Preparedness, Jossey-Bass Publishers, San Francisco, 1993, pp. 25

As seen above, an organization is vulnerable to limitless types of crisis. Since the number of potential crises seems endless, no organization, regardless of its budgets, could plan for all possible contingencies, therefore, the question is for what crises should an organization prepare for. Meyers and Langhoff (1987) suggest that a crisis audit that evaluates a company in terms of nine crisis types could determine what kinds of crises the organization is likely to face. The audit proposed by Meyers and Langhoff would also assess management's ability to respond by examining the time available for action, the dimension of potential disruption, management's degree of control, and available options. The authors argue that there are nine generic types of crisis:

1 - Public perception
2 - Product failure
3 - Hostile takeover
4 - Sudden market shift
5 - Adverse international event
6 - Labour relations
7 - Cash
8 - Regulatory
9 - Management succession

Although most industries are exposed to those "generic" types of crisis, the degree to which some industry is more susceptible to one or other type may vary drastically. Moreover, while many other types of crisis may fall into those generic types, it seems that one type, which also can be considered "generic", and that can not be discarded by any organization today, has been left out: terrorism.

Another issue that is normally overlooked and one that is becoming increasingly important is white-collar crime. Haas (1994), argues that issues like price fixing conspiracy, bribery, fraud, and business collusion occur more often than is permissible to gain the level of public trust and support that business requires to thrive. What is most puzzling about instances of business wrongdoing is that they contradict both the values that are held by most individuals and the collective standards established for appropriate business behaviour. According to the Institute of Crisis Management (USA), more than half of the crisis cases filed in 1993 were crises brought on by the questionable judgment of management. Coverage of these types of corporate misdeeds (white-collar crime) has risen 55% since 1989 in the USA. This problem, however, is not exclusive of that country. The Barings Bank (UK) collapse is a well known case. In Germany, a country that prided itself on its honesty and efficiency, executive crime is becoming a common practice. While some white-collar crime is relatively petty, large-scale corruption cases are also on the increase (Franchetti, 1996). The trend has alarmed the German government and experts alike. In a fraud survey compiled by a group of auditors, 60% of German managers said they had been victims of economic crime by their employees. Police statistics record more than 700,000 cases of fraud and embezzlement in 1995, a 40% increase since 1993.

A recent survey published by Ernst & Young entitled "Fraud - the Unmanaged Risk", revealed that nearly 90%, of the 805 top executives interviewed in 11 countries, believe their organizations are as much or more at risk than five years ago. Some 25% had lost more than US$1 million in fraud over the same period, and 40% suffered more than five frauds. More than half were discovered by chance, and three quarters were committed by employees. The survey estimates that fraud is costing business more than US$10 billion (£6.6 billion) per year worldwide (Kane, 1996). In the UK in 1995, more than two-thirds of Britain's leading finance directors said their companies have been victims of serious fraud by employees (Burrell et al, 1995).

There are grave consequences for ignoring ethical problems, and there is increasing evidence from academic studies (Haas, 1996) that show positive correlations between responsible business behaviour and return-on-investment, stock price, consumer preference, and employee loyalty. There are commercial benefits to be gained from managing a business in a responsible, ethical way that best serves an enterprise's long term interests.

The incidence of violence in the work place is also another issue that is hampering the development of organizations today. It is on the increase in all developed and developing countries (Morrissey, 1996; Weide and Abbott, 1994; Cawood, 1991; Thornburg, 1992). In the United States, according to the Department of Labour, more than 1,000 people are murdered each year on the job. In addition, two million are attacked, six million threatened and 16 million harassed.

In the hospitality industry, the issue of violence in the kitchen of hotels and restaurant, specially in five star establishments, has been under scrutiny after a television documentary which showed the level of violence top chefs subject their apprentices and inferiors to (The Big Story, A Carlton Programme for ITV, 10, October, 1995). Also, although no precise figure is available, it is estimated that the annual cost of fraud to hoteliers in the UK is in millions. Fraud in the hospitality industry ranges from the straight "walk-out", where a guest simply leaves without paying the bill, credit card fraud, theft by guests, theft by staff, etc., to the more sophisticated corporate white-collar crime (Harris, 1994).

The list of types of crisis can be endless, depending on the nature of the industry, the nature of the organization's culture, operations, etc. Mitroff (1988a) identified other major types that are listed bellow as an illustration:

- Major product defects
- Major plant/equipment defects
- Major industrial accidents
- Major computer breakdowns
- Hostile takeover
- On-site sabotage/product tampering
- Off-site sabotage/product tampering
- Counterfeiting
- False rumors, malicious slander
- Bribery
- Price fixing
- Sexual harassment
- Terrorism
- Executive kidnapping
- Poor or faulty operator training
- Copy cat threats
- Recalls
- Boycotts
- Loss of proprietary information
- Misinformation/miscommunication
- etc.

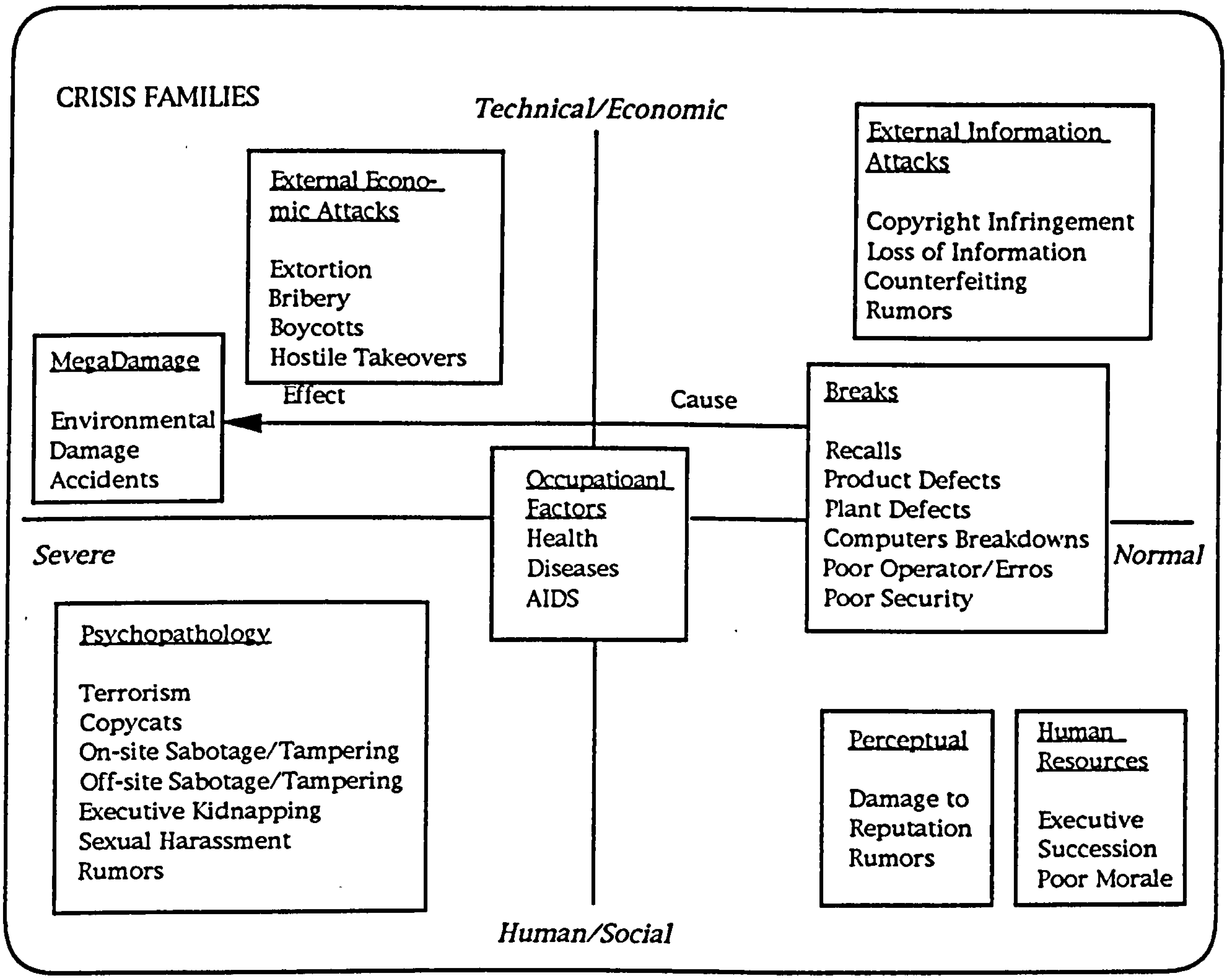
Another comprehensive list of crises that an organization may be vulnerable to has been elaborated by different authors. For example, Weiner (in Reinhardt 1987) compiled a list of more than 50 (fifty) disasters that can strike an organization.

The literature reveals that some attempts have been made to classify crises. While Mitroff et al (1988a) and Shrivastava et al (1988) have focused on problems with psychological roots, Perrow (1984) and Shrivastava (1992) have concentrated on the various types of technological crises that result in harm to the environment, and Meyers and Holusha (1986), Marcus and Goodman (1989), and Siomkos (1992) have looked primarily at financial and business crises. These three basic crisis "classifications" have different outcomes. A financial crisis can jeopardize the survival of an organization - and thus the returns to shareholders and the job security of its managers and workers. An extreme example would be the bankruptcy of the organization, but others such as hostile takeovers, liquidity crises, and depleted capital reserves can also be included. A crisis can also have psychological outcomes. This can endanger the mental and physical health of managers and employees by creating stress, conflict, extreme apathy, disenchantment, alienation, and even depression in the work environment. These kinds of outcomes are crises in themselves as they can engender illness and much suffering. Moreover, they can also lead to carelessness, even sabotage, which can result in accidents in the workplace and inferior products. Finally, the environmental crisis is self-explanatory, but it may range from noise pollution to the endangerment of future generations. The issue of crisis outcome is discussed in a later section (Section 2.5).

The long list of potential crises (such as in Table 2.4) presents considerable difficulty to organizations in formulating strategies and dedicating resources, precisely because no one can predict which events or situations will or will not escalate into major crises. It is also true that every crisis involves an element of uniqueness. However, this does not mean that there are no general or generic features of crises or effective procedures for handling them whatsoever.

While Meyers and Langhoff (1987) suggested "generic types of crisis", Mitroff (1988a) and Mitroff and Pearson (1993a, 1993b) created a systematic and comprehensive framework of crisis "clusters" and types. The main question here can be summarized as: which crises should an organization prepare for and manage? Mitroff went a step further and put it in another way: "Is there any way to select in a *rational*, *systematic*, and *comprehensive* way which crises an organization should prepare for, and which it can 'safely' neglect?" The answer is that crisis planning can indeed be managed more rationally. Mitroff developed two frameworks, one based on the idea of a "crisis portfolio", the other on the idea of a "process model of crisis management" which are discussed below.

Figure 2.3 - "Crisis Porfolio"



Source: Mitroff, Ian, I. and Pearson, C. - Crisis Management: A Diagnostic Guide for Improving Your Organization's Crisis-Preparedness, Jossey-Bass Publishers, San Francisco, 1993, pp. 18

Figure 2.3 shows that crises can be grouped according to their shared characteristics. The members of a particular "cluster", according to Mitroff and Pearson (1993a), bear more than just a surface similarity to one another (for example, take the group "Breaks": all of those crises consist of defects or breakdowns in products, plants, equipments, etc. - e.g., operators).

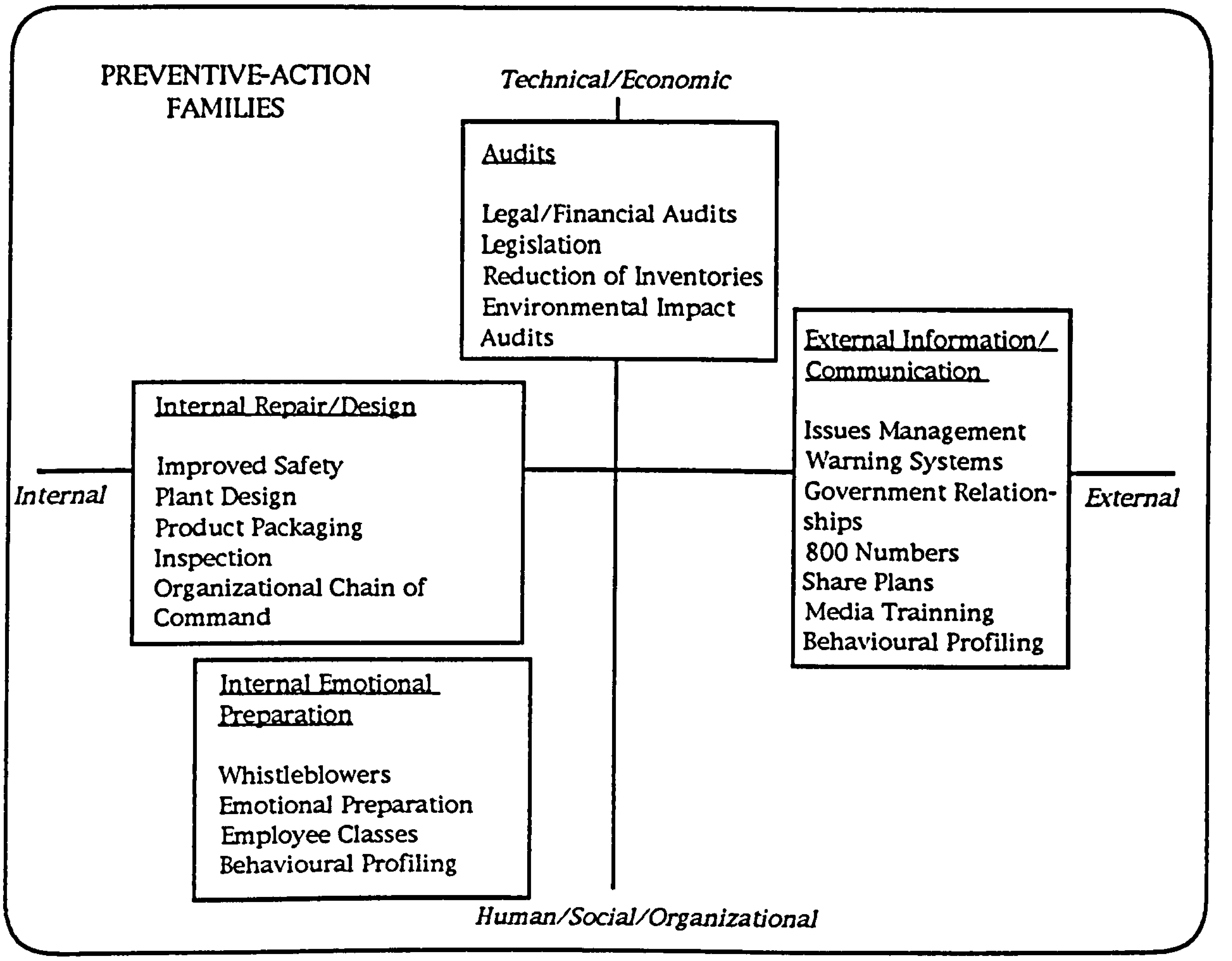
The dimension measured on the horizontal axis refers to how crises are initiated. Types of crisis on the left-hand side have aberrant or deviant causes as their sources. They fall outside the range of normal, rational behaviour. Pathological explanations of human behaviour, as in the case of a psychopathic saboteur are an example. The left quadrant also represents severity. The "Mega Damage" type can occur either as a result of intentional environmental abuse or neglect (the *cause*), or as the *effect* of a more normal "break". This dual characteristic is indicated by the cause/effect arrow. Those on the opposite quadrant (right) are more easily understood and can, generally, be handled by existing institutions (for example: the legal system), or technical knowledge (for example: plant design).

The dimension on the vertical axis refers to the differentiation between crises that are perceived to be primarily technical/economic in origin or nature versus those that are primarily human/social, such as organizational miscommunication, employee sabotage, etc. That is, crises located in the upper quadrant occur because of breaks in technical procedures or information systems. Crises in the lower quadrants refer to breakdowns in human behaviour or social systems.

The "Occupational Heath Diseases" type lies between "technical/economic" and "human/social" categories because it reflects both technical and human/social error or shortcomings (for example: food industry - diseases derived from technical shortcomings - lack of hygiene - as well as human errors - such as unwillingness of affected employees to report their conditions).

Finally, the type "Perceptual" refers to those crises in which the initial *cause* is a threat to reputation. Every type of crisis could potentially *result* in negative perception by stakeholder (Mitroff and Pearson, 1993a; Mitroff and Kilmann, 1984; Small, 1991). Examples of this kind can be when organization executives engage in behaviour such as industrial "espionage" - Lopez case, Volkswagen/GM, or the so called "Dirty Tricks Campaign", British Airways/Virgin Atlantic (Taylor III, 1993; Parkes, 1993; Gregory, 1994).

Figure 2.4 - "Process Model of Crisis Management"



Source: Mitroff, Ian, I. and Pearson, C. - Crisis Management: A Diagnostic Guide for Improving Your Organization's Crisis-Preparedness, Jossey-Bass Publishers, San Francisco, 1993, pp. 19

The second framework (Figure 2.4 above) developed by Mitroff is the "Process Model of Crisis Management" or preventive actions portfolio. In the same way that types of crises can fall into one category, preventive actions tend also to cluster into distinct types. Mitroff suggests that organizations can benefit by preparing across a "portfolio" of crisis. That is, to spread crisis risk, organizations need to minimize their vulnerability by planning across crisis types.

It is important to note that, from preparing for one specific crisis, the learning of this preparation is transferable to other crises within the same type. For example, common issues must be faced, and decision making and action plans are similar within each type. If at least one type of crisis from each of the crises category is chosen, and planned for, it will also provide some preparation for each of the others, since the other members of the group are related to one another. Indeed, Mitroff and Pearson (1993a) argue that a sensible way of controlling one's risk without having to prepare for every kind of crisis is to spread one's crisis preparation evenly across the portfolio of potential crises. In another words, while it may be virtually impossible to prepare for every conceivable kind of crisis, it is possible to prepare for at least one type in each of the various groups; further, if each of the types within a cluster are somewhat similar, then preparation for one constitutes some preparation for the others (Mitroff, 1994).

Finally, the issue of crisis types adds another dimension to the importance of crisis preparation. The study of major human-caused crises reveals that virtually no crisis ever happens in isolation. If handled improperly, every crisis can set off a chain reaction of other crises. Therefore, it is crucial to always think of crisis preparation across different classes of crises. Mitroff (1994) argue that this interconnectedness between potential crises also explains why the best organizations think systemically in their crisis preparation.

The purpose of crisis planning/preparation is not the preparation of a thick set of plans that could be never used or applied. Crisis planning is a process of continually asking "What If" a set of crises hit the organization simultaneously. The purpose of crisis management is to teach an organization to confront, in advance, the stress that will arise when a crisis happens (Mitroff and Pauchant, 1990; Mitroff, 1988a). Indeed, Mitroff (1994, pp. 105) argues that

> "since no crisis ever happens exactly as it is represented in crisis plans, the 'true' purpose of crisis planning is to 'think about the unthinkable' prior to its occurrence. By 'thinking about the unthinkable', the emotional trauma that accompanies all major crises, as well as the resulting inability to act, is thereby lessened."

Fink (1986, pp. 66) states that

> "the better your crisis management plan, the better your tools. And superior tools in the hands of a skilled artificer will go a long way towards ensuring opportunity instead of danger".

2.4 - Planning for Crisis

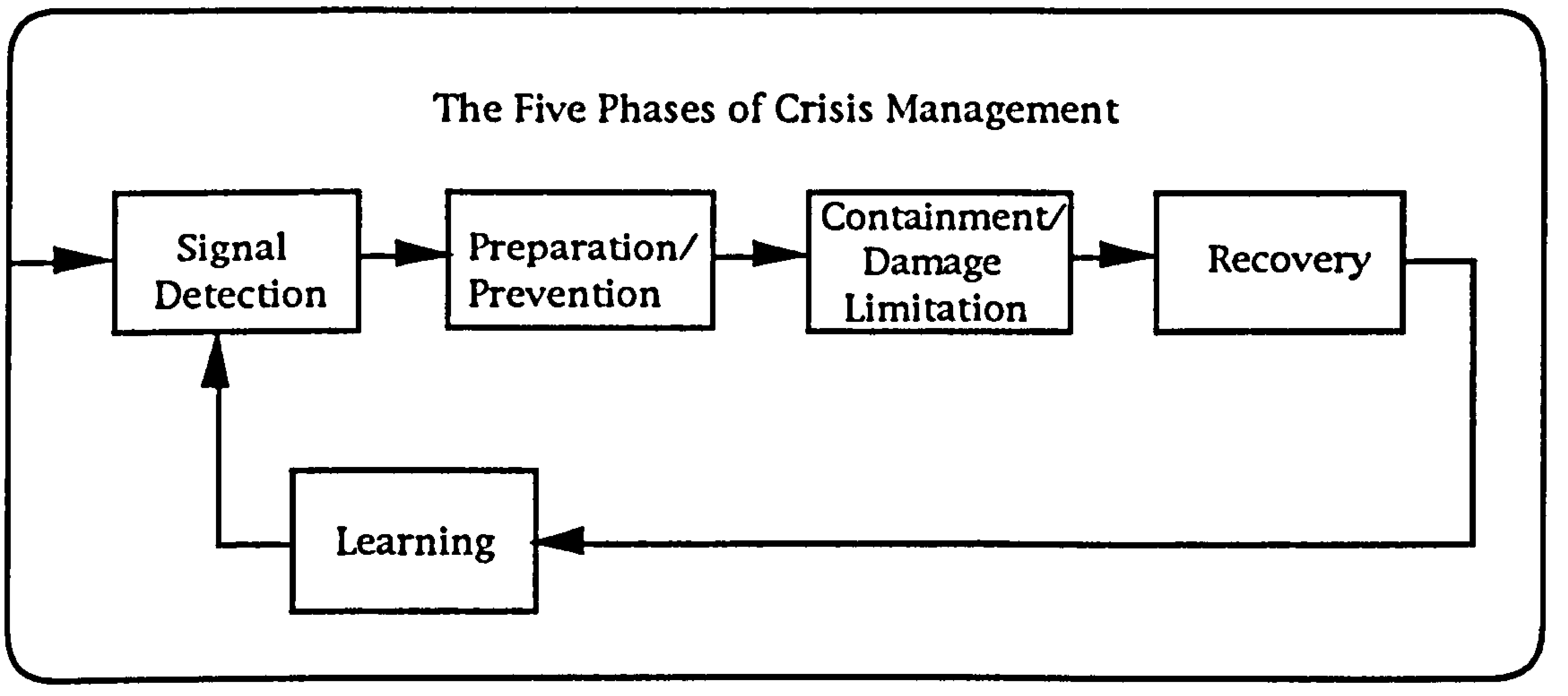
For better understanding of crisis management, it is necessary to explore the distinct phases of a crisis. It is appropriate, therefore, to discuss crisis planning and preparation in the context of crisis anatomy, that is, in the context of the many phases and stages in the evolution of a crisis.

2.4.1 - Anatomy of a Crisis

A crisis has some distinct phases that in turn require distinct approaches of management. Different authors identified or/and used different denominations for distinct phases (see Smith and Sipika, 1993; Mitroff and Pearson, 1993a; Brewton, 1987; Meyers and Langhoff, 1987; Nunamaker, Weber, and Minder, 1989). Regardless of the names given to each phase, it is evident from the work of the authors above that a crisis follows a consistent pattern of at least 3 (three) distinct phases: Pre-crisis period, the crisis itself, and the post-crisis period. While some authors identified those 3 main phases, others considered more than those 3 phases, or identified "sub" phases within the ones cited above. For the sake of illustration, a comparison of different approaches is done here. The first phase of a crisis, the pre-crisis, has been called "Crisis of Management" (Smith and Sipika, 1993), "Signal Detection" (Mitroff and Pearson, 1993a), and "Prodromal Crisis Stage" (Fink, 1986). The crisis itself, has been called the "Operational Crisis" (Smith and Sipika, 1993), "Containment/Prevention" (Mitroff and Pearson, 1993a), "Acute Crises Stage" (Fink, 1986). The post-crisis period has also received different names such as "Crisis of Legitimation" (Smith and Sipika, 1993), "Recovery Period" (Mitroff and Pearson, 1993a), "Crisis Resolution" (Fink, 1986), and so on.

Nearly all crises pass through all those phases - from early warning signals to prevention, through damage containment and business recovery, to organizational learning. Different dangers and opportunities are inherent in each phase. However, and as Fink (1986) suggested, a crisis does not necessarily follows all the crisis phases. A crisis can occur without warning (reason enough to be prepared), or if you are prepared, a crisis can go direct from the warning signal phase to the learning phase. The learning phase, however, should be a continuum. Organizations can only increase their ability to manage crisis if they properly understand and manage each phase of the process.

Figure 2.5 - Crisis Management Phases



Source: Mitroff Ian, I. and Pearson C. - From Crisis-Prone to Crisis Prepared: A Framework for Crisis Management, Academy of Management Executive, V. 7 (1), pp. 48 - 59, 1993, pp. 53

Figure 2.5 above, lays out in a systematic fashion the phases that need to be managed before, during, and after any major crisis.

2.4.1.1 - Crisis Warning Signals and Preparation and Prevention Phases

The first phase is where warning signals can be detected. In many instances, this is a real turning point. If the turning point is missed, the next phase (crisis itself) can strike with such swiftness that the so called crisis management after the fact is, in reality, merely damage control. However, if it is identified, corrective action (preparation) can be put into place.

Usually crises leave a trail of early warning signals (Brewton, 1987; Mitroff 1988a; Booth, 1993; Mitroff and Pearson, 1993a; Smith and Sipika, 1993, Fink, 1986; Nunamaker et al, 1989). Many organizations, however, respond differently to warning signals (a detailed discussion on why organizations react - if at all - differently can be seen in Chapters 3 and 4). Crises often occur because warning signals were not attended to. As the Challenger disaster (explosion) illustrates, the immediate "cause" of the disaster was a faulty O-Ring, a poor engineering design that led to a catastrophic technical break. However, the real precipitating cause of the accident was a bureaucratic organization that deliberately blocked repeated warning signals. These were in form of memos, which are reproduced at the back of the Report of the President's Commission on the Space Shuttle Challenger Accident. The signals said in no uncertain terms that unless the O-Ring was corrected, a tragedy was virtually guaranteed (Starbuck and Milliken, 1988; Shrivastava, Mitroff, Miller, Miglani, 1988; Regester, 1987; Mitroff, 1988a; Fink, 1986; Smith, 1990; Small, 1991).

More recently, February 1995, the collapse of the Barings Bank (the UK's oldest merchant bank) illustrates yet again the failure of top management to act upon crisis warning signals. The Barings Bank was the most famous banking institution in the UK. It took, however, not long for it to fall catastrophically when warning signals were consistently ignored, threatening the very foundations of the world money markets. Barings Bank top executives failed to act upon the content of the notification given by the official body that regulates traders and issues licences, The Securities and Futures Authority, about Nick Leeson and to follow their advice. Nick Leeson was refused a license by the SFA on the ground that he did not behave honestly in the past, and therefore was not fit to have a licence. Although Mr. Leeson could not trade in the London market, the bank sent him to Singapore.

Among the many early warning signs that the Barings Group and its top executives had prior to the collapse of the institution, it became evident later that the authorities in Singapore had also warned Barings about the dangers of their proposed business structure in which Leeson would have total control over his activities, with little or no supervision over his trading activities (Financial Times, Weekend Money, 4 March, 1995, pp. 1, 2, 3, 8, 9). As it turned out, Mr. Leeson controlled both front and back office. In another words, he was responsible for settling his own tradings. Moreover, it was also revealed (as early as 25 March 1992, before Leeson arrival in Singapore), that Leeson's powerful position was questioned by the local Barings manager. In fact, Barings manager warned that

> "... we are in danger of setting up a situation which will subsequently prove disastrous and with which we will succeed in losing either a lot of money or client goodwill or probably both" (Panorama, BBC Television, 13/3/1995).

Despite these warnings, the directors in London allowed Leeson to settle his own tradings. In August 1994 auditors from Barings London went to Singapore and also showed the same concerns in their report, that Leeson was the key manager in both front and back office. The report stated that

> "... there is a significant general risk that the controls could be overridden by the general manager ... this represents an excessive concentration of power."

After the collapse of Barings, the head of the Securities and Futures Authority, Christopher Sharples, commented that

> "any firm that is given warnings by their auditors, particularly in an area as dangerous as derivatives market can be in the wrong hands, ought to take actions immediately, otherwise I would argue they have been extremely irresponsible. It would certainly seem that someone, somewhere, has certainly failed to carry out even the most elementary types of appropriate supervision and ensuring the demarcation between the different jobs that people should be doing. The whole question of the difference between the back and front office may seem arcane but is terrible important." (Panorama, BBC Television, 13/3/1995).

The immediate losses to Barings was over £830 million (Jay and Kane, 1996). The damage to the City of London has been immense. Barings Bank was sold for £1 (also Gapper and Wighton, 1995; Lewis and Burns, 1995).

Another example of inadequate response to warning signals, lack of actions taken, and the consequences, can be seen in the Three Mile Island episode (Pennsylvania, USA, March 28, 1979) where memos were written warning of the danger as early as 13 months before the Three Mile Island accident (Matthies, 1985; Fink, 1986). In the case of Three Mile Island, the Report of the President's Commission on the Accident of Three Mile Island concluded that

> "a series of events - compounded by equipment failures, inappropriate procedures, and human error and ignorance - escalated (the accident) into the worst crisis yet experienced by the nation's nuclear power industry" (in Fink, 1986).

As discussed previously, crises are a result of a combination of factors. Mitroff (1988a, pp. 17) indeed suggests that "virtually all major crises are caused by a mixture of human and technical elements". Smith (1990, pp. 265) in the same line argues that

> "the configuration of individual crisis events can be seen as a function of the interactions between a number of smaller events which conspire to generate the main crisis event."

Crises occur because of the simultaneous breakdown of technical, organizational, and human systems. It makes no sense to analyze, for instance, the systems comprising an organizational's core technology in isolation from the human and organizational systems that implement the core technology. Technological systems neither exist nor operate in a vacuum (Mitroff and Pearson, 1993b)

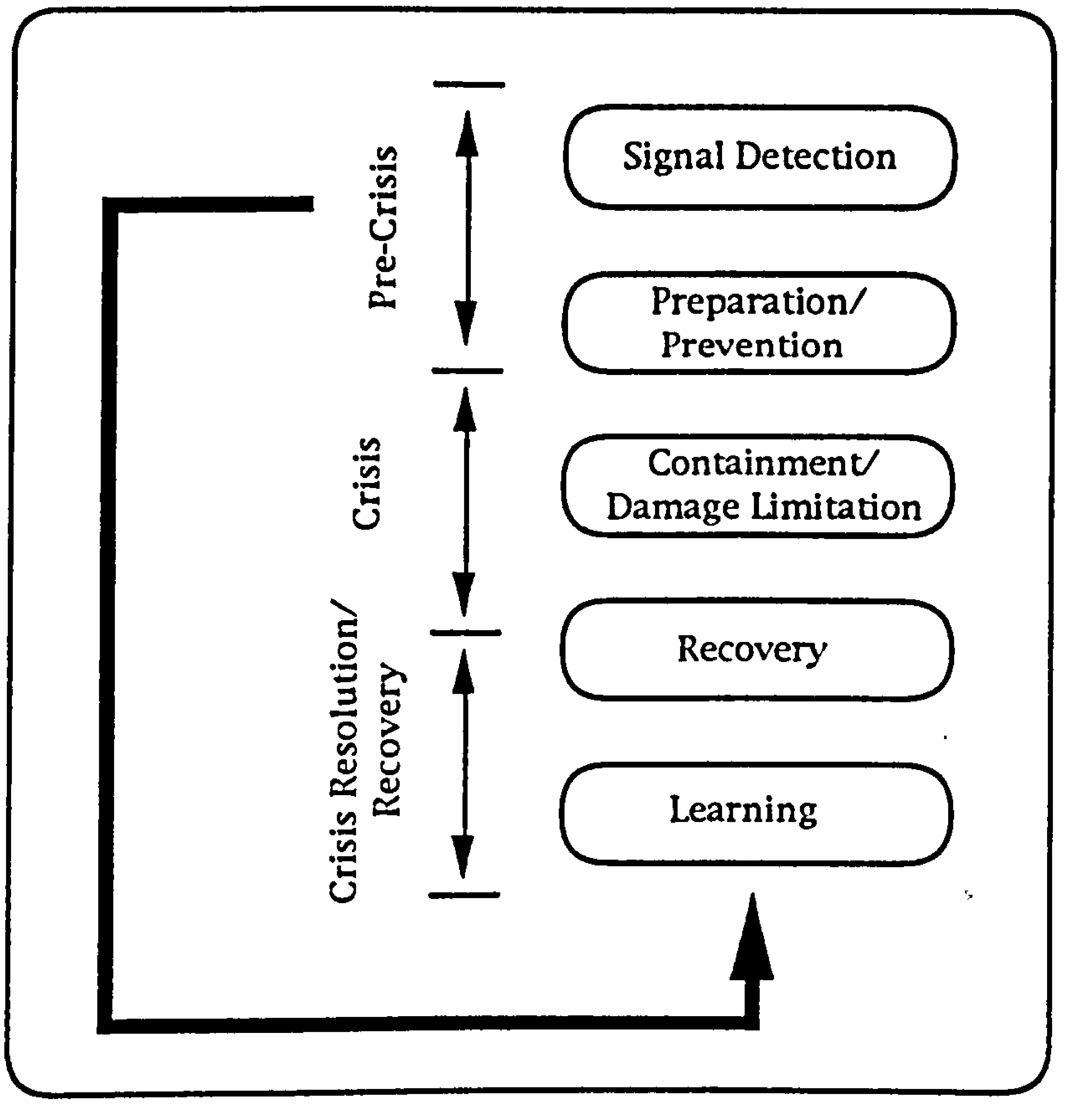
In any case, and as Brewton (1987, pp. 10) stated, "the best time to manage a crisis is before it occurs". Fink (1986, pp. 7) goes further to suggest that "... you and your managers should understand that anytime you're not in a crisis, you are instead in a pre-crisis, or prodromal mode". That is, if you are not now in a crisis situation you are instead in a pre-crisis situation and should make immediate preparation for the crisis that looms on the horizon (also Fink in Kuklan, 1986).

The reasons why it is so important to identify the warning signals is that it is so much easier to manage a crisis in the first stages (Signal Detection, Preparation/Prevention - these two phases should take place simultaneously). If early warning signals are identified and acted upon, many crises can be prevented before they occur - the best and most effective kind of crisis management. Even though it is possible to manage a crisis after it has erupted, it is much safer and more reliable to address the problem before it escalates, before it develops and causes possible complications. It is also important to recognize that if warning signals are detected and management is unable to dispose of it for whatever reason, just knowing or having a sense (idea) of what is about to happen will help to prepare for the next stage.

Therefore, the aim in this stage is not the prevention of all crises; they cannot all be prevented (Hambrick and D'Aveni, 1988; Booth, 1993; Shrivastava, 1992; Brewton, 1987; Mitroff, 1988a; Mitroff and Kilmann, 1984; Smith, 1990). The aim is to do as much as possible to prevent crises from occurring in the first place and to effectively manage those which still happen despite best efforts. In other words, the degree to which management heeds the warning signals and prepares the organization will determine how well it responds to the coming crisis.

Having said all that, this stage is where one of the most important functions of effective crisis management takes place: crisis avoidance. Only in this stage can a crisis be averted, and it is only here that management is in a truly "wining" situation. Figure 2.6 below illustrate how effective management of this phases works.

Figure 2.6 - Effective Management of the Warning Detection and Preparation/Prevention Phases



In these stages of crisis management, specially in the Prevention/Preparation stage, crises teams as well as training and simulations are created and put into place.

2.4.1.2 - Crisis Containment/Damage Limitation Phase

Regardless of how well the signal detection and preparation programmes are, some crises will inevitably occur. Mitroff (1994) argues that crises are inevitable, amongst other reasons, because of the complexity of systems and the impossibility of perfect control. In many ways, this point is one of no return. Once the warnings have ended and the transition from one crisis stage to another is consummated, it is virtually impossible to recover the ground already lost. At this point, some damage has already been done; how much additional damage occurs depends on management. The intention of this phase is to limit the effects.

As already mentioned, there is no way that all crises can be averted. Limitation mechanisms prevent the damage from engulfing other parts of the organization or its environment. That is, effective management of this phase will keep the crisis localized.

Most of the public, when speaking of a crisis, will have in mind this phase. For instance, if the Three Mile Island crisis is considered, most people would say that the "crisis" began on March 28, 1979, and ended a week later. That is incorrect. Fink (1986) argues that the Three Mile Island crisis began at least 13 months before March 28, 1979 (the warning, or prodrome - memos - as cited before) and, he argues that the crisis is still continuing. Fink strongly argues that although the Three Miles Island accident was not the biggest one in human history, people, and for that effect the media, still have it (the crisis) as a reference. So, whenever another crisis of its kind happens the media will refer back to that accident, keeping alive the crisis. In Fink's words,

> "... the invidious comparisons - perhaps due to our insatiable appetite for superlatives - may continue long after the recovery phase, depending of course on the crisis. And it is typically the news media that perpetuate the crisis in the public's mind. The news story comparison is the part of the story that says, for instance, 'The worst nuclear accident since the Three Mile Island' ...".

However, the damage limitation phase of the Three Mile Island did begin on March 28, 1979, and did end about a week later.

Damage containment mechanisms and activities are virtually impossible to invent during the heat of crisis (Barton, 1993; Shrivastava, 1992; Starbuck et al, 1978; Siomkos; 1992, Smith and Sipika, 1993). Therefore, planning is paramount. While the warning signal phase alerts that a crisis is impending, the Containment phase shows that a crisis has erupted. With proper advance planning damages can be mitigated. With proper advance planning it is possible to choose when and where management want the crisis to erupt, giving management not only valuable time to prepare, but also more ability to control the flow, and speed, the direction, and the duration of the crisis. Going back to the definitions of crisis management: "...it is the art of removing much of the risk and uncertainty so that one will have more control over its own destiny" (Fink, 1986, pp. 15). The purpose of crisis management is "to confront, in advance, the stress that will arise when a crisis happens. Crisis planning teaches an organization to roll with the punches" (Mitroff, 1988a, pp. 17).

One of the major difficulties in managing a crisis during this phase - even if it had been planned for - is the avalanche-like speed and intensity that often accompany and characterize this stage. The speed is dependent primarily on the type of crisis, while the intensity is usually determined by the severity or value of the possible outcome(s) (Fink, 1986).

To illustrate further the need to be vigilant and prepared for when the unexpected happens, Exxon's management of the Exxon Valdez oil spill is an example of what not to do in crisis management. The tanker Exxon Valdez struck Bligh Reef in Prince William Sound off the Alaska coast on March 24, 1989. It was found that lack of appropriate oil skimming procedures and equipment and time wasted in trying to convey information through ineffective communication channels significantly diminished Exxon's management capabilities (see, for example, the work of Williams and Olaniran, 1994; Small, 1991). The handling of the crisis by Exxon received severe condemnation from all quarters. The following is a passage of an article in the New York Times (in Small, 1991): "The Exxon Valdez episode will become a textbook example of what not to do when an unexpected crisis thrusts a company into the limelight". The article was referring to the overall handling of the crisis itself and to the Exxon's disastrous public relations campaign.

The point here is that, by contrast, organizations that are better prepared for crisis devote time and resources to assure that damage containment mechanisms and procedures are in place and effective.

This phase is characterized by disruption and confusion. Usually a single dramatic event signals the onset of the crisis and draws increased attention to the problem, but it is too late to do much about it. As Meyers and Langhoff (1987, pp. 21) put it, "... at this stage, the old rules of business and behavior no long apply. The degree of damage depends on management's preparation to the crisis".

Finally, Fink (1986) observes that this phase is the shortest of all. However, because of its intensity, it often feels as though it is the longest phase.

2.4.1.3 - Crisis Recovery Phase

It is during this phase that the organization seeks to repair the damage to its "image" (and very likely its financial well-being) caused by the crisis. This is sometimes called the clean-up phase, or post-morten. As Fink (1986, pp. 23) suggests, "... it is during this phase that the carcass gets picked clean. Assuming, of course, that a carcass remains to be picked". This is when the organization picks up the pieces and attempts to return to business as usual. But, "business as usual" is not always possible, depending on the nature of the crisis and also on the effectiveness of the planning and handling of the crisis. Nevertheless, the main purpose of the Recovery Stage is to recover normal business operations as soon as possible so that key customers will not be lost (Mitroff, 1994).

In many instances the organization is also occupied in fending off the onslaught of the media who are hungry for news and, perhaps more importantly, evidence of crisis causality (depending, of course, on the nature of the crisis). If there is to be a government investigation, or an audit, or a newspaper exposé, or a long period of interviews and explanations, this is when all of it takes place.

It is also in this phase that all the blame and search for scapegoats happens, often in an attempt to legitimize organizational procedures and management style. Smith (1990) calls this phase "Crisis of Legitimation" as, he argues, an organization seeks to restore external confidence in both its managerial structure and operating systems.

Depending on the nature of the crisis, it can also be a time for upheaval, management shake-ups, hostile takeover attempts, or bankruptcy.

Just for the sake of illustration, a survey of the "Fortune" 500 Chief Executives revealed that those companies without a crisis management plan suffered lingering effects in this phase, as much as two and a half times longer than those companies that were prepared with a crisis management plan. It is then possible to shorten this phase with effective crisis management planning (Fink, 1986).

It is important to notice that crises historically evolve in a cyclical fashion, and a crisis sufferer almost never has the luxury of dealing exclusively with one crisis at a time.

2.4.1.4 - The Learning Phase

As a species, humans have survived because of their skill in acquiring and using information to adapt to and exploit their environment (Nunamaker et al, 1989). In an increasingly knowledge-driven, complex, turbulent world (Mitroff and Kilmann, 1984; Fink, 1986; Smith, 1990), the ability to learn becomes even more crucial to survival. Researchers in cognitive psychology have studied the individual knowledge-acquisition process and have identified powerful learning-to-learn strategies that individuals can acquire and then use to design, implement, motivate, and monitor their knowledge-acquisition and decision making activities (Holsti, 1978; Janis, 1989; Garvin, 1993).

Organizations wanting to improve the effectiveness with which they function in a crisis must understand and be able to use their learning capability. Organizations must learn how to learn, teach individuals and groups how to learn and share their knowledge, and discover ways to use their expertise in acquiring expertise to make and implement creative decisions (Nunamaker et al, 1989). Peter Senge (1990, pp. 1) described learning organizations as

> "where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning how to learn together."

Although organizational theorists have studied organizational learning for a long time, there is still considerable disagreement in defining it (Garvin, 1993). However, most scholars view organizational learning as a process that unfolds over time and link it with knowledge acquisition and improved performance. For example, Argyris (1977) defines organizational learning as "a process of detecting and correcting error." For Fiol and Lyles (1985), "Organizational learning means the process of improving actions through better knowledge and understanding"; while Levitt and March (1988) argue that "Organizations are seen as learning by encoding inferences from history into routines that guide behavior".

Although the definitions above agree on the issue of knowledge acquisition and improved performance, a more complete definition was provided by

Garvin (1993, pp. 80): "A learning organization is an organization skilled at creating, acquiring, and transferring knowledge, and at modifying its behaviour to reflect new knowledge and insights." What differentiates this definition from all others, as argued by Garvin, is that it begins with a "simple truth": new ideas are essential if learning is to take place. Garvin (1993) argues that learning organizations are skilled in five main activities: systematic problem solving; experimentation with new approaches, learning from their own experience and past history; learning from the experiences and best practices of others; and transferring knowledge quickly and efficiently throughout the organization. He goes further to suggest that by creating systems and processes that support these activities and integrating them into the fabric of daily operations, companies can manage their learning more effectively.

Learning is one of the fundamental issues in crisis management. Learning does not have to be from your own mistakes, or "fate", as noted previously. Being crisis "prepared" means that one learns from other organizations' crises, other industries' crises, and so on. Learning from others' mistakes is an effective principle in crisis management (González-Herrero and Pratt, 1995). As put by Nadler (1989),

> "At the core of effective organizational learning is a mind-set that enables learning-efficient companies to recognize the value of productive failure as contrasted with unproductive success."

One cannot disassociate the fact that organizational capacity to learn is inherently linked with people's capacity to act in the organization. Research by Argyris and Schön (1978), Hedberg (1981), Hedberg et al (1976), Schein (1983), Schein (1990a), Shrivastava and Mitroff (1983), Starbuck (1983), Starbuck et al (1978), Makridakis (1991), Garvin (1993), González-Herrero and Pratt (1995), Rosenthal and Pijnenburg (1990), Nunamaker et al (1989), Jarman and Kouzmin (1990), Starbuck, Greve, and Hedberg (1978), Booth (1993), and others, are part of an ever growing body of knowledge that addresses the issue of organizational learning (and its importance and implications for crisis management) and that support this view.

The literature on crisis management reveals different views with regard to when the Learning phase should take place. While Fink (1986) thinks that the Recovery phase should also be the time for the "Learning stage", it appears that Mitroff and Pearson (1993a) and Mitroff (1988a) prefer to have a learning stage separately. These two views are both justifiable. Fink argues that since this phase can linger indefinitely these two phases (recovery/learning) must be considered together, one as part of the other. Mitroff (1988a, pp. 19) considers that the last phase is "continued learning and reassessment to improve what has been done in the past".

However, it has to be stressed, learning is a continuous process. Therefore, while the recovery takes place, it is also the time to assess what happened; a period of self-analysis. It is also a time for further crisis management planning - analyzing what went right and/or what went wrong and taking appropriate actions.

Ideally, the primary goal of the Learning stage should be to review and critique, without assigning blame, so as to learn what was done well and what was done poorly so that the organization can handle crises better in the future.

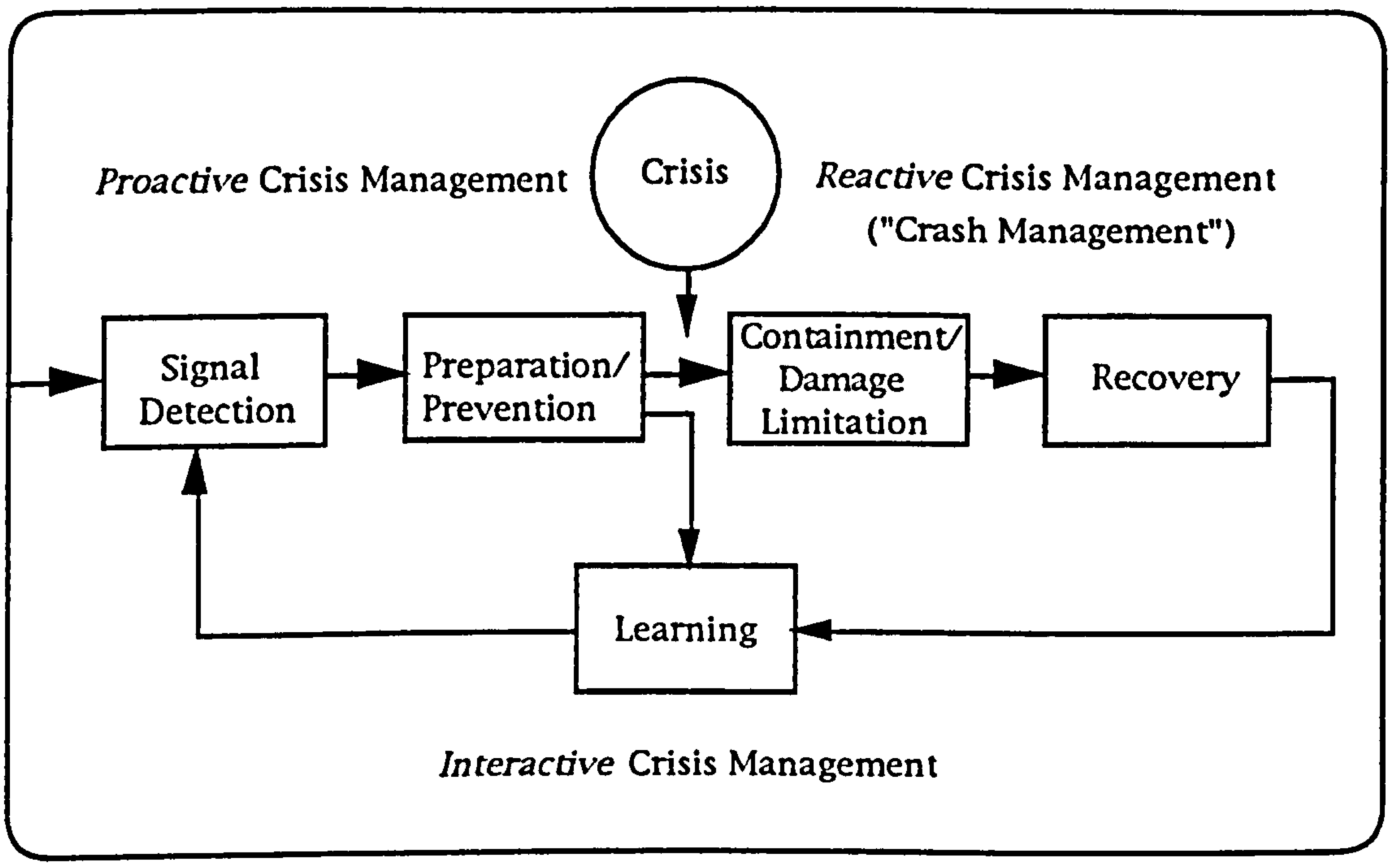
2.4.1.5 - Summary

Planning for crisis is the only way management can hope to be successful when a crisis occur. The issue of luck is totally irrelevant where crisis management is concerned. A crisis follows a pattern of development, and by exploring and understanding this pattern, management can become aware of the potential effect of each phase on their business and on their operating environment and therefore can design the prevention and preparation mechanisms needed for the inevitable.

Finally, and as discussed above, organizations, and for that matter management, can only increase their ability to manage crisis if it properly understand and manage each individual phase of the process. Unfortunately, in many instances management still takes only a reactive position, viewing crisis management activities mostly as a means for coming back as soon as possible to "business as usual". By focusing on the need to restore the status quo before the emergence of a crisis, the opportunity to address the structural and systemic needed changes that a crisis can make visible is missed (Mitroff et al, 1992). This "defensive crisis management" style, as termed by Mitroff et al (1992, pp. 252), often advocates a number of quick-fix and manipulative financial, legal, political or public relations strategies, avoiding the double-loop learning potential offered by crises and crisis management activities. By contrast, "creative crisis management" involves the triple activities of "proactive crisis management", that is, attempting to diminish the likelihood or the impact of crises before they happen; "reactive crisis management", that is, addressing crises when they have happened; and "interactive crisis management", that is allowing the double-loop learning potential imbedded in both the experience of crises and crisis management activities to emerge. Figure 2.7 below shows the types of crisis management and their phases.

Figure 2.7 - Crisis Management Types and Crisis Phases

The Three Essential Types of Crisis Management and
The Five Phases of Crisis Management



Source: - Pauchant, T.; Mitroff, I. - Transforming the Crisis-Prone Organization: Preventing Individual, Organizational, and Environmental Tragedies, Jossey-Bass Publishers, San Francisco, 1992

2.5 - Crisis Consequences and Crisis Decision Making

2.5.1 - Crisis Consequences

Since crises are inevitable it is important to analyze some of the most common effects or outcomes crisis can bring once they happen. Early research into the effects crises had on managers by Holsti (1978) already pointed to two important stress-induced influences. The first identified by Holsti was the "reduction in span of attention". As a crisis develops, management usually has to work at a faster pace in the face of sudden changes. This increases the volume of information in the communication systems and leads to information overload. Accordingly, this leads to managers filtering information by unsophisticated means, leading to the loss or overlooking of vital information (more detailed aspects of information process and decision making in crisis situations are discussed in the next section - Crisis Decision Making). It also leads to them ignoring information that does not support their existing belief system. Managers revert to "seat of the pants" decision making basing decisions not on rationality but on intuition and past experience. They lose the strategic dimension and increasingly becomes obsessed with the detail of day to day decisions made on a one-off basis. The second identified by Holsti was the "increase in managerial inflexibility". Increasing stress tends to make individuals extremely inflexible. Their ability to cope is reduced. This leads to a reduction in an individual's tolerance for ambiguity and the development of one dominant view of the world which is maintained despite information which throws it in doubt. Linked to this is a tendency towards more autocratic behaviour.

Experiencing a major crisis - even merely thinking about it - unleashes powerful feelings of anxiety. This anxiety is not rational in the traditional sense of the term, but it is very real. Pauchant and Mitroff (1992) argue that executives and professionals when faced with deep existential questions that arise during a crisis or its aftermath, resort to various defensive strategies. For instance, some explain the crisis away, pointing to factors that make it "different", so that it no longer challenges their overall perspective. Others blame other people, shifting the fault of a crisis to someone else. Some feel the urge to act quickly or to make hard and fast decisions, to keep themselves from reflecting on the crisis's deeper meaning. Still others develop chronic anxieties that paralyze their abilities to act. And others seem to shut down completely. Further discussion on defensive mechanisms can be found in Chapters 6 and 7.

Unfortunately, the defensive mechanisms mentioned above tend only to aggravate the problem, leading to further crises, setting off the need for more powerful defensive mechanisms, triggering even more crises, and so on (Booth, 1993; Janis, 1989; Stubbart, 1987; Smart and Vertinsky, 1977; Dutton et al, 1983; Dutton and Duncan, 1987; Mulder et al, 1971; Dutton, 1986; Janis and Mann, 1977; Staw, Sandelands and Dutton, 1981). As mentioned earlier in this chapter, managers today are mainly trained to deal with "success" (or at least to generate it). Very few managers are equipped psychologically, emotionally, and technically to handle the stress that accompanies a crisis.

Our inability to handle the severe emotions unleashed by a crisis comes not only from our limited abilities to think and process information, nor is it strictly due to a quality called "bounded rationality" (Hambrick and Mason, 1984; March and Simon, 1958, in Pauchant and Mitroff, 1992, pp. 4), the basic human limitation to apprehend cognitively the many facets of an issue. It has also to do with deep defects in the "feeling" capacity of individuals managing organizations. Pauchant and Mitroff (1992, pp. 5) call this quality "bounded emotionality".

Crises are ill-structured situations, that by nature pose difficulty in predicting their outcomes. At most one can speculate about different scenarios. Moreover, the outcome of a crisis is always very difficult to guess since a crisis never happens as it has been planned for.

As already mentioned, Mitroff et al (1992, pp. 241) argue that a crisis is by definition subjective and that it belongs to the eyes of the human being or system experiencing the event. They go further to suggest that the experience of crises or their potential act as "'frame-breakers' for individuals and groups, not only in the cognitive domain but in the emotional or existential domains as well. In this sense, crises are also 'emotionally exhausting'. Thus, crises are not only potentially disturbing the 'technical core' of an organization ... they also disturb the 'existential core' of individuals as well as the perceived 'existential core' of organizations" (Mitroff et al, 1992, pp. 248). Indeed, one of the worst consequences of any crisis is the emotional toll that is exacted, not only on the organization, but also on the individuals involved. For example, a number of the executives associated with the Johnson&Johnson Tylenol crisis had and continue to experience nightmares on the anniversary of the attacks. As part of our complex makeup, our emotional psyches are left with scars by the emotional trauma that accompanies any major crisis. Another example of the emotional stress that a crisis can bring can be seen on the aftermath of the NASA's Challenger disaster. NASA had to set up an emergency medical hotline when the seven astronauts were killed in the tragic explosion of the Space Shuttle Challenger. Upon returning home, a number of employees who were associated with the mission were confronted by their families, especially their children, with seemingly innocent questions as to whether they were responsible for the deaths of the astronauts. Even under the best of circumstances, untrained human beings cannot cope with such questions. As a result, a number of NASA's employees experienced severe emotional distress (Mitroff and Pauchant, 1990). Pauchant and Mitroff (1992) argue that in this sense crises disturb people's subjective world: the way they perceive the world and themselves; their inner sense of self-worth, power, and identity; their inner cohesion.

The consequences of a crisis can indeed be very traumatic. The Hyatt skywalk disaster (1981), a technical failure, still has enormous repercussions, not technical, but both psychological and emotional. Wilkinson's (1983) research on psychiatric symptoms reported by 102 persons who had experienced the collapse of two skywalks in the lobby of the Hyatt Regency Hotel in Kansas City, revealed that all subjects had psychiatric symptoms; only slight differences were found among those who were victims, observers, or rescuers. Here it also shows that victims of a disaster are not only those directly involved.

It is not difficult to understand how a major crisis drains the physical and human resources of an organization: resources that normally go into the production of products and services have to be diverted to handle the crisis. This leads to conflicts between forces whose resources are being limited by budget tightening and other efficiencies and those dedicated to identifying resource requirements, determining the best allocation of resources, and giving greater amounts to groups involved in crisis issues (Nunamaker et al, 1989). However, a major crisis also exacts a severe emotional toll, and this can be more difficult to grasp. As mentioned above in some examples of past crisis experiences, those people who are involved or affected either directly or indirectly suffer from what is known as post-traumatic stress. They relive the crisis over and over again in memories, dreams, and nightmares. They exhibit general nervousness, anxieties, loss of sleep, decreased sexual energy and interest, and in many cases noticeable depression. This is one poignant manifestation of the second condition for the development of a crisis - the disturbance of the basic assumptions of the members of a system (Shrivastava, 1992; Staw et al, 1981; Wilkinson, 1983; Mitroff and Pauchant, 1990).

The literature reveals that some attempts have been made to classify crises, as discussed earlier in this chapter. While Mitroff et al (1988a) and Shrivastava et al (1988) have focused on problems with psychological roots, Perrow (1984) and Shrivastava (1992) have concentrated on the various types of technological crises that result in harm to the environment, and Meyers and Holusha (1986), Marcus and Goodman (1989), and Siomkos

(1992) have looked primarily at financial and business crises. These three basic crisis "classifications" have different outcomes. A financial crisis can jeopardize the survival of an organization - and thus the returns to shareholders and the job security of its managers and workers. An extreme example would be the bankruptcy of the organization, but others such as hostile takeovers, liquidity crises, and depleted capital reserves can also be included. As crises can also have psychological outcomes, this can endanger the mental and physical health of managers and employees by creating stress, conflict, extreme apathy, disenchantment, alienation, and even depression in the work environment. These kinds of outcomes are crises in themselves as they can engender illness and much suffering. Moreover, they can also lead to carelessness, even sabotage, which can result in accidents at the workplace and inferior products. Finally, the environmental crisis is self-explanatory, but it may range from noise pollution to the endangerment of future generations.

Different crises bring different outcomes. The term "different" in this case should be better understood: even a crisis that is under the same "classification" (say, a financial crisis) can, and usually does, have different outcomes. One reason for that can be attributed to the fact that degrees of severity may vary, as well as time (duration of the crisis), thus having different consequences on the crisis sufferer. Another reason is that crises never happen as they are planned for, therefore even if preparations are in place the outcome can be quite different from the expected. It is important to recognize that each crisis has a degree of uniqueness.

It is also important to emphasize again that crises historically evolve in cyclical fashion, and a crisis sufferer almost never has the luxury of dealing exclusively with one crises at a time.

One of the most difficult aspects of a crisis is understanding its existential dimensions. A crisis can threaten the legitimacy of an entire industry. Examples of that can be seen in the cases of Barings Bank collapse, Chernobyl, Bhopal, Herald of Free Enterprise, - banking/financial markets, nuclear energy, chemical, and transport (maritime), respectively. All those four crises brought about new regulations in their industry that changed the way business operates in many parts (if not all) of the globe. It is also known that the public's perception of an industry seriously affects how they relate to that industry in the future. A crisis more than often destabilizes or "destructures" this perception (Pauchant and Mitroff, 1992; Fink, 1986).

A major crisis can also reverse the strategic mission of an organization. Pauchant and Mitroff (1992, pp. 15) illustrate this point giving the example of the Tylenol crisis. They argue that in that case the product (Tylenol) was originally designed to "do good" (alleviate pain), but when cyanide was placed in Tylenol capsules it completely reversed the properties of the drug, converting it from an agent of good into an agent for accomplishing evil. They go further to suggest that in this case "the basic strategic purpose of both the organization and the product was flipped on its head". Another example was the Perrier crisis of 1990. A beverage strongly linked with "nature's purity and goodness" (via Perrier's advertising strategy) was suddenly associated with poisoning.

2.5.2 - Crisis Decision Making

It is impossible to think about crisis management and not include decision making. Decision making is an integral part of crisis management process. One problem with decision making is that its often viewed as an *ad hoc* event rather than an ongoing process. Decision making is "about shaping the future". It is important to distinguish between decision *per se* and the decision making process. The decision making process concerns events leading up to the point of choice and beyond, whereas a decision means 'to cut', that is, to resolve to take a specific course of action (Drummond, 1992, pp. 5).

Crisis decision making refers to the strategic selection of policy decisions made by the organization to alleviate the problem and restore public confidence (Williams and Olaniran, 1994). Crisis decisions differ from routine decisions in their uncertainty, their complexity, their potential to invoke conflicting interest and the likelihood of decision maker ego involvement (Stubbart, 1987; Dutton, 1986). When faced with a corporate crisis, crisis management personnel will also have to face finding their decision making abilities challenged by the need to react quickly, the scrutiny of the press and public interest groups, and the threat of negative consequences resulting from poor decision making. This pressure can erode the abilities of one who is a competent decision maker under normal conditions.

Although decision making is a well developed field and well documented, specially in strategic management (Schwenk, 1989; Child, 1972; Dutton et al, 1983; Dutton and Duncan, 1987; Lyles and Mitroff, 1980; Fahey and Narayanan, 1989; Janis, 1989; Hedberg and Jönsson, 1977; Ford, 1985), research is much less specific in explaining the complexities of crisis decision making (Williams and Olaniran, 1994).

Crises are characterized by low probability/high consequence events that threaten the most fundamental goals of an organization (Weick, 1988). The first feature of a crisis is the evidence of either an external or internal threat, loss, or challenge. These constitute the weak or strong signals or indicators of potential crisis. As mentioned before, a crisis seldom occurs without warning signals. The ability to manage a crisis depends a great deal on the ability to identify and interpret the warning signals. A logical development would be to take action upon the information obtained at this stage. This inevitably involves decision making. Any crisis management process involves a great deal of decision making.

Booth (1993) argues that if warning signals are not attended, by the time the triggering event is fully recognized there is already a lack of time to consider all the alternatives in a rational manner. In this sense, decision makers would not be able to make optimal decisions based on perfect rationality and information but sub-optimal ones based on limited knowledge and uncertain information are possible. As uncertainty increases and time and options become more limited, decision makers increasingly rely on personal information rather than information which is provided. Moreover, as numerous authors have attested, organizations and the decision makers within them frequently exhibit rigid and maladaptive decision making (Smart and Vertinsky, 1977; Janis and Mann, 1977; Staw, Sandelands and Dutton, 1981). This pathological behaviour is due, in part, to the bounding qualities of information, beliefs and values which restrict the potential actions considered by decision makers.

2.5.2.1 - Crisis Decision Making and Information

The quality of decision depends greatly upon the quality of information available to the decision process (Smart and Vertinsky, 1977; Dutton et al, 1983; Dutton and Duncan, 1987; Janis, 1989; Mulder et al, 1971; Dutton, 1986; Janis and Mann, 1977; Staw, Sandelands and Dutton, 1981; Booth, 1993). However, a typical feature of crisis is information overload (Janis, 1989; Stubbart, 1987; Dutton, 1986; Williams and Olaniran, 1994; Nunamaker et al, 1989). The quality of information input into the decision process depends on the ability of the system to effectively absolve information flow, thus preventing overloads. Information overload results in dysfunctional selective attention, retention of information, and delays and subversion of communication flows (Smart and Vertinsky, 1977). Indeed, earlier research by Mulder et al, (1971) revealed that in a crisis situation there is often a time pressure and because of that, the basis of information for far-reaching decisions is, in principle, insufficient. They go further to argue that in crisis situations, it is less feasible for the leadership to create elaborate information and persuasion-processes; also it is far less possible to refer to other subsystems of the total system (such as regulations for programme activities, other persons or departments). Information overload and the need to act quickly cause decision makers to use fewer communication channels for the collection and dissemination of information (Nunamaker et al, 1989). Limiting the search for information can be disastrous. Divergent searching increases the variety and quantity of alternative solutions, and is essential in poorly structured circumstances in which fluency and flexibility of thought are vital.

Even on those occasions when the search for information is increased, decision makers rarely learn something new because of their reliance on standard operating procedures, previous ways of understanding, and communication that is relatively low in complexity (Smart and Vertinsky, 1977; Booth, 1993; Janis, 1989). At the same time, the information content of the messages received is frequently distorted, with intermediate message-handling units omitting, delaying, filtering, and sometimes processing incorrect information (Nunamaker et al, 1989). As a result, the decision group not only has fewer creative solutions available to it, but it is also more likely to fashion flawed solutions from the information they have.

Having said that, even if the complex issues of information discussed above are resolved, the ability of management to act (decision making) upon them is questionable. Stubbart (1987, pp. 90) suggested that

> "thinking about a crisis rapidly becomes enormously complex. Variables, explanations, consequences, causes, relationships, alternatives, participants, goals, and potentials form a dense mass".

As also discussed previously, decision makers in a crisis experience a high level of emotional and physical stress. During a crisis stress is of such magnitude that it promotes dysfunctional behaviour (Smart and Vertinsky, 1977). Holsti (1971, in Smart and Vertinsky, 1977) suggested that an increasingly severe crisis tends to make creative policy both more important and less likely. One reason for this is that under the stress of a crisis decision makers perceive fewer environmental cues (Nunamaker et al, 1989). When a crisis deepens, decision makers become more concerned with immediate tactical problems than with long term issues. They lose the strategic dimension and increasingly become obsessed with the detail of day to day decisions (Holsti, 1978). Fewer options are considered (Staw et al, 1981; Dutton, 1986; Stubbart, 1987). Decision makers find it harder to reason abstractly (Nunamaker et al, 1989). Decision makers may also be less able to predict the consequences of various alternative courses of action (Janis, 1989; Hayes-Roth and Hayes-Roth, 1979). All this contributes to a restricted and distorted understanding of the decision situation. As a result, unaided crisis decision makers tend to make and implement inferior decisions.

Another problem identified by (Stubbart, 1987) is that managers command limited mental capacity for noticing and attending to information available to them. A crisis decision maker can only attend to a slight fraction of the tidal wave of potential information that a crisis unleashes.

2.5.2.2 - Crisis Decision Making and Formalization

In the wake of a crisis, the power to act and the ability to act quickly are critical requirements for diverting, minimizing or resolving a crisis. Dutton (1986, pp. 507 - 508) suggested that in this process organizations undergo a type of "mechanistic shift" where a restriction in the participation in decision making, an increase in formalization and a greater standardization of procedures occur. This reduction in participation is the result of both top level decision makers taking control, and lower level members in an organization voluntarily giving up their autonomy (Dutton, 1986; Staw et al, 1981). On the one hand, top decision makers want to enhance their ability to act quickly and decisively in the wake of a crisis. On the other hand, lower level members want to disassociate themselves with any responsibility or blame in case resolution attempts fails (also Nunamaker et al, 1989). Thus the simultaneous taking of control at the top and giving up of control at the bottom of the organization produces centralization of decision-making during crises.

Research by Booth (1993, pp. 156) revealed that during a crisis decision making is indeed concentrated to a "central core". Booth identified that the reason behind the increased centralization of decision making during a crisis was the need to "drop the inessential and concentrate the efforts of senior management on organizational survival". Mulder et al, (1971) argued that in crisis situations the responsibilities for decisions cannot be shared equally; therefore, some kind of powerful leadership is functionally required, and will occur more often, or will be more often considered necessary by group members, than in non-crisis situations. Presumably, this shifting of decision making responsibility to higher levels is because the decisions of top managers are less likely to diverge from the organization's basic goals (Nunamaker et al, 1989). Booth (1993) goes further to suggest that during a crisis decision makers will be supported in their perceptions (of the crisis issues) by the dominant organizational culture. Those, Booth argues, who still take a different view tend to be ignored or even dropped from the decision making group. Conformity or dynamic conservatism increases in proportion to the threat.

Centralization, however, can lead to certain decision pathologies. The principal decision group tends to be cohesive, homogeneous, insulated from divergent perceptions, and dominated by a single individual (Stubbart, 1987; Smart and Vertinsky, 1977; Dutton et al, 1983; Dutton and Duncan, 1987; Janis, 1989; Mulder et al, 1971; Dutton, 1986; Janis and Mann, 1977; Staw, Sandelands and Dutton, 1981; Booth, 1993; Nunamaker et al, 1989). This, in addition to such pressures as the need to appear in control and the need to take effective action, can lead to a group-think condition in which decision makers lose their vigilance, become overoptimistic, and make defective rather than creative decisions (Janis, 1989; Nunamaker et al, 1989; Stubbart, 1987; Smart and Vertinsky, 1977; Booth, 1993).

Preparation, yet again, seems to be the best option. When an event is unexpected or novel, making an intelligent decision - let alone implementing it - can be an almost impossible task. If this were not enough, lack of decision readiness induces stress. The less familiar the crisis and the less ready decision makers are to contend with it, the greater the stress that they experience (Meyers and Holusha, 1986; Booth, 1993; Mitroff, 1994; Mitroff and Pearson, 1993a, 1993b; Mitroff et al, 1989; Pauchant and Mitroff, 1988, 1992; González-Herrero and Pratt, 1995; Fink, 1986), and the more likely they are to fall back on well-learned, routine responses (as discussed above). With luck, their behaviour may fit the situation. More often, though, it does not. The unexpected occurrence of familiar situations may lead to stress, but it is less intense and less lasting than the stress induced by individuals' lack of decision readiness in novel situations (Staw et al, 1981; Smart and Vertinsky, 1977; Janis, 1989; Pauchant and Mitroff, 1992; Nunamaker et al, 1989). Thus, decision makers who have not anticipated a threat or practiced their response are likely to make and implement ineffective and inopportune decisions.

2.5.3 - Potential Crisis Consequences: Affected Players, Effects, and Remedies

Having said all that, crisis consequences affect both the organization and the individuals within it. Figure 2.8 below summarizes the most common and important effects of crisis at an organizational level. Figures 2.9 and 2.10 summarize the effects a crisis can have on the individual at both the practical/decisional level and at the psychological and emotional level. As discussed previously, a crisis also can have strong impact on an industry or sector, threatening its legitimacy, and Figure 2.11 summarizes the most common effects. Figures, 2.8, 2.9, 2.10, and 2.11 also carry a summary of the most common and practical remedies for each potential situation. Figures 2.8 and 2.9 are based on the work of Nunamaker et al (1989). Figures 2.10 and 2.11 are developed and inspired on Figures 2.8 and 2.9 of Nunamaker et al (1989).

Figure 2.8 - Summary of Crisis Consequences at an Organizational Level

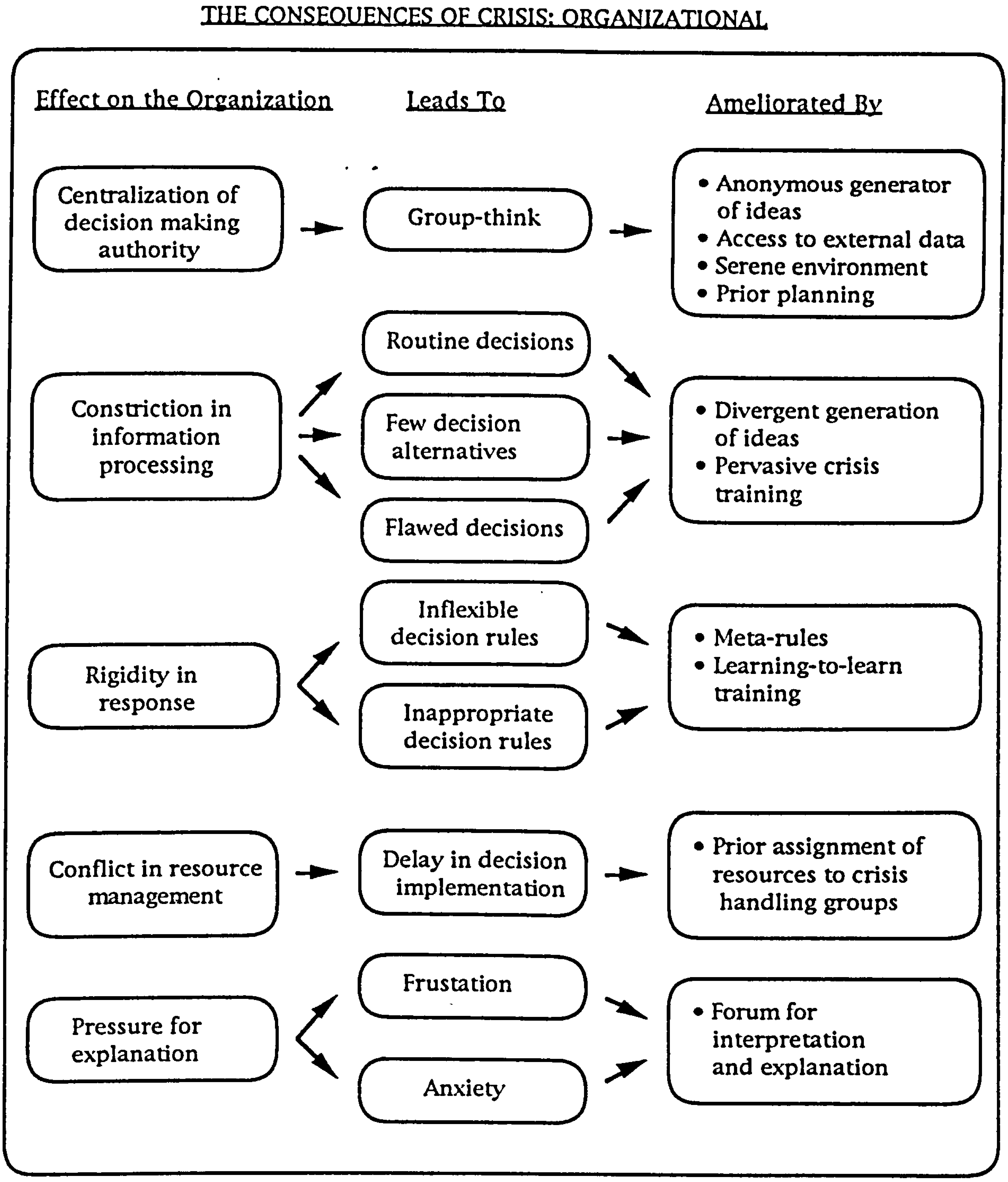


Figure 2.9 - Summary of Crisis Consequences on an Individual at a Practical/Decisional Level.

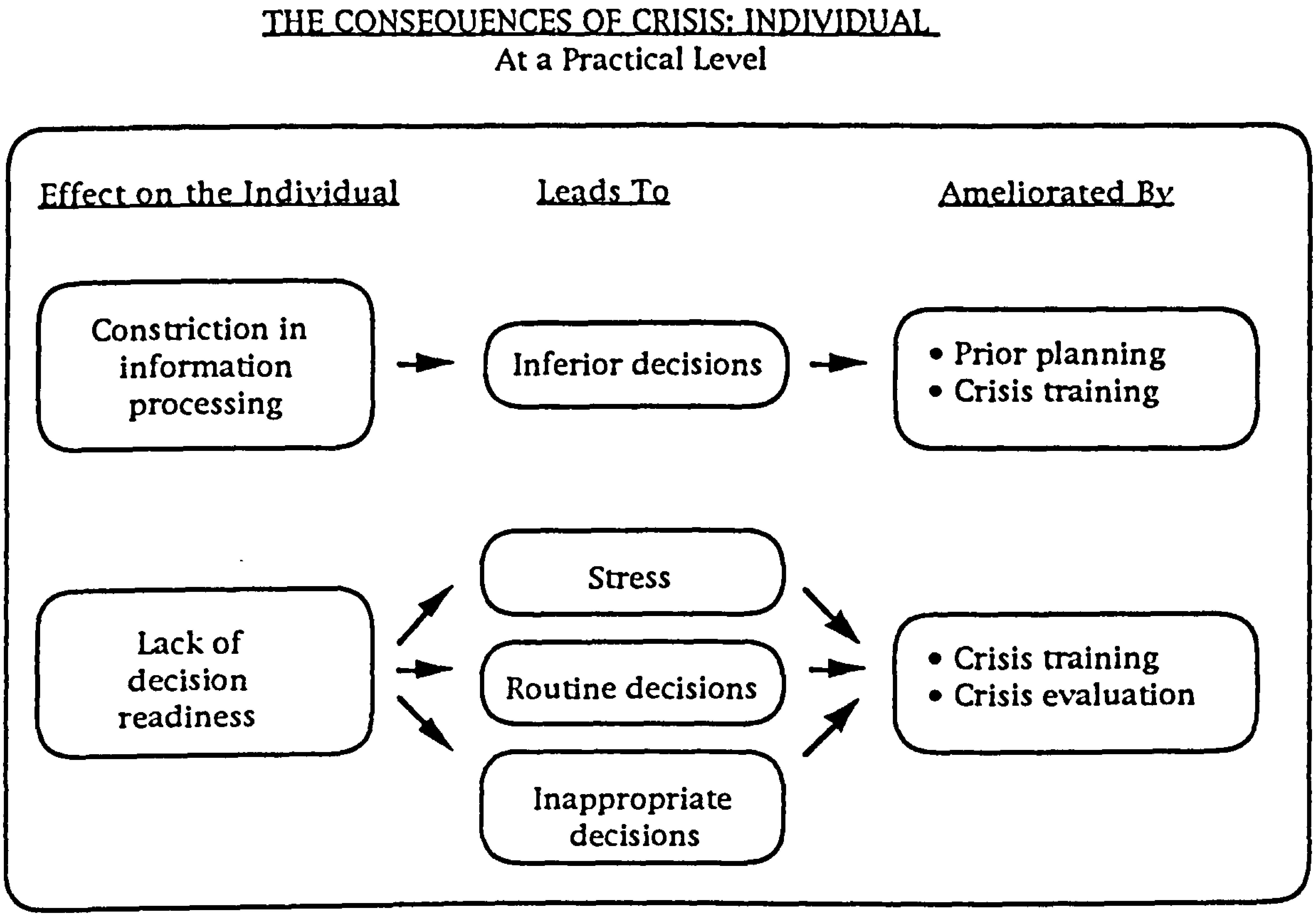


Figure 2.10 - Summary of Crisis Consequences on an Individual at a Psychological and Emotional Level

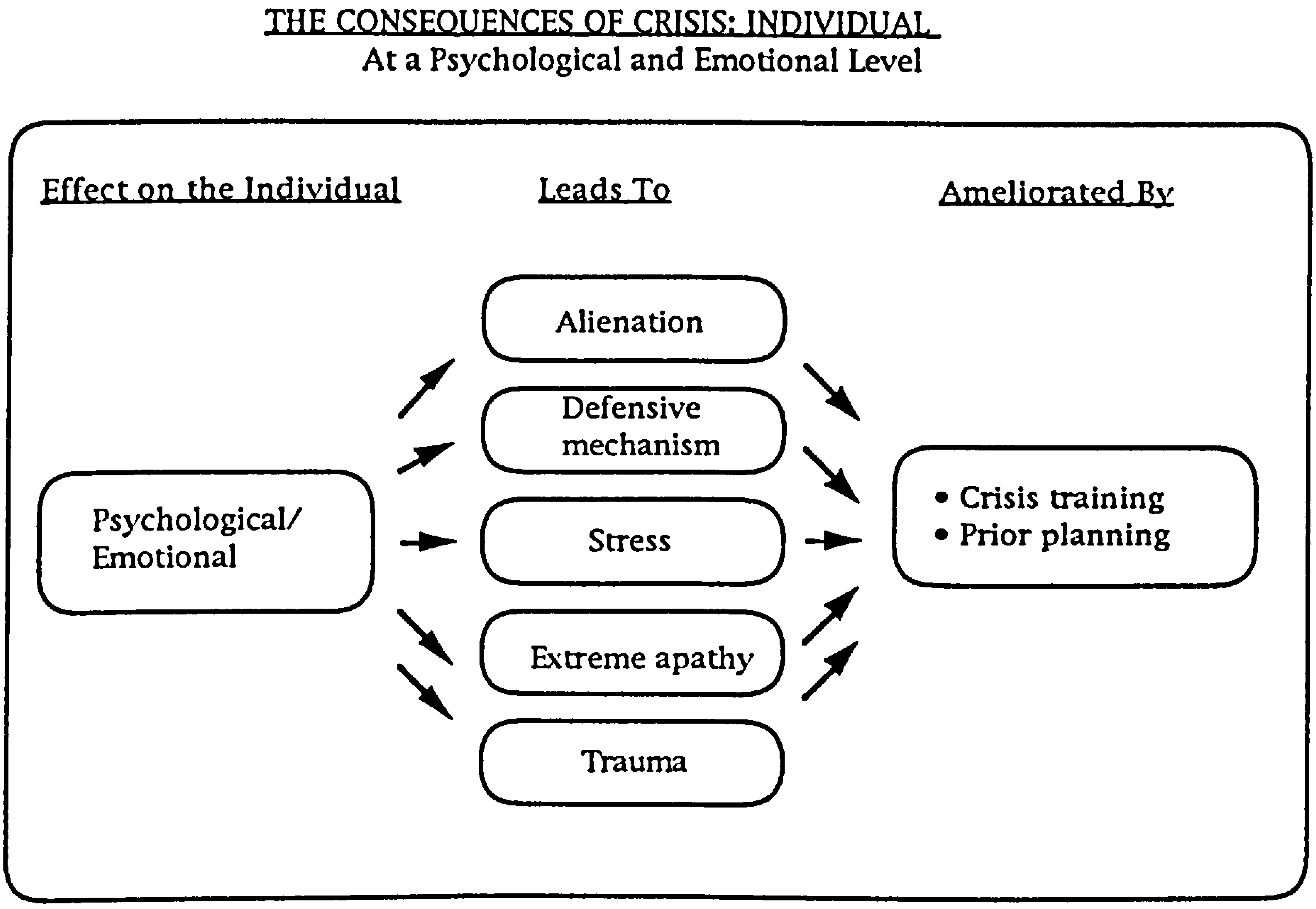
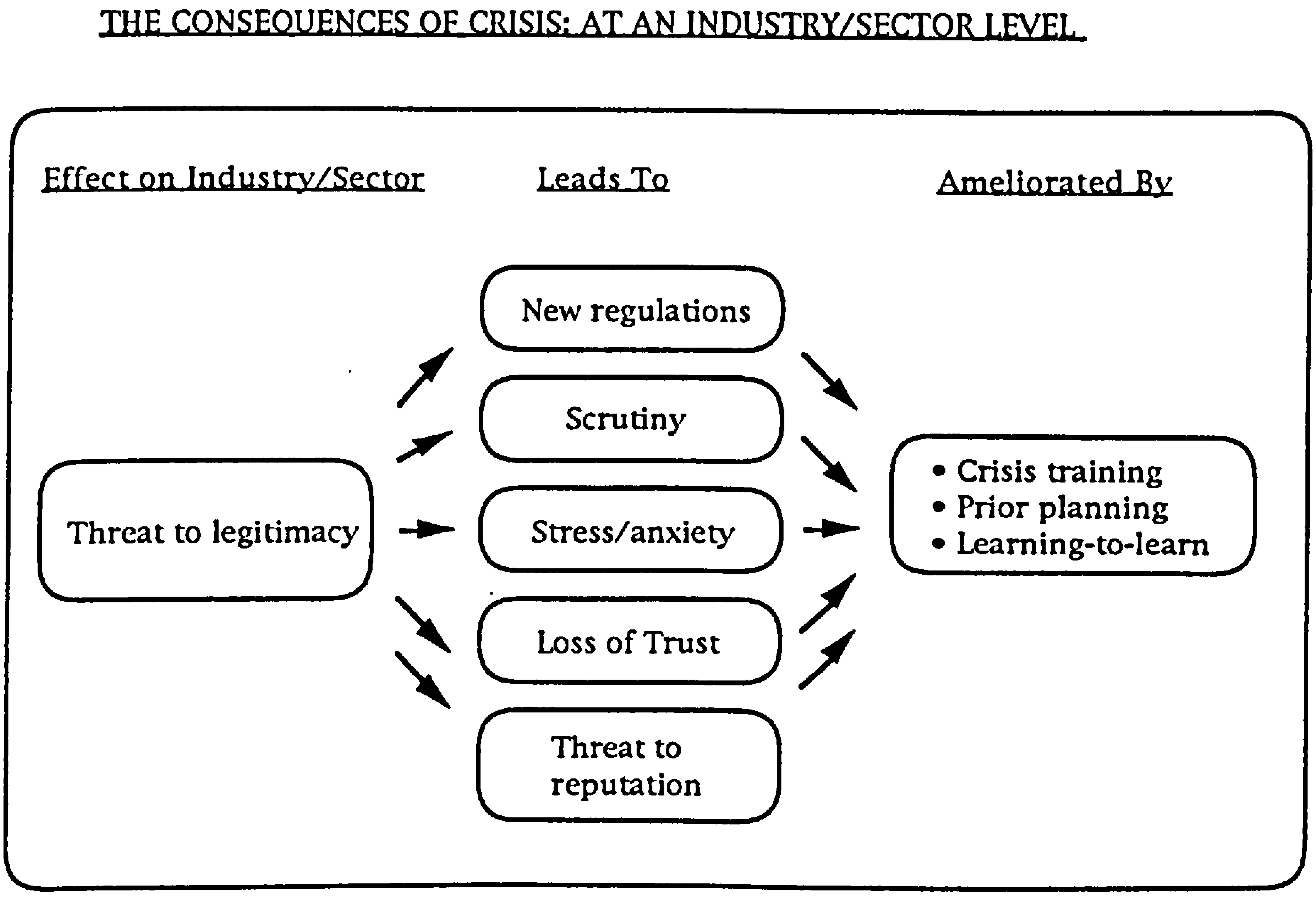


Figure 2.11 - Summary of Crisis Consequences on an Industry or Sector Level



2.6 - Crisis, Tourism, and The Hospitality Industry: The Ambiguity Factor

As discussed in previous sections, it is not common to think about tourism and disaster/crisis in the same light. Enjoyment, pleasure, relaxation, and safety are embodied in the concept of tourism, whereas crisis/disasters bring distress, fear, anxiety, trauma, and panic. Unfortunately, the issues of crisis and disasters are real ones and have to be acknowledged by all involved in any tourism activity (promoters or consumers). Regardless of the unpleasantness of the topic, it has to be acknowledged that crises (brought about by nature or man-made) have been and continue to be a part of life and affect directly or indirectly all concerned (communities, visitors, regulators, promoters, and so fourth). Since this research is dealing with man-made crises only, it is important to remember that a man-made crisis receives more severe condemnation than crisis brought about by natural disasters. In principle, as discussed earlier, human-induced crises are preventable.

Where tourist destinations and/or communities have considerable economic dependence on tourism related activities, their vulnerability to crisis occurrence is significantly increased, given that they need to maintain a positive image of attractiveness and safety for continued success.

The tourism industry, and for that matter the hospitality sector, is not different from other industries. As mentioned previously, the hotel industry is very susceptible and vulnerable to crisis. In fact, the operational nature of hotels and their operating environment makes them more exposed to a wider range of crisis than other industries. Given this scenario, responsible management have to be aware of their increasing vulnerability to crisis and make the necessary efforts to create mechanisms that first and foremost prevent crisis, and for those that do occur to have in place capabilities to address the different stages of a crisis. The issue of crisis and crisis management and the hotel industry is furthered discussed in Chapter 5.

2.7 - Summary

This chapter explored and elaborated on the issue of man-made crisis. Organizational crisis is on the increase. As technology expands, as the drive to improve the ways business operates and functions increases, managers also increase the fragility and complexity of organizational systems. In this way, business not only becomes an increasingly complex system of production but also its destructive potential takes new dimensions. Thus, contemporary organizational systems become systems that increase the risks for its operators, passengers, by-standers, and future generations. Many authors have identified the issue of human limitation to deal with complex situations under the stress of a crisis and pressure of time. Indeed, and as pointed out by Mitroff et al (1992), managers and professionals lack the required and necessary emotional, ethical and existential strength to address the challenges posed by a potential crisis. Indeed, management is not prepared technically, emotionally, and psychologically to deal with crisis.

Crisis management is a new field of research and this fact has implications for defining itself. One of the problem of definition is that crisis is defined differently, depending on the stand point from where it is defined. As extensively discussed earlier in this chapter, due to the fact that this field is "essentially multidisciplinary in nature", drawing on research in the fields of economics, sociology, political science, demography, philosophy of science, psychology, psychiatry, theology, management, ecology, biology, physics, social theory, history, and others, the term is often defined quite differently depending on the academic context in which it is used. Moreover, considering that the concept is used in many different fields, not only the definition of crises but also the attributions of their causes are often highly diversified as well as strongly biased by the particular field in which they are studied (Pauchant and Douville, 1993). The problem is further complicated when attempts to identify the source or nature of a crisis are made.

There is indeed a problem of construct. The literature provides no generally accepted definition of crisis and attempts to categorize types or forms of crises have been sparse. Crisis research to date has also relied heavily on a single method of study, the case study. While the case study method provides substantial depth of analysis, case studies are difficult to compare and there is a clear need to go beyond the case study approach. The problem of definition has been identified by many scholars as an element that is hampering the development of crisis management theory. Given the complexity and difficulty involved in the issue, this chapter provides and proposes an operational definition for crisis management.

No industry is immune to crisis. Crises are inevitable. Having said that, it seems that the only way to fulfill the strategic objectives of an organization is to be prepared for the unexpected. There is strong evidence to suggest that most, if not all major crises witnessed in the recent past, if they could not have been avoided entirely, they could at least have been better managed, minimizing the impact on the business itself, communities, stakeholders, and in some cases, future generations. Unfortunately, the number of and potential for organizational crises is on the increase. A crisis comes in many shapes and types. The range of crises is also on the increase. In fact, the list of potential crises a company is susceptible to is endless. Preparation, prevention, mechanisms to deal with crisis that could not be avoided, prior planning for recovery, and a system that continually learns how to learn is the only way one can ensure to take advantage of a potentially disastrous situation. A crisis offers, if preparation is in place, more opportunities than threats.

Most crises evolve in a common pattern of phases. For better understanding of crisis behaviour and management of crisis, understanding of crisis evolution/development is essential. In general, a crisis never happens without first sending warning signals, indicating its potential, timing, severity, etc. This warning signals phase is so important because it is much easier to manage a crisis at this stage. By identifying the warning signals a crisis can also be avoided. However, for those crises that do occur, despite best efforts, management already know what is about to happen and can put the preparation and more preventive mechanisms into place. The next phase is the containment/damage limitation phase. Limitation mechanisms are important because they prevent the damage from engulfing other parts of the organization or its environment. In this sense, this phase keeps a crisis localized. Damage limitation mechanisms are impossible to be invented during the heat of a crisis, prior preparation is the only way to secure a successful management of a crisis. Indeed, and as discussed previously, with proper advance planning it is possible to choose when and where management want the crisis to erupt, giving management not only valuable time to prepare, but also more ability to control the flow, and speed, the direction, and the duration of the crisis.

With those measures in place, the recovery period can be less traumatic and can minimize the uncertainty that characterizes this phase. Public confidence can be restored at the same time that the vulnerability of the organization can be diminished, avoiding internal problems, such as upheavals and further management shake-ups, as well as external threats, such as hostile takeover attempts.

One of the key elements of survival is learning. Without the ability to learn nothing can evolve. Organizational processes are no different. Organizations have to learn how to learn, and this process should be a continuous one. The ability to learn from others as well as from one's own development and experience is a fundamental and effective principle in crisis management. The organizational capacity to learn is inherently linked with peoples capacity to act in the organization, thus making learning an essential element in crisis management.

The consequences of a crisis can be dramatic and lasting. It can disturb not only the technical dimension of a system but also the emotional and psychological dimensions as well. People who are exposed to the experience of crises can acquire lasting and disturbing effects. Preparation and training, yet again, is the only way that these effects can be minimized. Crises also have the potential to drain the resources (both physical and human) of an organization, having an enormous impact on those directly and indirectly involved or dependent on it. Different crisis have different outcomes. One reason for that is that a crisis never happens as it has been planned for, therefore even if preparation is in place the outcome can be very different. This is mainly due to the fact that each crisis carries a degree of uniqueness. Thus, crisis training and preparation is essential, since preparation alone cannot cover all the surprises presented by a major crisis. Moreover, a crisis sufferer seldom has the luxury of dealing with one crisis at a time, they evolve in a cyclical fashion.

Decision making is an integral part of crisis management. However, the effects of crises on both organizations and on the individuals within the organizations disrupt their functions, making quality decision making a very difficult task. Crisis are ill-structured situations. They bring much stress and disruptions to "normal" procedures. The ability of organizational decision makers is then challenged by the need to react quickly, the scrutiny of regulators, the press, and the public opinion and interest groups, and the threat of negative consequences resulting from poor decision making, among others. The quality of decisions depends on the quality of information that is filtered into the decision process. However, a typical characteristic of crisis is information overload. Information overload results in dysfunctional selective attention, retention of information, and delays and subversion of communication flow. All this contributes to a restricted and distorted understanding of decision situations. As a result, unaided crisis decision makers tend to make and implement inferior decisions. As mentioned before, under the pressure and stress of a crisis, decision makers frequently exhibit rigid and maladaptive decision making.

Having said all that, planning in advance is the only way responsible organizational leaders will have an "upper hand" on the challenge posed by a potential crisis. By crisis planning and crisis training in advance, the negative effects of a crisis on the organization, on the people inside the organization, and on the stakeholders, can be immensely reduced, and the opportunities that a crisis provides can, at the same time, be enjoyed and utilized by all directly or indirectly related to the operating functions of the organization.

ORGANIZATIONAL CULTURE AND CRISIS MANAGEMENT THE CRISIS FROM WITHIN

"The fundamental difference between a crisis-prone organization and a crisis-prepared one lies in the concept of responsibility, *in the existential sense of the term. Individuals who manage crisis-prepared organizations are more able to confront the anxieties triggered by crises and to act decisively. Being less bounded emotionally, they are more able to be ethically, emotionally, and cognitively 'responsible' toward themselves, their employees, their business partners, and their surrounding environment."*

Pauchant and Mitroff (1992)

"By failing to prepare, you are preparing to fail"

Mark Twain

3.1 - Introduction

Organizational culture as a concept has a fairly recent history (Schein, 1990a; Ott, 1989; Klein et al, 1995; Pheysey, 1993; Sparrowe, 1995; Cooke and Rousseau, 1988). There is still some controversy about its definition. However, there is broad agreement in relation to its origins, and to some extent its main functions. Edgar Schein provided the three-levels model of organizational culture in the early 1980s. Schein's typology is now widely used and accepted and is discussed in this chapter.

Also in this chapter the origins of culture are explored, accounting for the origin forces that shape organizational culture. Schein's three-level culture model is also used to illustrated and distinguish between the more superficial manifestation of culture and the deeper, taken-for-granted, forces that govern people and organizational behaviour, attitudes, and policies. The issue of culture change is also discussed and special attention is given to the implications of changing processes.

Evidence has shown that organizational structure and culture play an important part both in creating/causing their own crises and in crisis management (Klein et al, 1995; Shrivastava, 1988; Schein, 1990a; Shrivastava et al, 1988; Smith, 1990; Janis, 1989; Mitroff et al, 1989; Perrow, 1984; Smith and Sipika, 1993; Pauchant and Mitroff, 1988; Miller, 1988; Mitroff and Pearson, 1993a; Nunamaker et al, 1989). This chapter also establishes the relationship between organizational culture and crisis management. One of the purposes of this part of the study is to explore those organizational characteristics that most affect management in their effort to manage crisis effectively. It is argued that organizational culture is the most decisive element in determining an organization's crisis preparedness.

In Chapter 2, the external forces that may act upon an organization and develop to a crisis situation have been analyzed. The crisis from within, if one may put it in this way, is discussed in this chapter.

The hospitality industry has been found to possess some distinct characteristics that influence and impair strategic change implementation in hospitality organizations, making managing change effectively more challenging for those in the industry.

Finally, an analysis of the links between crisis management and strategic management is made. There is evidence to support this view in the work of many leading scholars, and it is suggested that crisis should be managed more strategically. It is observed that there is a growing demand to integrate crisis management and strategic management.

3.2 - Organizational Culture: Origins and Development

3.2.1 - Organizational Culture Origins

There are basically three generic sources or determinants of organizational culture:

• The Broader Culture - The broader culture refers to the broader societal culture in which the organization operates or resides.

• Nature of Business and/or Environment - This refers to the nature of an organization's business or the environment in which it operates.

• Basic Assumptions, Values, and Beliefs - The beliefs, values, and basic assumptions held by the founder(s) or other early dominant leader(s).

3.2.1.1 - The Broader Culture

The broader societal culture exerts such a strong influence on organizational culture that it can be easy to overlook its importance (Pheysey, 1993). The beliefs, values, and expectations held by an organization's important internal and external constituencies are formed in the broader culture (Ott, 1989). Changes in societal norms, beliefs, values, and lifestyle patterns - such as sexual equality - inevitably find their way into organizations.

In general, the most general cultural beliefs, values, and assumptions are very stable. Those fundamental cultural expectations are neither discussed nor debated but are taken for granted by all those that interact with an organization in a cultural context (potential employees, current employees, their families, managers, customers, bankers, government agencies, directors, investors, business school professors, and textbooks). For example, Japanese companies are expected to be paternalistic and compassionate sources of lifelong employment. In turn, employees are expected to be loyal, noncompetitive internally, and relatively unquestioningly responsive to their employer's decisions (Ouchi, 1981; Pascale and Athos, 1981, in Ott, 1989).

Having said that, even though the general societal culture has a strong influence in shaping organizational culture, and the cultures are inter-twined, the general culture is only one of the three major influencing forces and far from being the sole determinant of organizational culture (Schein, 1990a; Pheysey, 1993; Ott, 1989).

3.2.1.2 - Nature of Business and/or Environment

The second grouping of important determinants of organizational culture are the types of business in which organizations engage themselves and their general business environment (Ott, 1989; Pheysey, 1993; Schein, 1990a). As with the general societal culture, the external environment by itself cannot shape organizational culture. Rather, and as argued by Schein (1990a), it is the experiences organization members have had in developing solutions for coping with the environment (and problems of internal integration) that shape organizational culture.

Although the area culture has a substantial impact on the culture of an organization, it has been argued that organizations in a given sector (say, hospitality) have more cultural traits in common among themselves than with other organizations that operate in other sectors. For example, Chatman and Jehn (1994) found that fewer variations in organizational culture occur among firms working on the same tasks, using similar procedures, and experiencing similar opportunities to grow. There is, however, no existing body of empirical research that can explain or be used to predict similarities and differences among organizational cultures resulting from the nature of business or the general business environment (Pheysey, 1993; Ott, 1989). Having said that, three important reasons can be speculated.

3.2.1.2.1 - The Influence of Profession

The fact that many organizations are dominated by people from certain professions might explain some similarities among organizations within an industry. Professions attract people who are predisposed to being socialized, and they consciously socialize new entrants into their system of values, beliefs, and assumptions (Schein, 1990a; Ott, 1989).

3.2.1.2.2 - The Nature of Business and Business Interactions and Relationships

With whom and how an organization interacts and does business is determined by the nature of an organization's business. For example, a governmental regulatory agency interacts regularly with the organizations it regulates. The regulatory agency's role and the types of organizations it regulates influence the nature of its interactions (Ott, 1989; Schein, 1990a).

3.2.1.2.3 - The Market-Place Influence

Deal and Kennedy (1982, in Ott, 1989, pp. 81) claim that general types of organizational cultures are determined by just two market-place factors: "the degree of risk and the speed at which companies - and their employees - get feedback on whether decisions or strategies are successful". Ott (1989) gives the examples of different kinds of organizations and their nature in relation to the two market-place factors above. For instance, the culture of a regulated monopoly cannot resemble the culture of a television network (degree of risk). Considering the speed of feedback, the culture of a public health agency that inspects and cites nursing homes for code violations will not resemble the culture of a center that prepares people with developmental disabilities to live independently.

3.2.1.3 - The Influence and Impact of Founders in Shaping Organizational Culture

Organizations are goal-oriented and have specific purposes, they do not form spontaneously or by accident. Basically, organizations are developed, or created, because one or more individuals perceive that the coordinated and concerted action of a number of people can accomplish something that individual action cannot (Bass and Avolio, 1994; Pheysey, 1993; Schein, 1990a). The founder (or founders) usually begins with a theory of how to succeed that originates in the societal culture in which they were raised and in their prior work experiences. Founders seek out and attract people who share their views, values, beliefs, and assumptions and, through the force of their personalities, further shape the culture (Schein, 1990a; Ott, 1989; Bass and Avolio, 1994). Newcomers that share the same values and theory move into management and executive positions and bring in subsequent generations of new members that also share the same theory and values.

Founders usually have a major impact on how the group defines and solves its external adaptation and internal integration problems (Schein, 1990a; Bass and Avolio, 1994). Through organizational socialization processes, new and older upwardly mobile members learn and relearn what it takes to get along and to get ahead in their organization (Pheysey, 1993; Mitroff and Kilmann, 1984; Ott, 1989; Schein, 1990a). This inevitably implies that those members who do not come to share the cultural assumptions lose influence and/or depart. Therefore, the unique cultural imprint of the founder(s) is pervasive and remains long after they leave or die (Ott, 1989).

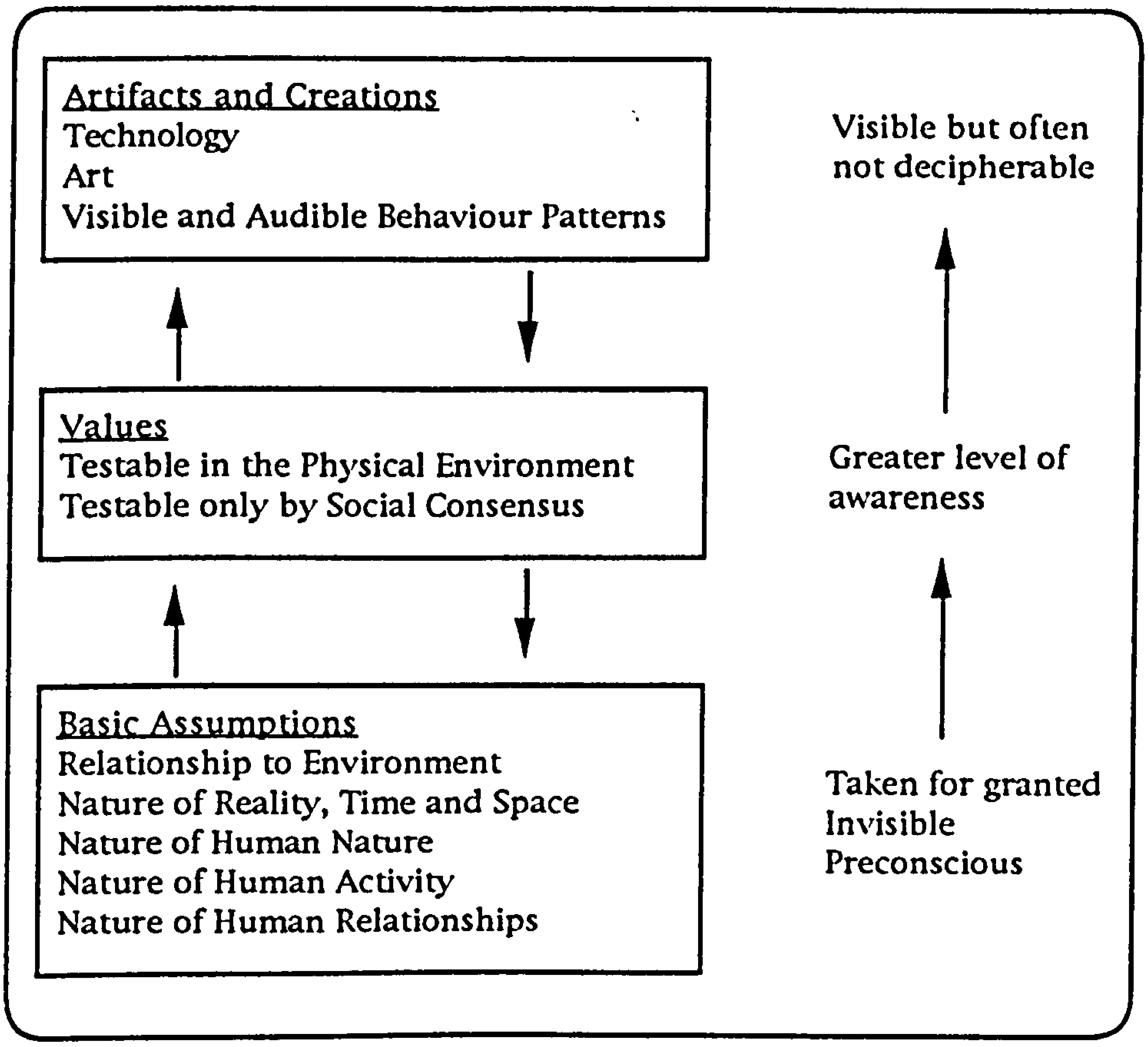
Having said that, there is a great deal of interdependence between the three main sources of organizational culture. They are by no means independent of one another. For example, the broader culture strongly influences or shapes the founder's basic assumptions. In turn, the choice of which business to engage in by the organization is usually influenced by the founder's assumptions, and the business environment both affects and is affected by the societal culture.

Ott (1989) observed that even though many authors on the origin of organizational culture have placed more emphasis on one or other sources and used different groupings, there is nevertheless remarkably little conflict among their views and findings. Having said that, the best way to approach organizational culture's origins or sources is to view them as the unique sum of the composite blending of the three main general sources above rather than viewing the sources as individual competitors to shape an organizational culture.

3.2.2 - Levels of Organizational Culture

Organizational culture has some well defined important elements and functions, referred to as the levels of culture. "Artifacts" is the most visible and concrete level whereas "Basic Assumptions" is the most abstract level. "Values" is placed between these two levels. Schein (1990a pp. 13 - 14) considers basic assumptions to be the "essence" of culture ("what culture really is") and treats values and behaviours as the observed manifestations of the cultural essence. These levels of culture need to be carefully distinguished to avoid conceptual confusion. Schein's three-level model provides the most useful typology published to date for classifying elements of organizational culture into usable groupings (Ott, 1989). Figure 3.1 below represents the levels of culture and their interactions.

Figure 3.1 - Levels of Culture and Their Interactions



Source: SCHEIN, E., H., (1990), Organizational Culture and Leadership, San Francisco, Jossey-Bass Publishers, pp. 14

3.2.2.1 - Level 1 - Artifacts

Artifacts include material and nonmaterial objects and patterns that intentionally or unintentionally communicate information about the organization's technology, beliefs, values, assumptions, and ways of doing things. Artifacts are the most visible level of the culture. It is its constructed and social environment. Artifacts include everything from the physical layout, the dress code, the manner in which people address each other, the smell and feel of the place, its emotional intensity, and other phenomena, to the more permanent archival manifestations such as company records, products, statements of philosophy, and annual reports (Ott, 1989; Schein, 1990a).

Not all artifacts are tangible things. Behavioural patterns can be an artifact and thus a symbolic representation of the culture (Ott, 1989). Organizational language, jargon, metaphors, stories, myths, and jokes can also be artifacts.

Patterns of administrative behaviour and organizational leadership are beginning to be described as cultural artifacts rather than expression of individual leadership styles or patterns of behaviour (Sergiovanni, 1984, in Ott, 1989).

Symbols and signs may also be artifacts. When artifacts are nothing more than signs, they serve rational-functional purposes (for example, computers process information). When artifacts are symbols, they serve symbolic purposes first and rational-functional purposes only secondarily or not at all. Ott (1989) argues that it is in this manner that symbols and symbolism are crucial to the organizational culture perspective. They help to create, maintain, and transmit shared meanings and perceptions of truths and realities within organizations (Cooke and Rousseau, 1988). However, it must be understood, from the organizational culture perspective, meaning reality, and truth are social constructions - they exist as meanings, truths, and realities only because members of the organization collectively have defined them as such. If truth, meaning, and reality were absolutes, there would be no organizational culture perspective (Ott, 1989; Cooke and Rousseau, 1988).

Some writers, such as Martin and Siehl (1983), after adopting Schein's typology of organizational culture, have included in this level some other elements of organizational culture such as habits, patterns of behaviour, norms, rites, and rituals. These elements are consistent with the concept of organizational culture and do not appear to violate Schein's conceptualization.

While artifacts are "palpable"/"visible", they are difficult to decipher. It is easy to observe even the most subtle artifacts, such as the way in which status is demonstrated by members. The difficulty is in understanding what the artifacts mean, how they interrelate, and what deeper patterns, if any, they reflect (Schein, 1990a). Thus, even though artifacts are "passive" products or results of an organizational culture, they are easily identified, they are unreliable indicators of the organizational culture (Schein, 1990a; Ott, 1989). It is dangerous to rely on artifacts for inferring an organization's values, beliefs, or basic assumptions. "There are too many opportunities to misinterpret the relationship between artifacts and the higher levels of organizational culture" (Ott, 1989, pp. 36).

3.2.2.2 - Level 2 - Values

From the organizational culture point of view, beliefs, values, ethical codes, and ideologies have the same meaning (Ott, 1989). Beliefs and values are absolutely central to organizational culture. Research by Deal and Kennedy (1982) revealed that organizations only become institutions when they are ingrained with values. Beliefs and values (and the broader system of ethical or moral codes in which they are embedded) are often referred to as *the* organizational culture, reflecting its importance. Shared beliefs and values by members of an organization provide the reasons why the members behave in a certain way.

Even though beliefs and values are usually referred to as having the same meaning, there are clearly some distinctions between them. Values are defined by Ott (1989, pp. 39) as "conscious, affective (emotion-laden) desires or wants". Ott goes further to suggest that values are the things that are important to people, such as the "shoulds, should nots, and ought-to-be's of organizational life." Beliefs, on the other hand, are what "people believe to be true or not true, realities or nonrealities - in their minds." Values are the things that are important to people (including their beliefs) - what people care about - and thus are the recipients of their invested emotions.

Schein (1990a, pp. 15 - 16) explains how values become beliefs and ultimately assumptions. Schein argues that in a sense, all cultural learning ultimately reflects someone's original values, their sense of what "ought" to be, as distinct from what is. For example, when an organization is faced with a problem, because there is not as yet a shared basis for determining what is factual and real, the first solution to deal with the problem can only have the status of a value. In most cases, the founder has convictions about the nature of reality and how to deal with it, and proposes a solution based on those convictions. The group cannot feel that same degree of conviction presented by the founder. It will only occur when the group collectively share and experience successful problem solving, even though the founder may regard the proposed solution as a belief or principle based on facts. For example, if sales begin to decline in a young company, a proposal to increase the level of advertising may be suggested by the founder "believes" that advertising increase sales. Never having experienced that situation before, the group takes that assertion as the founder's values. That is, when faced with a decline in sales always increase advertising.

If the proposed solution to the problem is successful, and is perceived by the group as a success (shared experience), the value gradually starts a process of cognitive transformation into a belief and, finally, an assumption (Schein, 1990a, pp. 16). Provided that the proposed solution continues to work successfully, the group members will tend to forget that originally the proposed solution (values) was debated because they were not so sure about the possible outcome (now that it is working successfully, there is a sense that it is "correct" and reflects reality - advertising increases sales).

Therefore, as the values begin to be taken for granted, they gradually become beliefs and assumptions and drop out of the consciousness, just as habits become unconscious and automatic (Schein, 1990a).

To undergo the transformation into assumption, solution based on a given value need to work consistently. Values that become assumptions are only those values that are susceptible to physical or social validation, and that continue to work reliably in solving the group's problems.

Thus, values and beliefs have an important function in organization: they influence patterns of organizational behaviour. Ott (1989) argues that the contents of the different levels of organizational culture are linked (artifacts, patterns of behaviour, and values and beliefs). Ott goes further to suggest that believes and values are the shaping forces and energy sources for the other two levels. Beliefs provide cognitive justification for organizational action patterns, and values provide the emotional energy or motivation to enact them. Therefore, beliefs and values provide the justification for organizational actions. "Beliefs and values also are the birthplaces of basic assumptions" (Ott, 1989, pp. 47).

Beliefs and values are then, the sense of "what 'ought' to be, as distinct from what is". Level 2 reveals how people communicate, explain, rationalize, and justify what they say and do as a community (Sathe, 1985, in Ott, 1989, pp. 59). Ott (1989) adds to this level the elements of ethos, philosophies, ideologies, ethical and moral codes, and attitudes. Although this level is very important and is often referred to as *the* organizational culture, the elements in this level alone are not in themselves sufficient to be trusted to provide accurate information about a *true* organizational culture (level 3 - basic assumptions) because of what Argyris and Schön (1978, in Schein, 1990a, pp. 17; Ott, 1989, pp. 60) have termed "espoused values" and "values in use" (the prevalent incongruency between the two). Schein (1990a, pp. 17) suggests that "espoused values" predict well enough what people would *say* in a variety of situations but which may be out of line with what they actually *do*. For example, an organization may state that it values people, but its record in that regard may contradict what it says. Ott (1989) argues further that although espoused values are incongruent with values-in-use, they often serve important symbolic functions and can remain in an organization for a long time.

Research on level 2 elements of organizational culture usually yield what people will say (espoused values), rather than values-in-use, which can be used to predict what people will do. Having said that, the elements of level 2 of organizational culture (values and beliefs) are better predictors of organizational behaviour than artifacts (level 1). The reason for that is that they are closer to Schein's true organizational culture (basic assumptions - level 3).

3.2.2.3 - Level 3 - Basic Assumptions

Basic assumptions is the highest level of organizational culture. Basic assumption is a relatively new concept that only recently began to receive attention in the literature. Edgar Schein first defined organizational culture as its basic assumptions in 1981 (Ott, 1989). After 1981 some organizational theorists have "pushed" the concept, including Schein himself (1990a, first edition 1985), Ott (1989), Mitroff and Kilmann (1984), among others. Despite the fact that materials on basic assumptions are sparse, some organizational theorists are now defining organizational culture as its basic assumptions (Ott, 1989).

As observed in Level 2 above, when a solution to a problem works repeatedly, it comes to be taken for granted. That is, what was initially a hypothesis, comes gradually to be treated as a reality (Schein, 1990a). Thus, basic assumptions have moved out of member's consciousness into their preconsciousness, for they have yielded successful results repeatedly over time (Ott, 1989). Ott (1989) illustrates this point by comparing it with applying the brakes while driving a car. After years of applying the brakes and the car slowing down as a consequence, no thinking is necessary in relation to brakes and braking: one applies the brakes assuming the car will slow down.

In this sense, our belief in the relationship between braking and slowing turns into a basic assumption.

Schein (1990a), argues that a basic assumption is something that becomes so taken for granted that one finds very little variation within a cultural unit. In fact, he goes further to suggest that if a basic assumption is strongly held in a group, members would find behaviour based on any other premise inconceivable. Basic assumptions tell group members how to perceive, think about, and feel about things. They guide behaviour. Another characteristic of basic assumptions is that they tend to be nonconfrontable and nondebatable (also, Kekäle and Kekäle, 1995; Ott, 1989; Cooke and Rousseau, 1988).

There are two important distinctions that need emphasis between beliefs and basic assumptions. First, and as mentioned previously, beliefs are conscious and as a result can be easily identified (for example by interviewing people or employing diagnostic instruments). Basic assumptions, on the other hand, are likely to be dropped out of awareness - they have moved back to the recesses of the mind. Second, beliefs are cognitions, whereas basic assumptions include not only beliefs but also perceptions (interpretations of cognitions) and values and feelings (affects) (Ott, 1989; Schein, 1990a). Thus, basic assumptions can be thought of as a comprehensive, potent, but out-of-conscious system of beliefs, perceptions, and values (Ott, 1989).

Because basic assumptions are not part of the conscious system they are passed to other members not by conscious or explicit teaching; rather, the "enculturation" of its new members by organizations is accomplished somehow unconsciously, through stories and myths and by modeling patterns of behaviour that members must piece together like jigsaw puzzles in order to discover the basic assumptions lying beneath them. Ott (1989) suggests that the ever-present discrepancies between the morals of stories and modeled patterns of behaviour, and the stated organizational beliefs and values, aid significantly these processes of teaching and learning. Therefore, given the discrepancies, new members are forced to look beyond the stated beliefs and values for underlying patterns of unspoken basic cultural assumptions.

Having said that, organizational culture can only be viewed as basic assumptions (rather than beliefs and values). Basic assumptions are not rational (in the classical sense of the word). They are "secret coping devices" that help organizations to deal with problems of external adaptation and internal integration. Research conducted by Ott (1989) revealed that basic assumptions are so powerful that people act on them even against the stated values and beliefs of the organization. Because it is unconscious (members are not aware of them) executives in his research initially denied emphatically the existence and validity of the basic assumptions in operation in their organizations.

> "Beliefs and values are what people will admit to. Basic underlying assumptions are what people actually believe and feel and what determine their pattern of behaviour, whether or not they are aware of them" (Ott, 1989, pp. 44).

Basic assumptions are nonconfrontable and unquestioned perceptions of truth, reality, ways of thinking and thinking about, and feeling that developed through repeated successes in solving problems over extended periods of time. They are beliefs, values, ethical and moral codes, and ideologies that have become so ingrained that they tend to drop out of consciousness. The ways organizations pass on important basic assumptions to new members are often unconscious.

3.3 - Organizational Culture - Concept and Definition

As mentioned previously, organizational culture is a relatively new field, and much of the confusion about organizational culture is caused by the use of different concepts and definitions of organizational culture (Kekäle and Kekäle, 1995; Allcorn, 1995; Ott, 1989). The term "culture" has attracted attention and became fashionable in organizational research during the 1980s and 1990s.

In trying to understand the essence of organizational culture it is important to realize that culture is a concept rather than a "thing". A "thing", according to Ott (1989, pp. 50 - 51), can be discovered and truths established about it, for example, through empirical research. A concept, however, is created in people's minds. That is, it

> "must be conjured up, defined, and redefined. Thus ultimate truths about organizational culture (a concept) cannot be found or discovered. There is no final authoritative source or experiment to settle disagreements about what is or what comprises it."

The general concept of culture is a long standing "dispute" between well established fields of research such as anthropology, archeology, and cultural anthropology, and these arguments clearly mirror the organizational culture's definitional problems (Ott, 1989; Schein, 1990a; Pheysey, 1993; Cooke and Rousseal, 1988; Sparrowe, 1995).

In fact, there are very few areas of general consensus about organizational culture, and they are restricted to the facts that, organizational culture does exist; it is relatively unique (to each organization); it is a socially constructed concept; organizational culture provides organization members with a way of understanding and making sense of events and symbols; and it is a powerful lever for guiding organizational behaviour (Schein, 1990a; Ott, 1989)

The concept "culture" has numerous meanings and by 1952 Kroeber and Kluckhorn had identified 164 (one hundred and sixty four) different definitions of culture (Kekäle and Kekäle, 1995). The situation does not improve when attempts are made to identify organizational culture definitions. Ott (1989) provides a compendium of organizational culture definitions from the literature (from fifty-eight books and articles) on organizational culture and closely related topics. From his work on the issue of the definition of the concept, Ott observed that no words or phrases related to the sources, functions, transmittal, change, or maintenance of organizational culture were used or applied. References were made only to what it is, and what constitutes it. It can then be said that although the concept has been mentioned several times it has not been substantiated.

In organizational culture research, the term "culture" is used indiscriminately referring to two different meanings. First, it refers to the coherent system of assumptions and basic values distinguishing a group and directing its choices. Second, it refers to a group's distinct set of features or traits, which means not only its basic values but also its beliefs, models of behaviour, technology, symbols, and artifacts (Kekäle and Kekäle, 1995).

Culture is a deep phenomena, it is complex and difficult to understand. Schein (1990a, pp. 6) proposes that the term "culture" should be reserved for the deeper level of basic assumptions and beliefs that are shared by members of an organization, that operate unconsciously, and that define in a basic "taken-for-granted" fashion an organization's view of itself and its environment. Indeed, many organizational culture researchers have distinguished in their models of culture the surface level from the deeper level of culture (Ott, 1989; Cooke and Rousseu, 1988; Mitroff et al, 1989; Klein et al, 1995; Kekäle and Kekäle, 1995; Bennett et al, 1994; Brownell, 1990; Bourgeois and Brodwin, 1984; Nutt, 1986; Wilkins and Ouchi, 1983). Even if one wants to use the term "culture" in its second meaning above (broader sense - so that all the relevant traits and features of organizational culture are covered), one has to distinguish carefully between the basic cultural elements which tend to be enduring (basic assumptions), and secondary cultural elements (artifacts) that change more easily (Gagliardi, 1986, in Kekäle and Kekäle, 1995).

As mentioned above, these assumptions and beliefs are learned responses to a group's problems of survival in its external environment and its problems of internal integration. The reason why they come to be taken for granted is because they work successfully and repeatedly in solving the group's problems. This deeper level of assumptions is the essence of culture, and is distinguished from the most superficial manifestations of the other levels (artifacts and values).

In referring to the basic assumptions, Schein (1986, pp. 96) states that

> "culture can't be manipulated like other matters under the control of managers. Culture controls the manager - more than the manager controls the culture - through the automatic filters that bias the manager's perceptions, thoughts and feelings. As culture arises and gains strength, it becomes pervasive and includes everything the manager does, even his own thinking and feeling."

Schein (1990a, pp. 9) defines culture as

> "a pattern of basic assumptions - invented, discovered, or developed by a given group as it learns to cope with its problems of external adaptation and internal integration - that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems."

The definiton of culture is a difficult issue because it also implies the word "organization", which is in itself ambiguous. Organization, that by implication is the locale of a given culture. According to Shein (1990b, pp. 111), one cannot start with some "cultural phenomena" and then use their existence as evidence for the existence of a group or organization. Organizations are not easily defined in time and space. Organizations are mutant systems, they are open systems in constant interaction with their many environments, and they consist of many subgroups, occupational units, hierarchical layers, and geographically dispersed segments. Having said that, a culture will only exist where it can be specified that a given group or set of people has had enough stability and common history to have allowed a culture to form. That is, where it can be demonstrated that a given set of people, through the process of solving external and internal problems, have shared a significant number of important experiences. Only where that is the case, it can be assumed that those shared experiences have led them, over an extended period of time, to a shared view (perception) of the world around them and their place in it. Moreover, this shared perception (view) has to have worked for long enough to have come to be taken for granted and to have dropped out of consciousness. Therefore, culture is a learned product of group experience and is, therefore, to be found only where there is a definable group with significant history. This means, by implication, that some organizations, for reasons such as constant and frequent turnover of members, will have no overarching culture because they have no common history. By the same token, other organizations, given that they have a long shared history or because they have shared important intense experiences (such as a severe crisis), can be presumed to have a "strong" culture. (If culture is understood from this perspective, it becomes clear why it is so difficult to change). However, and as noted by Ott (1989) and Schein (1990a, 1990b), the content and strength of a culture cannot be presumed from observing surface cultural phenomena, they have to be empirically determined. In fact, Schein (1990a, pp. 7) argues that culture "should be viewed as a property of an independently defined stable social unit."

Culture, then, is what a group learns over a period of time. Such learning is simultaneously a behavioural, cognitive, and an emotional process. From a functionalist anthropological point of view, the deepest level of culture will be the cognitive in that the perceptions, language, and thought processes that a group comes to share will be the ultimate causal determinant of feelings, attitudes, espoused values, and overt behaviour (Schein, 1990b).

It can be concluded, then, that any definable group with a shared history can have a culture. It is also possible to have within an organization many subcultures. Provided that the organization as a whole has had shared experiences, there will also be a total organizational culture. It is also possible for coexisting units of a larger system to have cultures that not only are independent but also in conflict with each other (Kekäle and Kekäle, 1995; Cooke and Rousseau, 1988). However, within any given unit, the tendency for integration and consistency will be assumed to be present (Schein, 1990b; Ott, 1989). In fact, Schein (1990b) argues that it is perfectly possible for a group to hold conflicting values that manifest themselves in inconsistent behaviour while having complete consensus on underlying assumptions. Equally, it is also possible for a group to reach consensus on the level of values and behaviour and yet develop serious conflict later because there was no consensus on critical underlying assumptions.

Finally, Schein (1990b, pp. 111) claims that once a group has learned to hold common assumptions,

> "the resulting automatic patterns of perceiving, thinking, feeling, and behaving provide meaning, stability, and comfort; the anxiety that results from the inability to understand or predict events happening around the group is reduced by the shared learning. The strength and tenacity of culture derive, in part, from the anxiety-reducing function. One can think of some aspects of culture being for the group what defense mechanisms are for the individual" (also Schein, 1990a, pp. 178).

Indeed, Allcorn (1995) argues that organizational culture contains psychosocial defenses against the experience of anxiety in the workplace.

3.4 - <u>The Functions of Organizational Culture</u>

One way of defining a concept is to define it functionally. By stating the functions that the concept being defined performs, one is defining the concept functionally. The functions an organizational culture performs are among the points in which there is agreement in relation to organizational culture in the literature. The review of the literature suggests that the reason why there is general agreement about actual functions is because they are the same regardless of how culture is defined formally. That is, whether organizational culture is defined as artifacts, values and beliefs, or basic assumptions, there is no difference between actual functions.

Four functions of organizational culture in particular represent a wide consensus in the literature and can be seen as the core of a functional definition of organizational culture (Ott, 1989).

Organizational culture:

• Provides shared patterns of cognitive interpretations or perceptions, so organization members know how they are expected to act and think.

• Provides shared patterns of affect, an emotional sense of involvement and commitment to organizational values and moral codes - of things worth working for and believing in - so organizational members know what they are expected to value and how they are expected to feel.

• Defines and maintains boundaries, allowing identification of members and nonmembers.

• Functions as an organizational control system, prescribing and prohibiting certain behaviours.

Having said that, organizational culture was defined functionally by Ott (1989, pp. 69) as

> "a social force that controls patterns of organizational behavior by shaping members' cognitions and perceptions of meanings and realities, providing affective energy for mobilization, and identifying who belongs and who does not."

Although a functional definition of organizational culture provides important understanding about the functions organizational culture performs and why organizational cultures continue to exist, it provides no direction for managing it, changing it, or studying organizational culture.

Apart from those fundamental functions, researchers and practitioners have also provided evidence of organizational culture operational functions. For example, organizational culture strongly affects and influences organizational long-term effectiveness and performance (Bates et al, 1995; Bennett et al, 1994; Deal and Kennedy, 1982; Allen, 1995; Peters and Waterman, 1982); it impacts the well-being of business organizations (Wilkins and Ouchi, 1983; Dennison, 1984); and it plays an important role in the strategic implementation process (Brownell, 1990; Bourgeois and Brodwin, 1984; Nutt, 1986; Kekäle and Kekäle, 1995). Culture is also assumed to act as a determinant of strategy (Ackerman, 1982), and to influence strategic decison implementation (Schwartz and Davis, 1981). There is also evidence to support the view that culture influences what organizational strategies are selected and whether they are successful (Wilkins and Dyer, 1988; Cartwright and Cooper, 1993; Marcoulides and Heck, 1993); and that culture plays a critical role when dramatic, significant strategic change is mandated (Bennett et al, 1994; Klein et al, 1995).

3.5 - Organizational Culture and Crisis Management

It is widely accepted that complex system problems require complex solutions. There is no more place for the simplistic approach of "quick fix" for the solution of complex problems. Today, more than ever before, organizations, private and public, are facing a new class of problems caused by the harmful effects of their own operations or the effect of environmental forces in their activities. Some of those problems are serious enough to assume crisis proportions for societies, and threaten the very survival of implicated organizations.

The way by which organizations anticipate and respond to an impending crisis does not depend on, nor is it determined by, the personality and/or intellectual capacity of its leaders. Also, organizational responsiveness to crisis does not primarily depend on, nor is it determined by, the structure of the organization, organizational business policies, incentive systems, etc., which make up an organization's visible features. Rather, every organization also has an invisible quality, a certain style, a character, a way of doing things that may be more powerful than the dictates of any one person or any formal management system. To properly understand the essence or soul of an organization requires a deeper look far beneath formal organizational charts, rule books, employee manuals, machines, and buildings, into the underground world of organizational culture. According to Mitroff and Kilmann (1984, pp. 63), "... this is where we will find the basis for an organization's stance towards the unthinkable".

Organizational culture is one of the most important variables in crisis management. As evidenced in previous sections, apart from the most conscious factors that influence an organization's behaviour, such as the firm's environment, the structure of the industry in which it competes, its financial history, its capital requirement, and so forth, there are more unconscious factors (less observable) that exert a strong, decisive effect on the behaviour of organizations. These factors are referred to as the "culture of an organization" (Cooke and Rousseu, 1988; Allcorn, 1995; Bennett et al, 1994; Kekäle and Kekäle, 1995; Cooke and Szumal, 1993; Bates et al, 1995; Sparrowe, 1995; Klein et al, 1995; Schein, 1990a, 1990b, 1986; Wilkins and Ouchi, 1983; Ott, 1989; Pheysey, 1993; Mitroff and Kilmann, 1984; Smith, 1990; Mitroff et al, 1989).

The culture of an organization is akin to a force field of energy. It is not mechanical, chemical, or electrical energy. Culture is best thought of as a social energy which has an existence and life all its own. The culture of an organization is distinct from its mission, technologies, formal reward systems, explicit policies, and written job descriptions. While all these things may have been instrumental in shaping the initial culture, once formed, the culture becomes a separate force, or social entity, independent of the initial reasons or motifs that formed it, that controls members' behaviour and attitudes at the work place. As Schein (1986, pp. 96) stated, "Culture controls the manager - more than the manager controls the culture - through the automatic filters that bias the manager's perceptions, thoughts and feelings." Therefore, culture allows organizations to be examined as a community, as a unique embodiment of such things as family conflict, gang welfare, crowd behaviour, and alienation. Only a cultural concept comes close to capturing these dimensions of organizational life along with the more rational and mechanical aspects.

Thus, organizational culture is "the set of rarely articulated, largely unconscious beliefs, values, norms and fundamental assumptions that the organization makes about itself, the nature of people in general and its environment" (definition of organizatioanl culture by Mitroff, Pauchant, Finney and Miller, 1989). That is, culture is the set of "unwritten rules" that govern "acceptable behaviour" within and outside the organization. Organizational culture thus prescribes rules such as: "if you want to succeed here, don't disagree with the boss". On the positive side, innovative organizations often have such norms as: "The best ideas are those that 'rock the boat'".

The culture of an organization also affects social habits, that is, what it considers to be "acceptable". For instance, how one socializes and with whom; talk; body language; styles of dress; who is and is not considered a hero, villain or victim; who's "in", who's "out"; where to live; whom to marry; with whom to eat lunch; where to go to school; what to read; and so forth (Mitroff et al, 1989).

3.5.1 - Organizational Culture and Crisis Management - The Crisis from Within

The culture of an organization is often held as being of critical importance to corporate strategic decision making (Bates et al, 1995; Bennett et al, 1994; Deal and Kennedy, 1982; Allen, 1995; Peters and Waterman, 1982), particularly in terms of its perceived ability to respond to a crisis event (Mitroff and Kilmann, 1984; Allcorn, 1995; Williams and Olaniran, 1994; Klein et al, 1995; Kekäle and Kekäle, 1995; Janis, 1989; Dutton, 1986; Bennett et al, 1994; Dutton et al, 1983; Fink, 1986; Smith, 1990; Johnson and Scholes, 1988; Mitroff, Pearson and Pauchant, 1992; Schein, 1990a; Ott, 1989). The culture of an organization represents both an opportunity and a threat for crisis management. There is a consensus among writers that, on the one hand, the culture of an organization can serve to precipitate a crisis by providing the environment within which such an event can escalate rapidly (Klein et al, 1995; Mitroff, Pearson and Pauchant, 1992; Pauchant and Mitroff, 1992; Kekäle and Kekäle, 1995; Allcorn, 1995; Mitroff et al, 1989; Smith, 1990; Pauchant and Mitroff, 1988; Fink, 1986; Mitroff and Kilmann, 1984; Nunamaker et al, 1989). Conversely, the prevailing culture can be central to an organization's ability to cope with a threatening situation (Klein et al, 1995; Mitroff, Pearson and Pauchant, 1992; Allcorn, 1995; Kekäle and Kekäle, 1995; Cooke and Rousseu, 1988; Pauchant and Mitroff, 1992; Mitroff et al, 1989; Smith, 1990; Pauchant and Mitroff, 1988; Fink, 1986; Mitroff and Kilmann, 1984; Nunamaker et al, 1989).

One simple example of a situation in which an organization's culture can be its own worst enemy can be observed when changes are necessary. An existing culture may be quite supportive of the mission and success of an organization at a particular point, however, this may not be true at all when significant strategic change becomes necessary (Klein et al, 1995). It has been found that while companies may be able to devise sound strategies to suit their changing environment, they are unable to implement those strategies because the strategies require assumptions that differ from the existing ones (Kekäle and Kekäle, 1995), leaving the company vulnerable to crises. On the other hand, in his research on "High Reliability Organizations" (HROs), Weick (1987) has argued that organizational culture was the source of reliability in organizations. Allcorn (1995) posits that organizational culture encourages members to cope effectively with or defend against their anxiety. In this sense, culture manifests itself in organization members' behaviour in relation to crisis and crisis management.

The issue of crisis puts organizational culture in this perspective. The ability to anticipate and cope with crisis is directly related to the organizational culture of a company. Indeed, Mitroff et al (1989) conducted a study where they identified organizations which are "crisis-prone" and/or "crisis prepared". The resultant model of crisis management from their study (called the "onion model") has four layers which moving from the centre, are: core beliefs, organizational beliefs (culture), organizational structure, and, finally, organizational behaviour and plans. These elements of an organization contribute towards its ability to cope with a crisis event. The surface layers of their model (organizational behaviour and plans - layer four; and organizational structure - layer three) are those aspects of the organizations that are more easily observable. They are closest to consciousness. They represent the formal actions and policies of an organization with regard to crisis management. Layer four (organizational behaviour and plans) comprises an organization's strategies for crisis management, for instance, existing programmes, procedures, and mechanisms specifically developed to deal with crises. This surface is the most easily seen. Layer three (organizational structure) shows how well the everyday operating structure of an organization either contributes to or inhibits crises. Pauchant and Mitroff (1992) argue that the structure of an organization is often "invisible" to those who work inside the organization. That is, people who work in the organization are frequently unaware of how the structure of their own organization affects their way of working and interacting in general and crisis management efforts in particular.

Conversely, the other layers (organizational culture - layer two; and core beliefs - layer one), particularly the core beliefs, are the most difficult ones to observe directly. These two layers constitute the largely unconscious, invisible aspects of an organization. Layer two addresses an organization's cultural aspects (basic underlying assumptions). As discussed before, it is the unwritten and unspoken rules, codes of conduct, beliefs systems, etc. Basic assumptions tell group members how to perceive, think about, and feel about things. They guide behaviour. Another characteristic of basic assumptions is that they tend to be nonconfrontable and nondebatable (Schein, 1990; Kekäle and Kekäle, 1995; Ott, 1989; Cooke and Rousseau, 1988). Although all the other layers are important, and to some extent complementary to the total organization's preparedness to crisis (ability to anticipate and cope effectively with a crisis event), the culture of an organization is the most decisive one and the one that determines whether or not an organization is prepared for crisis. Using the descriptions in previous sections, it can be said that layers 4 and 3 represent the artifacts and values of an organization, and layer 2 represents the basic underlying assumptions ("Beliefs and values are what people will admit to. Basic underlying assumptions are what people actually believe and feel and what determine their pattern of behaviour, whether or not they are aware of them" (Ott, 1989, pp. 44).

Research by Pauchant and Mitroff (1988, 1992), Booth (1993), Mitroff, Pauchant, Finney and Pearson (1989), Klein et al (1995), Allcorn (1995), revealed that from the organizational culture aspects it is indeed possible to identify an organization's position in relation to crisis and crisis management (whether a given organization is "crisis-prone" or "crisis-prepared"). There is little doubt that organizational culture is the most decisive element that governs organizations. As seen in previous sections it influences all aspects or organizational decision making, strategic action, and implementation. There is also evidence to support the view that culture influences which organizational strategies are selected and whether they are successful. Organizational culture also plays a critical role when dramatic, significant strategic change is mandated. Organizational culture strongly affects and influences organizational long-term effectiveness and performance, and it determines the well-being of business organizations. Organizational culture also directly affects the degree and manner in which organizations adapt and respond to changes.

Layer one (core beliefs) of the Mitroff et al (1989) model addresses the subjective experiences of the individuals who form an organization. These include factors such as their propensity to use different defense mechanisms in relation to crises, or the degree of their existential anxiety. These factors exert a strong influence on the kind of crisis management efforts developed in an organization (Pauchant and Mitroff,1992).

Mitroff et al (1989) argue that the factors which constitute the core are often the most decisive. That is, if the core of an organization is in trouble, then the surface activities (behaviour, policies) of an organization are ineffective and will not be of much use. They also argue that when that is the case, even if an organization can put together a formal crisis manual, no matter how many times, and issue directive after directive, positive results would be scarce. At best, they argue, an organization will have the illusion of preparation and control. Thus, the health of an organization is often no better than that of its core.

In general, not much attention is given to layers 1 and 2 in management of organizations, yet, these two aspects of organizational life are precisely the most important factors that run any organization (Pauchant and Mitroff,1992; Schein, 1990; Allcorn, 1995; Ott, 1989; Kekäle and Kekäle, 1995; Cooke and Rousseau, 1988; Bates et al, 1995; Sparrowe, 1995; Klein et al, 1995; Cooke and Szumal, 1993).

An interesting conclusion of the Mitroff et al (1989) model is that successful crisis management cuts across or involves all the layers. That is, successful crisis management is a matter of performing well across all the levels. Mitroff et al (1989) also concluded that the suboptimization of any one layer at the expense of the others may lead to disaster, i.e., major crisis for the organization and consequently its stakeholders. This last point becomes clearer if the causes of crises are analyzed. Crises occur because of the simultaneous breakdown of technical, organizational, and human systems (Mitroff, 1994; Mitroff and Pearson, 1993a; Shrivastava, 1992; Klein et al, 1995; Mitroff, 1988a; Shrivastava, 1988; Weick, 1987; Fink, 1986; Kuklan, 1986; Perrow, 1984). It makes no sense to analyze, for instance, the systems comprising an organization's core technology in isolation from the human and organizational systems that implement the core technology. Technological systems neither exist nor operate in a vacuum (Mitroff and Pearson, 1993b; Kekäle and Kekäle, 1995). Mitroff (1988a) indeed suggests that "virtually all major crises are caused by a mixture of human and technological elements". Smith (1990, pp. 265) in the same line argues that "the configuration of individual crisis events can be seen as a function of the interactions between a number of smaller events which conspire to generate the main crisis event." Therefore, since most crises are not only multiple, but are due to interactions between the technologies of an organization, its structure, human error, the effects of organizational culture, and the attitudes of key executives and managers, unless one has the understanding of a broader system, actions intended to prevent or respond to one crisis can set off a chain reaction of other crises (Mitroff, 1994).

3.5.1.1 - Some Cultural Traits that Characterize "Crisis-Prone" and "Crisis-Prepared" Organizations

As mentioned earlier, there is strong evidence to support the view that organizational culture is the main element in determining whether an organization is prepared or not for crisis. Research by Mitroff (1994), Shrivastava (1992), Pauchant and Mitroff (1988), Kekäle and Kekäle (1995), Mitroff and Kilmann (1984), Smith (1990), Dutton (1986), Mitroff et al (1989), Booth (1993), Dutton et al (1983), Klein et al (1995), Mitroff, Pearson and Pauchant (1992), Schein (1990a), Ott (1989), Fink (1986), and others, revealed that there are many striking cultural differences between "crisis-prone" and "crisis-prepared" organizations. These differences have some very direct and real consequences for crisis management. In general, the very definition of what is a crisis varies considerably between these two different kinds of organizations. For a crisis-prone organization, a crisis is something which happens mainly to them (i.e., product, plants, their top executives). That is, a crisis is equated with them and their structure, and not with the outer environment. Conversely, for an organization which is crisis-prepared a crisis is something that happens not only to them but also to their stakeholders (i.e., customers, all their employees at all levels, and their general environment). Mitroff et al (1989, pp. 275) argues that, in this perspective,

> "... definitions are not only social instruments in that they spell out (specify the characteristics and the boundaries of) some phenomenon of interest, but they are also the expressions of the social character of an organization".

Definitions, therefore, tell us as much about the nature of the definer as they do about the thing being defined. A reflection of the organizational culture of crisis-prone organizations is that they (organizations)

> "... redefine reality to suit their fantasies and beliefs about themselves. ... the misconception of reality by prone organizations is not motivated primarily by blocks or impairment to rational thinking". Rather, "the misconception of reality was blocked through emotional factors, i.e., by executives not having the emotional resources to face up to critical situations realistically" (Mitroff et al, 1989, pp. 275; Pauchant and Mitroff, 1988, pp. 58).

Identifying "health" problems in an organization is not an easy task. Defining the "health" of an organization is more difficult than that of an individual. First, organizations are more complex (i.e., they are composed of innumerable individuals spread out in space and time, and in many cases literally over the entire globe). Second, organizations are composed of a highly complex interplay between people, technology, plants, products, facilities, marketing (research, selling, distribution, etc.), financial systems, and so on. Pauchant and Mitroff (1988) argue that all these various factors are themselves a complex blend of known and unknown, conscious and unconscious, and rational and irrational forces. The unknown, unconscious, and irrational forces form the culture of an organization. Pauchant and Mitroff (1988, pp. 54) go further to suggest that

> "roughly, culture is to an organization what personality is to an individual. The parallel is even more striking. Freud and a host of other significant social scientists have shown that some of the most important aspects of personality are unconscious. ... the same holds true for organizations: some of their most important aspects are unconscious".

Therefore, organizations are largely unaware of some of the most important forces influencing their actions (Klein et al, 1995; Mitroff, 1994; Allcorn, 1995; Weick, 1987, 1988; Mitroff, 1988a; Shrivastava, 1992; Smith, 1990; Schein, 1990a; Dutton, 1986; Mitroff et al, 1989; Booth, 1993; Dutton et al, 1983; Mitroff, Pearson and Pauchant, 1992; Ott, 1989; Pheysey, 1993, Starbuck et al, 1978; Staw et al, 1981).

Studies consistently have shown that the culture of an organization plays a decisive role in their approach to crisis management (Klein et al, 1995; Reilly, 1993; Booth, 1993; Mitroff and Pearson, 1993a; Siomkos, 1992; Mitroff and Pauchant, 1990; Miller, 1988; Fink, 1986; Allcorn, 1995; Pauchant and Mitroff, 1988; Smith, 1990; Shrivastava et al, 1988; Shrivastava, 1992; Regester, 1987; Smith and Sipika, 1993). What makes one organizational culture different from others (crisis-prone vs crisis-prepared organizations) can be observed in terms of the differences in the assumptions that constitute an organizational culture (Klein et al, 1995; Pauchant and Mitroff, 1988; Schein, 1990a; Smith and Sipika, 1993; Booth, 1993; Allcorn, 1995; Ott, 1989; Smith, 1990; Mitroff and Pearson, 1993a; Mitroff et al, 1989; Miller, 1988; Fink, 1986; Pheysey, 1993; Mitroff and Kilmann, 1984). In the past, the basic assumptions an organization made about itself and the other factors in its environment had little importance. An organization could easily "get by" by not knowing or examining its assumptions very deeply or systematically because most of the time they operated in what was considered "normal or good times". However, and as observed by Pauchant and Mitroff (1988, pp. 54)

> "... these are not normal times. All organizations everywhere today face enormous pressures from worldwide global competition. In addition, they

face a whole new series of threats not experienced on any previous scale before".

As mentioned in Chapter 2, the prospect of organizations experiencing a major crisis today is greater than ever before, and the types and range of crisis one is vulnerable to today is overwhelming. Having said that, what differentiates organizations with weak or strong efforts in crisis management is the nature of "organizational identity".

Organizations that are crisis-prone tend to see themselves and the environment in which they operate (stakeholders) in very different ways from organizations that are crisis-prepared. For example, studies by Reilly (1993), Booth (1993), Pauchant and Mitroff (1988), Mitroff et al (1989), Miller (1988), Fink (1986), Mitroff and Pauchant (1990), Mitroff and Kilmann (1984) have revealed that organizations that are crisis-prone exhibit a greater degree of narcissism or self-centeredness than do crisis-prepared organizations. As mentioned earlier, a crisis for a prone organization is something which happens mainly to them, and not to its surrounding environment. Conversely, for a prepared organization a crisis is something that happens not only to them but also to the wider environment in which they operate (customers, community, employees, and the general environment). Mitroff (1994) argues that the failure of many organizations to consider how a broad range of stakeholders will react to their actions, beliefs, and performance is often responsible for their getting into major crisis. Crisis-prone also differ from crisis-prepared organizations in the sense that they use a great number of defensive mechanisms to avoid having to face the reality of crises (Pauchant and Mitroff, 1988; Mitroff et al,.1989). Among those, Mitroff et al (1989, pp. 274) identified:

a) Denial: the expressed refusal to acknowledge threatening realities.
b) Disavowal: acknowledgment of threatening realities but the discreditation of their importance.
c) Fixation: rigid commitment to a particular course of action or attitude.
d) Grandiosity: feeling of omnipotence.
e) Idealization: feeling of omnipotence through the idealization of another person, object or organization.
f) Intellectualization: the elaborate rationalization of an impulse.
g) Projection: the attribution of unacceptable impulses to others.
h) Repression: the pushing down of threatening/unacceptable impulses into unconsciousness.

i) Splitting: the extreme isolation of different elements, extreme dichotomization, fragmentation.

Allcorn (1995, pp. 74 - 75) also identified organizations with a "psychologically defensive culture". Elements such as denial, splitting, projection, and introjection were found in those organizations. Organizations develop a defensive culture as a result of continuous stress and anxiety experienced by its members. Management and workers alike are continuously subjected to anxiety and frequently resort to the unconscious use of similar psychological defense mechanisms. Allcorn (1995) argues that these temporary individual and group psychological defenses may, under continued pressure, become rigid and enduring patterns of adjustment which include losses of reality testing, self-integration, and organizational adaptiveness. These rigidities, if abundant, may create a psychologically defensive culture.

Organizations that nurture feelings of self-esteem, participation, empowerment, and effectiveness create a sense of security and confidence for their members. Allcorn (1995) found that as a result, members of such organizations have little need to rely on unconscious psychological defenses to cope with workplace anxiety. Organizational members were found to respond intentionally and assume personal responsibility and perceive change as an opportunity. In contrast, it was observed that in organizations that deskill and alienate their members, employees generally feel misled, suspicious, helpless, and uncontrollably anxious when faced with internal and external problems that require change. These employees experience the need to change as a threat, and then defend against their anxieties by using reality-distorting unconscious psychological defenses. It was also suggested that a dysfunctional senior executive may have his or her behaviour ignored and rationalized by subordinates who fear taking corrective action (Kets de Vries, 1980, in Allcorn, 1995).

Another way in which prone organizations differ from prepared ones is that they use what Mitroff et al (1989) call "fatalism". This is the mechanism by which prone organizations avoid guilt. The main point with regard to this mechanism is that it reduces the guilt and responsibility associated with a company's actions and also provides justification for a company's doing nothing. Thus fatalism strategy is a dangerous one.

3.6 - Organizational Structure, Culture, and Crisis Management

With regard to organizational structure, there can also be found differences between crisis-prone and crisis-prepared organizations. Organizations that are crisis-prepared have been found to possess some distinct characteristics in their effort to crisis management.

Mitroff et al (1989) have also observed that there are striking differences between crisis-prepared organizations and crisis-prone organizations with regard to their underlying basic assumptions, fears and anxieties concerning crisis management. Moreover, and more importantly, these differences have significant consequences on their overt actions. That is, organizations that are crisis-prepared are more likely to have tested, in-place early warning systems to warn of impending crises; they are also much more likely to have designed their everyday functions, work routines and roles to match those they will need during a crisis; they are much more flexible in their operation and organization; they share more resources across and within groups; and they are much more likely to have top management support, everyday involvement and commitment in crisis management.

Klein et al (1995), in their research into organizational culture in High Reliability Organizations (HROs) obtained similar results. It has been revealed that because HROs are different from other organizations due to their requirement for reliability as the primary outcome, their cultures were similiar to each other and different from those manifested in other organizations, and this fact was reflected in the attitude and perceptions of its members. Moreover, since no organization is immune to crisis, it was also observed that given the inherent vulnerability to accidents in HROs, managers devote much more effort in avoiding such accidents than those in other organizations. Thus, what differentiates organizations with weak or strong efforts in crisis management is the nature of "organizational identity". That is, how executives "feel" about themselves and their organization is strongly related to their company's involvement in crisis management. In fact, Weick (1987) has suggested that organizational culture was the source of reliability in organizations.

Miller (1988) identified different types of "pathological" organizations and how they contribute to the development of different types of crises. Miller's study emphasizes the importance of organizational structure in relation to crisis management. Organizational structure was defined by Miller (1988, pp. 67) as

> "the set of administrative procedures - the hierarchy, the allocation of responsibility and authority, the nature and membership of committees (integrative devices) - that are used to implement strategies".

Miller argues that organizational structure, together with some other aspects of organizational elements such as executive personality and organizational culture, combine in a mutually reinforcing way to form an extremely durable and change-resistant configuration. Miller describes five types of "pathological" organizations (the suspicious, the compulsive, the dramatic, the depressive, and the detached organization) and how they engender three different types of crises: financial, psychological, and environmental. Miller's findings suggest that the pathologies of the five types of organizations described above are very deeply ingrained and their component problems are highly interdependent and mutually supportive. Thus, they form unified gestalts that resist alteration to the point of bouncing back to the original configuration whenever a small change is made (Miller, 1988). Therefore, only by revolutionary change (or a major crisis), rather than incremental and piecemeal adjustments, can the organization move towards a more "crisis-prepared" configuration.

It can be concluded, then, that organizations that are crisis-prone are more likely to exhibit those characteristics which impair successful performance in crisis management. In this sense, if prone organizations do not actually create the crises or disasters they face, they are much more likely than prepared organizations to exacerbate their effects. In this sense, they create further crises for themselves (Mitroff, 1994; Mitroff et al, 1989; Klein et al, 1995; Weick, 1987, 1988; Mitroff, 1988a; Shrivastava, 1992; Smith, 1990; Schein, 1990a; Dutton, 1986; Booth, 1993; Dutton et al, 1983; Mitroff, Pearson and Pauchant, 1992; Ott, 1989; Pheysey, 1993, Starbuck et al, 1978; Staw et al, 1981).

3.7 - Organizational Culture and Change

It is clear that organizations with a long and successful history and relatively permanent personnel, which have faced external threats and internal problems of adaptation together, tend to have a strong culture based on shared basic assumptions. It is also clear that these kinds of deeply-rooted, shared basic assumptions are difficult to change (as already noted in previous sections). These strongly held assumptions while holding the organization together may also hinder the organizations' ability to change (Schein, 1990a; Ott, 1989; Kekäle and Kekäle, 1995; Bass and Avolio, 1994; Klein et al, 1995; Allcorn, 1995; Cooke and Rousseu, 1988; Weick, 1987, 1988; Mitroff, 1988a; Shrivastava, 1992; Smith, 1990; Pauchant and Mitroff, 1988; Smith and Sipika, 1993; Booth, 1993; Mitroff and Pearson, 1993a; Mitroff et al, 1989; Miller, 1988; Fink, 1986; Pheysey, 1993; Mitroff and Kilmann, 1984).

The ability to change and adapt in today's world is a requisite for survival and prosperity. Organizations undergo significant strategic change for a number of reasons. For example, risk reduction (Bromiley, 1991); environmental turbulence (Koberg, 1987); poor performace (D'Aveni, 1989); resource shifts (Castrogiovanni, 1991); or managerial preference (Hambrick and Mason, 1984). Regardless of the need for change, it is important to observe that culture plays a decisive role not only in the choices of strategies, but also in the success of their implementation, overall performance, and indeed survival of the organization. As Wilkins and Ouchi (1983) attested, organizations when confronted with diversification opportunities, changes in strategy, rapid growth, subculture conflict, and retrenchment, should give serious attention to their cultures.

Change requires sound strategic decisions, however, implementing them is not a simple task. Schein (1986) demonstrates that whenever an organization that has been successful in its mastery of a given technology changes the technology used, the organization not only must learn new practices but must also redefine itself in ways that involve deep cultural assumptions. Indeed, and as noted before, even where organizations are able to devise strategies to cope with a rapidly changing environment (strategies that make financial, product, marketing, etc., sense), they are unable to implement those strategies because they require assumptions, values and ways of working that differ from the organization's prior assumptions. An existing culture may be very supportive of an organization's mission and success at a particular point, but may not be at all appropriate when significant strategic change becomes necessary (Klein et al, 1995). In other words, either the existing culture is complementary to the changes imposed by new strategies or some cultural change may be deemed necessary in order to affect and maintain organizational effectiveness (Bennett et al, 1994).

Changing the deeper levels of a culture is a tough task. Kekäle and Kekäle (1995, pp. 213) suggest that changing the culture of an organization takes so much that "more often than not, may not be worth the while, especially in cases where it is not obligatory for the sake of organizational survival". The problem, though, is that more often than not today, it is the case of organizational survival. The market, uncertainties, operating environment, competition, marketing, internal adaptation, external threats of all kinds, etc., all call for constant drastic changes at all levels.

Having said all that, one has to recognize that changing the culture of an organization takes more than courage alone. The implementation of any new working practices (for example, implementation of new management concepts such as Total Quality Management, etc.) which are on the surface of consciousness, by implication requires changes in the culture of an organization, which is embedded in its unconsciousness. As Kekäle and Kekäle (1995, pp. 213) present this issue, implementing a concept into a culture "might call for blood, sweat and tears because of the clash of two different cultures: the organization's cultural assumptions and the background assumptions of the approach to be implemented."

This point can be further enhanced if one considers an organization that operates globally (i.e., has different businesses on different continents). If a catastrophe happens anywhere in the world due to a technical problem (say a machine, or process failure) changes might be further complicated and difficult to accept due to cultural differences. As Mitroff and Linstone (1993) pointed out, "technology is not transferable in isolation - it takes place from one societal/cultural setting to another". In other words, technical perspective alone is not enough. Considering the implementation of safety standards in different countries (as well as changing organizational cultures) is extremely difficult. Shrivastava (1992) argues that even companies that do have uniform worldwide safety policies are unable to carry them out practically. One of the reasons for that difficulty is that in each country local conditions and resources create significant differences in levels of safety. Other reasons for these implementation failures may be lack of local regulatory pressures, miscommunication between parent and local company managers, different safety expectations, and different organizational cultures that put different emphases on safety. Indeed, research by Hofstede (1984) - into organizational values in the subsidiaries of one multinational company with operations in forty countries - identified elements of a common organizational culture, but also, predictably, there were distinct organizational subcultures in each country. Most important for this discussion, Hofstede found that the basic characteristics of the organizational subcultures could be explained by (correlated with) dominant values of the national culture. Thus, the issue of changing organizational culture for worldwide corporations is indeed a very complex problem. Wilkins and Dyer (1988) argue that each culture has idiosyncratic qualities and must be modified uniquely. Cultural change cannot occur as though it were independent of the particular traits of a culture being changed.

More often than not, a change, in many cases, is likely to occur only after organizations have to face a major crisis. Only then may there be the will and opportunity for a change. In fact, as Fink (1986) and Pauchant and Mitroff (1988) found out in their research, the vast majority of companies in their survey acknowledged that their involvement in crisis management was based on reactions to crisis as opposed to pro-action (preparedness).

Considering the cultural differences between crisis-prepared and crisis-prone organizations discussed earlier, to change the culture of an organization that is crisis-prone to one that is crisis-prepared requires that an organization manage the organizational and individual anxiety of its members. Pauchant and Mitroff (1988) labeled this process "management of self". This process attempts to diminish the "self-inflated" behaviours that go against efforts in crisis management and increase positive self-regard behaviours that allow appropriate programme of crisis management (Pauchant and Mitroff, 1988, pp. 61). The authors go further to suggest that it is necessary to replace anxiety with fear. Their survey identified that what paralyzed crisis-prone organizations from taking appropriate crisis management actions was the existence of "diffuse, subjective, vague, non-articulated anxiety". They also observed that this anxiety was "not consciously acknowledged", and that what emerged from their interviews conducted with executives was not the anxiety itself, but "the defensive mechanism executives used to manage it".

Anxiety differs from fear in that the first "lacks a specific object while fear is something which is experienced and directed towards specific object" (May, 1958, in Pauchant and Mitroff, 1988). That is, one is not anxious of something. Pauchant and Mitroff (1988) argue further that not having any specific object to be anxious of, no strategic action is possible to reduce its cause(s), except the defensive mechanisms mentioned earlier (i.e., denial, feeling of grandiosity, etc.). Conversely, fear has a specific object. Fear then allows the development of strategic action, attention being narrowed to a specific object.

Indeed, many organizations are making use of fear to change their organizational culture. In a Fortune article (June, 28, 1993) with the provocative title "Times are Good? Create a Crisis", Dumaine (1993) outlined pro-active steps taken by "smart" organizations. Dumaine described the approach taken by Pepsi-Cola to change its culture. Although Pepsi-Cola's earnings were 10% up and business was more profitable in the United States than for its main competitor Coca-Cola, the president of a division of Pepsi with sales of over US$ 7 billion, feared that the soda market would turn flat and that the competition would intensify in a few years. Faced with the dilemma of how to convince his 30,000 highly successful, hardworking people that they need to tear apart that money machine and rebuild it, the only plausible answer to the "problem" was to create a crisis. In a three-day meeting with top executives, he convinced them that 10% was not enough and if 15% could not be achieved they would go "out of business". Over the two years that followed the meeting, the team restructured the organization, redesigned how it did its work, and redefined jobs. The change included breaking the division into 107 customer-focused units and dramatically revising processes like beverage delivery and special sales promotions, moves that ended up saving Pepsi-Cola tens of millions. The division was expected to reach the target (15%) three years after the crisis was declared.

This kind of strategy was called "Doomsday Management" (Dumaine, B., 1993), and as he defines it

> "doomsday management is a strategy leaders can use to radically transform a successful and profitable company before its success - and overconfidence and complacency and bloat - catches up with it".

This idea is based on a familiar phenomenon: Most organizations, like most people, will not change fundamentally until they absolutely have to. Indeed, a study of 40 companies found that "before any could change, each first had to hit bad times and, in many cases, call a new CEO to bail itself out" (Dyer, G., in Dumaine, 1993).

The point here is that for many organizations today, business as usual, as with for Pepsi, may look like a certain death. Therefore, it is necessary to create a sense of urgency inside the organization. Another American company, Ameritech, was in the same "uncomfortable" position as Pepsi: high margins, high profit, and a strong corporate culture that would not change easily. Certain to face stronger competition and new technologies in the future, its

CEO had no option but to create a crisis. William Weiss, CEO of Ameritech, justifies his crisis: "... our culture was so strong and severe that without radical change, our culture would never change" (in Dumaine, 1993).

Crises do not limit themselves to negative effects (Rosenthal and Pijnenburg, 1990; Fink, 1986). Indeed, research has shown that crisis can bring enormous benefits to organizations. For instance, Mitroff et al (1992, pp. 255) argue that the experience of crises and "existential anxiety is often precisely what human system needs in order to shake itself of its dangerous basic assumptions". In the same line, others such as Nystrom and Starbuck (1984), Fink (1986), Mitroff and Pauchant (1990) have formally suggested that crises are sometimes exactly what are needed to allow organizational members to make long overdue strategic shifts. (For that matter, Mitroff and Pauchant (1990, pp. 117) suggest that "crisis-prepared" organizations are constantly surfacing and testing their most cherished beliefs and assumptions with regard to their continuous validity). Further, research by Mitroff and Pauchant (1990) revealed that managers that have engaged in crisis management, that is, managers that have allowed themselves to rigorously learn from their past crises and crisis management experiences and acted on the basis of the experiences, "have developed through crisis management substantial strategic advantages over their competitors". They also argue that the strategic advantages mentioned above not only positively affected the firms that developed them, but that they are also "societal advantages", diminishing the risks and/or impact of industrial disasters and of the current ecological and ethical decay (in Mitroff et al, 1992, pp. 255).

The argument above was defended more than a decade ago by Kerchner and Schuster (1982, pp. 121). They argued that for most managers, crisis "connotes a state of affairs to be avoided, for the outcome is risky and may very well be prejudicial to personal and organizational health." However, ".... crises, although they are inherently risky, under certain conditions can be transformed into instruments of organizational good." Kerchner and Schuster (1982) also argue that the question for managers is to know "when to declare a crisis and how to utilize one." Indeed, crises are neither inherently good nor bad for an organization (as also discussed in Chapter 2). Their impact may cut in either direction. But, and as pointed out by Fink et al (1971, pp. 16), the declaration of a crisis may create an opportunity for organizational élan, teamwork, and a spirit of compromise, even sacrifice, on the part of individuals within the organization and its subunits. In other words, crisis can become a "vehicle for organizational growth". Unfortunately, a great number of authors in crisis management still take only a reactive stance, viewing crisis management activities mostly as a means for coming back as soon as possible to "business as usual". By focusing on the need to restore the status quo before the emergence of a crisis, the opportunity to address the needed structural and systemic changes that a crisis can make visible is missed (Mitroff et al, 1992).

There are also other mechanisms that can be used to move a corporation from anxiety to fear in relation to crisis management. Each organization, depending on the situation of its organizational identity will prefer some. For instance, one strategy may be to expose executives and non-executives to have a direct experience with the phenomenon of crises. That can be achieved by using organizational crisis simulation workshops. Another strategy could be to sensitize executives to the deeper psychological issues at stake that crises raise (Fink, 1986; Mitroff and Kilmann, 1984; Mitroff and Linstone, 1993; Regester, 1987). Also, it is possible to allow organization members to conceptualize the dimensions and complexity of crises. For that computerized simulation models could be used (Pauchant and Mitroff, 1988; O'Sullivan, 1992; Klein and Newman, 1980; Hamilton, 1991; Wilkenfeld et al, 1995; Morentz, 1987). Yet another strategy is to attempt to diminish anxiety through different stress management workshops, specially targeted at the phenomenon of crisis management. The use of scenario is becoming increasingly important in the development of strategies to deal with uncertainty (Wack, 1985; Barton, 1991).

3.7.1 - The Hospitality Industry, Strategic Change, and Organizational Culture - A Review of Relevant Practical Points

Although culture change has been broadly considered as part of an overall implementation effort, little conceptual literature to date has presented an integrative literature review and synthesis of the cultural variables which impact the implementation of sizable strategic change (Bennett et al, 1994). Moreover, and as argued by Lewis et al (1992), organizational research in the service industry has been largely underrepresented. This is particularly true with respect to the hospitality industry.

Any proposed change in an organization will have to be "approved" by the system of assumptions currently held in a given time. Basic underlying assumptions, as discussed previously, is an evolutionary learning process over the shared experiences of a group of people. They are also extremely difficult to change.

Given the operational nature and environment of the hospitality industry, the management practices in the industry (influenced by well established traditions), some additional constraints exist in making (implementing) change effectively. As discussed in Chapter 2, the hospitality industry is one of the most vulnerable and susceptible industries to crisis (the hotel industry and the issues of crisis, crisis management, and crisis vulnerability in the industry are discussed in detail in Chapter 5). A review of management practices in the industry and other characteristics revealed that the industry is typically and traditionally re-active and slow to adapt to new realities (Olsen and Zhao, 1997). High levels of uncertainty in its operations and service encounters also characterize the industry. In fact, Brownell (1990) suggests that in the hospitality industry uncertainty is the norm. Brownell (1990, pp. 197) goes further to state that "few other organizations experience the same high degree of continuous uncertainty." Regardless of the uncertainties (major disaster, change in weather conditions, internal adversities, external and internal threats of all nature, and so forth), when the customers call, hospitality organizations are expected to respond.

Given this scenario, it is expected that hospitality organizations would be designed to absorb uncertainties and plan for the unexpected. This would call for strategic change, which requires a fundamental rethinking of the beliefs by which organizations define and carry out their business. As seen in previous sections, organizational culture significantly influences an organization's ability to move through transition processes. In fact, the culture of an organization not only determines and influences the design of strategies, but it also determines the success of its implementation. The culture of an organization must also be supportive of change; if not, the failure of strategic change attempts is certain, generating anxiety and confusion in the organization.

Change does not occur without pain (Kekäle and Kekäle, 1995; Bennett et al, 1994; Klein et al 1995; Schein, 1990a, 1990b; Ott, 1989; Mitroff and Pearson, 1993b; Pauchant and Mitroff, 1988; Fink, 1986; Miller, 1988). Planned strategic change is also bound to find a certain degree of resistance from organizational members. The reasons for resistance to change can be of a different nature but have the same effect - hinder or make difficult the transition process. Resistance to change such as ignorance of the implications of the change; ignorance in relation to the urgency of the proposed change; ignorance about the role one will play after the change; fear of losing privileges, status; general misunderstanding of the change or not understanding its necessity; etc., are the most commonly found. This resistance is in part caused by bad communication, one of the variables management must be preoccupied with in planning change. In an industry where a high degree of turnover and part-time employment is the norm (the workforce in general envisage few, if any, long-term career opportunities) resistance to change is even stronger (members cannot see themselves "benefiting" from changes).

The hospitality industry is also characterized by organizations with well-established histories and long traditions. Not surprisingly, Zeira and Avedisian (1989, in Brownell, 1990) found the process of changing underlying assumptions in those organizations to be particularly problematic. Some additional features of the hospitality industry also contribute to the difficulties in implementing change. Brownell (1990) proposes that apart from those factors that make transition difficult, other factors that function as a barrier to change in the hospitality industry should also be considered: (1) the customer as partial employee, (2) the increasingly diverse workforce, and (3) the rapid pace of innovation and subsequent uncertainty.

3.7.1.1 - Service Delivery Process - The Encounter

Hotels, restaurants, health centers and other businesses that rely heavily on the customer's participation for the delivery of service is said to be the most challenging for implementing and managing organizational change. The main reason is the nature of the service delivery process. Customers have a direct and active role in the "creation" of the product. The service experience, and for that matter the perception clients have of a service organization, is largely developed through the interactions between the client and the service provider, particularly "front line" service employees. This interaction inevitably brings difficulties for organizational control of service quality. Control in the service sector is often more difficult to exercise because managers have to rely on social mechanisms -- such as shared cultural values - to direct organizational members actions (O'Reilly, 1989). Since these shared values are internalized, they can apply to a broad range of appropriate behavioural responses that are difficult for managers to anticipate and formalize in unsupervised situations (Chatman and Jehn, 1994). The service encounter then inevitably leads to high degrees of uncertainty and poses a challenge for hospitality professionals to manage quality efficiently. As an example, customer participation, specially in high contact situations, influences many perceived aspects of the service "quality" such as the exact nature of the service, the length of the encounter, the timing, and therefore the perceived quality of the service itself. Moreover, perceived service satisfaction depends upon specific tasks being required, which in turn depends on the customer's communications skills, his or her motivation to ensure that the transaction goes smoothly, and in this context, inevitably, the individual personality characteristics of the client. Thus, a great deal of the "experience" and "perceived quality" is rendered to the customer by the nature of service operation.

Brownell (1990) goes further to attest that inherent in the customer/service provider relationship is a set of mutual expectations in relation to individual parties' rights, privileges, and obligations. While some service encounters are straightforward (every participant knows exactly what role to play), others are more difficult and ambiguous. Either way, the participants in the service encounter must observe each other's behaviour in order to make appropriate choices.

Therefore, the service encounter experience implies that service organization employees are not influenced by the organization alone at the interaction time; rather, the delivered service is the result of the interaction of employee's skills and the behaviour of the customer. Given those distinct characteristics, effective implementation and management of change in service organizations is indeed a complex issue.

3.7.1.2 - Increasing Diversity of the Workforce - Implications for Change

The hospitality industry is also characterized by the diversity of its workforce. This reality also influences change in organizations. Section 3.2.1.1 in this chapter discussed the importance and influence that the larger societal culture exerts on organizations. All the beliefs, values, and expectations held by an organization's important internal and external constituencies are formed in the broader culture (Ott, 1989). Changes in societal norms, beliefs, values, and lifestyle patterns - such as sexual equality - inevitably find their way into organizations. Another characteristic of hospitality organizations today is that they are becoming increasingly multi-national and their workforce, as a consequence, is also becoming more and more diverse. Minorities, women, the handicapped, and others, are increasingly assuming a predominant role in the service delivery process both as the service provider and as customers. This fact asks for a style of management that is sensitive to the diverse needs of all its publics (internal and external). Moreover, the service employee must also be sensitive to the distinct assumptions and values of its various publics.

As also mentioned in this and previous sections, the particular geographical location of a property determines to a great extent the characteristics of its workforce. In general, most general cultural beliefs, values, and assumptions of a broader society are very stable. Those fundamental cultural expectations are neither discussed nor debated but are taken for granted by all those that interact with an organization in a cultural context (potential employees, current employees, their families, managers, customers, bankers, government agencies, directors, investors, business school professors, and textbooks). Managers of multi-national organizations who come with different sets of assumptions and professional conduct soon discover that other populations have different attitudes, expectations, and level of job commitment. As referred to before, research by Hofstede (1984), into organizational values in the subsidiaries of one multinational company with operations in forty countries, identified elements of a common organizational culture, but also found, predictably, that there were distinct organizational subcultures in each country. Moreover, Hofstede found that the basic characteristics of the organizational subcultures could be explained by (correlated with) dominant values of the national culture.

From the customer point of view, increasingly the publics of hospitality organizations are becoming more diverse, not only in terms of different nationalities and backgrounds, but also more and more demographic changes, life-styles, etc., are playing a major role in the service delivery process. The fact that the workforce is already diverse further increases the degree of complexity of the service encounter (regardless of their personal response to a customer, they - employees - are expected to provide service that meets the organization's standards).

Brownell (1990) suggests that to facilitate transition, organizations must accommodate their minority members by adopting values that support the greater flexibility and adaptability required to respond to those new realities of service operations. It is important to emphasize, once again, that cultural change cannot occur as though it were independent of the particular traits of a culture being changed. Each culture has distinctive qualities and must be modified uniquely (Wilkins and Dyer, 1988).

3.7.1.3 - Rapid Pace of Innovation and Change

As Schein (1990a, 1990b), Ott (1989), Klein et al (1995), Pauchant and Mitroff (1988), and many other authors demonstrated, culture is a learning process that takes a long time to evolve. However, the internal and external environments are evolving at a high pace and organizations do not have the desired time to "learn" each individual change and "ways of doing things". Change today, as stated earlier, is a matter of survival. Organizations that are highly adaptive to change have a greater chance of survival and prosperity. Change must be perceived as a permanent organizational reality. Brownell (1990) posits that organizations will only be able to anticipate and respond appropriately to shifts in both internal and external environment when change itself becomes an accepted and valued norm in the organization. In other words, only when it becomes a basic assumption.

The hospitality industry at all levels has been subjected to a great number of change demands, not only from its internal and external publics, but also from developments in other sectors (specially in information technology). For example, the introduction of advanced information technology in hospitality operations has had a major impact on the ways organizations are managed and services are delivered (the introduction of automated systems - check-in and check-out, order taking, information request, information processing, etc. -, has major effects and affects expectations, assumptions, and beliefs about the nature of work and quality of the service provided). Well established routines that perpetuated in the hospitality working environment for many generations are now relinquished. More sophisticated and efficient systems are taking over. Both the internal and external publics are now required to constantly adapt to an increasing number of new and unexpected routines and rituals (Brownell, 1990).

Misunderstandings about the need for change, about organizational objectives, etc., by hospitality industry employees may have severe implications for effective planned strategic change and implementation.

Disruption of services then will be inevitable, generating frustration and stress among the workforce and a reduced level of satisfaction among customers.

Having said that, in addition to the inherent difficulties in managing change in organizations, the hospitality industry possesses some distinct features that create additional challenges for those who manage the transition process. It is clear that organizational culture directly influences an organization's ability to change. It has a direct impact on the degree and manner in which organizations adapt and respond to change.

3.8 - Exploring the Relationships Between Organizational Culture, Strategic Management and Crisis Management

The discussion in this chapter made it clear that organizational culture is the most decisive element in determining whether an organization is prepared or not for crisis. The discussion so far also made it clear that strategy and culture are inseparable - one is not independent of the other. When a reference is made to strategic management, implicitly, reference is also being made to culture. As mentioned previously, the culture of an organization influences the way strategies are designed, how they are implemented, and the impact they will have. Culture manifests itself in all aspects of organizational life. It guides behaviour, it governs all organizational attitudes and policies.

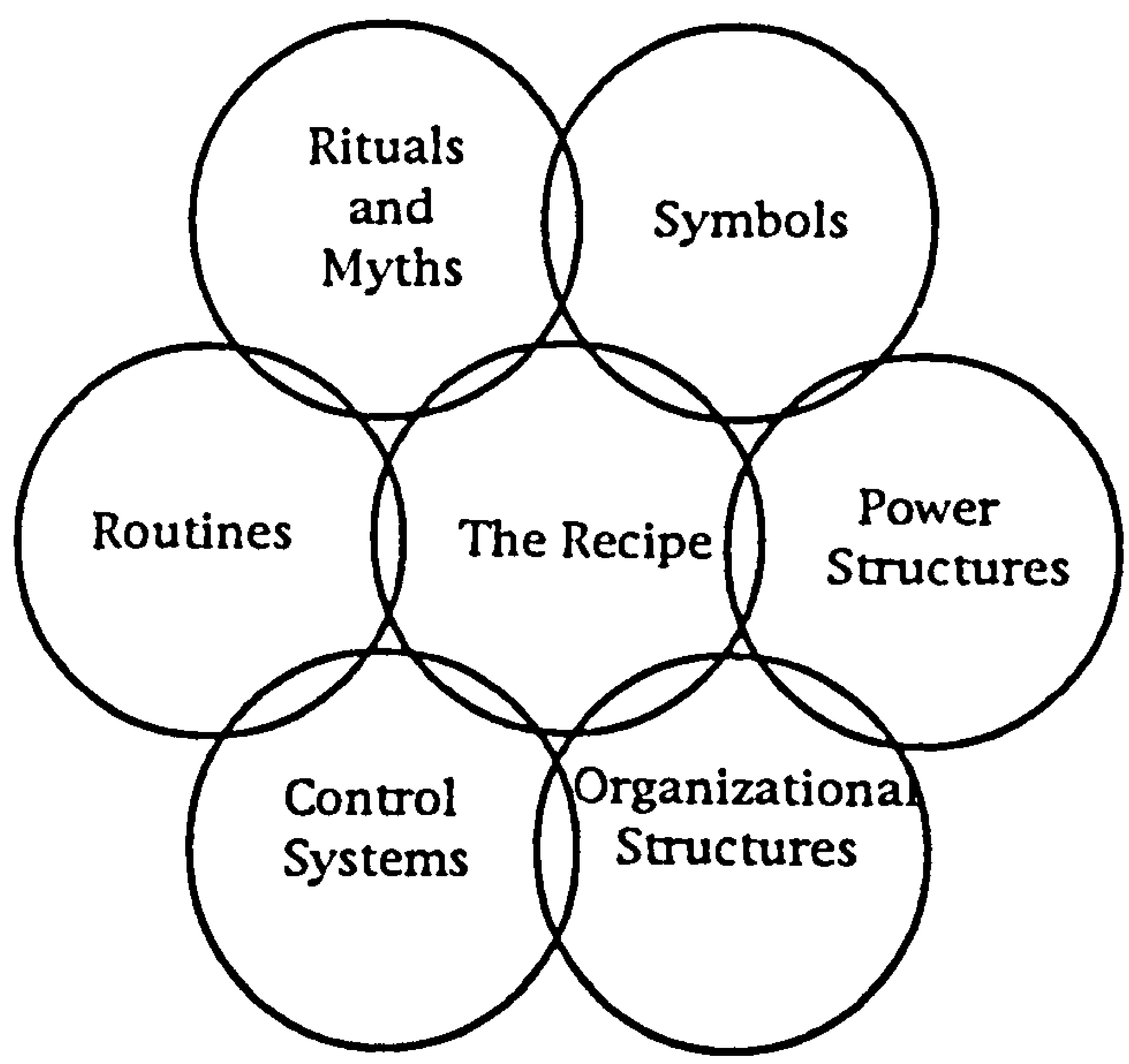
Johnson and Scholes (1988) explored the relationship that exists between organizational culture and strategic management. They used the term "recipe" for the set of assumptions and beliefs that form part of an organization's culture. The recipe, for Johnson and Scholes (1988, pp. 39 - 40), is

> "the set of beliefs and assumptions held relatively commonly throughout the organisation, taken for granted in that organization, but discernible to the outside observer in the stories of organisational history and explanations of events. The recipe makes sense of the situation managers find themselves in and provides a basis for formulating strategy."

The assumptions and beliefs represent the collective managerial experience that is important in the formulation of strategy. Having said that, there is a need to clarify the relationship and distinction that exist between what Johnson and Scholes (1988) called "recipe" and organizational strategy. In this sense, organizational capability and environmental forces do not in themselves create strategy. Rather, it is the people inside the organization who create strategy. As mentioned previously, organizational culture (basic underlying assumptions) helps people to make sense of the world around them. Through this filter (culture), organizational members make sense of the forces at work in the environment and of the organizational capabilities coping with them, and in this way strategy is formulated. Humpden-Turner (1990, pp. 229) indeed posits that "strategy must be a natural expression of the potential latent in a culture".

This notion of "recipe" was developed by Johnson and Scholes (1988) lying at the heart of the cultural web of an organization, which creates the climate within which strategic decisions are taken (See Figure 3.2 below).

Figure 3.2 - Johnson and Scholes' Cultural Web of an Organization



Source: JOHNSON, G.; SCHOLES, K. - Exploring Corporate Strategy, 2nd Ed., USA, Prentice Hall, 1988

If one accepts that a crisis in business today is something unavoidable, and if one also accepts the notion of organizational culture discussed in this chapter, there can then be explored some practical/operational relationships between the elements that comprise the culture of an organization and crisis management.

Johnson and Scholes (1988, pp. 46) argue that

"the cultural web of an organisation - its political structures, routines, and rituals and symbols are likely to exert a preserving and legitimizing influence on the core beliefs and assumptions that comprise the recipe and hence make strategic change the more difficult to achieve".

In other words, if the culture of an organization is not supportive of change, it creates the right environment and the various conditions for crises to develop. If the culture does not facilitate change, the elements that surround the culture (like the cultural web above) may host different types of crisis. If one also considers what has been discussed earlier regarding crisis-prone and crisis-prepared organizations, the relationship between crisis management and the various elements of the cultural web is even more striking.

The crisis-prone organization was found by Booth (1993), Mitroff et al (1989), Pauchant and Mitroff (1988), Mitroff and Kilmann (1984), Fink (1986) to possess some distinct characteristics such as an excessive degree of narcissism or self-centeredness and the fact that they use a great number of defensive mechanisms to avoid facing the reality of crises. Those mechanisms, such as denial, can find room to develop in an organization in the "routines" of the cultural web.

It has also been said that the crisis-prone organization has an inflexible organizational structure. Organizational structure is an important element in the development of a flexible approach towards the demands of a crisis event (Smith, 1992). However, and as noted before, Miller (1988) argues that organizational structure, together with other aspects of organizational elements - such as the executive personality - combine in a mutually reinforcing way to form an extremely durable and change-resistant configuration. Miller's study revealed that rigidity of organizational structure leads to what was termed "pathological" organizations and that those organizations engender three types of crises: financial, psychological, and environmental crises.

Crisis-prone organization was also found to deny that a crisis can strike and to make attempts to rationalize away its potential problems. The power structure and organizational rituals/myth often manifest themselves in the development of a powerful and controlling technocracy within the organization (Smith, 1992). The interaction between power structure and organizational ritual/myth generates the rationality element.

Control systems in general manifest themselves in the form of contingency plans. These give management the false impression that they are prepared for crises. As extensively discussed in Chapter 2, a crisis, by its very nature, is an ill-structured event, and never occurs as it has been planned for. However, managers in crisis-prone organizations are often satisfied with hiding behind their contingency planning and work under the assumption that the normal operating structure of the organization will be enough to address the added and unpredictable demands of a crisis event. If anything, this gives management the illusion that they are immune to certain types of crisis, generating complacency among management at all levels, and is one of the main precipitating factors in crisis generation.

Having said that, there is a clear correlation between organizational culture and crisis management. Organizational ability to anticipate and cope with crisis lies in its culture. As Johnson and Scholes (1988, pp. 41) stated,

> "The recipe is likely to be associated with the control systems, routines and rituals of the organisation which will tend to preserve the status quo: and here the sorts of myths and stories and the types of language used will tend to reflect and support the core beliefs that exist. The point is that the recipe is not just a set of beliefs and assumptions; rather it is embedded in a set of organisational-specific cultural web which legitimizes and preserves the assumptions and beliefs in the organisation."

Organizational rigidity, as discussed and exemplified above, provides the conditions for crisis to evolve within the elements that form and govern organizations.

3.9 - Integrating Crisis Management and Strategic Management

The discussions in Chapter 2 and in this chapter underline the inexorable link that binds crisis management and strategic management. But, as Smith (1992, pp. 261 - 262) emphasized, and given the relative immaturity of both fields - which "beguile attempts at integration", it is still possible to identify certain elements in the strategy process that are of importance within crisis management. Indeed, one can argue that many crises occur because of earlier failures in an organization's strategic management process.

In Chapter 2 the inevitability of crisis was discussed. Thus, in today's world, it is no longer a question of whether a major crisis will strike any organization; it is only a matter of when, which type, and how. Therefore, there is no alternative but to prepare for crises, which are increasing, not decreasing. The relative lack of attention devoted to crisis management by strategists has been highlighted by some writers, and can easily be identified in most of the work by Mitroff et al (1992), Perrow (1984), Janis (1989), Smith (1992), Fink (1986), Shrivastava (1992), Booth (1993), Smart and Vertinsky (1977), Pauchant and Mitroff (1992), Weick (1987) and many others used in the process of this present research. Mitroff et al (1992, pp. 241) suggest that writers as early as Henry Fayol advocated the links between strategic management and crisis management, but his teaching has unfortunately been "forgotten" by those in the field of strategic management. Fayol is regarded as one of the "fathers" of the field of business policy and planning, and among the many classical management scholars, it seems that Fayol's work has been "misinterpreted" (Aktouf, 1990, in Mitroff et al, 1992, pp. 241). Mitroff et al (1992) argue that although Fayol's work is remembered by his four LAST functions of general management (organizing, directing, coordinating and controlling), it should also be remembered that Fayol explicitly mentioned FIRST the function of "prevoyance", by which he meant, on one side, to "forecast" and "foresight", and on the other, to "secure", to "make safe" and to "make reliable" (Fayol, 1916, in Mitroff et al, 1992, pp. 241), therefore stressing that activities in crisis management were an integral part of the general administrative functions.

Early research by Greiner (1972, in Smith, 1992) called attention to the inevitability of crisis. His studies show that organizations inevitably pass through a series of evolutionary phases and that progression from one phase to another is marked by the organization's ability to overcome the demands of a crisis, or revolutionary event. These developmental periods are determined by the age, size, and growth rate of the organization and will be marked by a crisis event as the organization evolves to cope with a new series of demands:

> "The critical task for management in each revolutionary period is to find a new set of organization practices that will become the basis for managing the next period of evolutionary growth. Interestingly enough, these new practices eventually sow their seeds of decay and lead to another period of revolution. Companies therefore experience the irony of seeing a major solution in one time period becoming a major problem at a later date" (Greiner, 1972, pp. 377, in Smith, 1992, pp. 262).

There are however, many dynamics that need careful attention in adopting a strategy to solve or alleviate pressure (a crisis). A good illustration of this process can be observed in a Sears (USA) experience in an episode that attracted great attention. Sears was facing sharply falling revenues (an initial crisis), and introduced a bonus plan designed to bring more business (and hence more revenues) into its auto repair facilities. The bonus plan indeed brought more revenue, however, not in the ways intended. Management and workers collected the bonuses by bilking consumers for unneeded auto repairs. Thus, a reasonable intervention or business strategy (the bonus plan) designed to respond to a crisis, (the financial crisis), created a worse one: incalculable damage to the reputation of a venerable American institution. Sears failed to identify the potential for unintended effects of the interaction of their initial intention (the bonus plan) with their defective culture and structure (Hoffman and Siguaw, 1993; Driscoll, 1994). The lesson in this case is that the value or desirability of an action cannot be judged in isolation from its effects on the whole system of which it is an integral part.

One can then conclude that given the inevitability of crises, management would have to develop a culture that acknowledges the potential for such events and facilitates a flexible response to the changing demands of a crisis situation. As observed in previous sections, the culture of an organization is of critical importance to corporate strategic decision making, particularly in terms of its perceived ability to anticipate and respond to a crisis event. However, much of the effort by organizations to date, unfortunately, has been diverted into the development of contingency plans (what happens if?) and is often limited to the process of damage limitation (a reactive approach) instead of crisis prevention (a proactive approach). The main objective of organizations should be one of crisis prevention rather than response (Klein et al, 1995; Fink, 1986; Weick, 1987; Perrow, 1984; Mitroff and Pearson, 1993a, 1993b; Smith, 1990). Smith (1992, pp. 262) argues that in such a case, management will be seeking "control" of the situation rather than letting the situation control them. Smith also posits that "such an approach necessitates a strategic view of the problem". Indeed, and as also discussed in this chapter, the culture of an organization represents both an opportunity and a threat for crisis management. On the one hand, the culture of an organization can serve to precipitate a crisis by providing the environment within which such an event can escalate rapidly (Klein et al, 1995; Mitroff, Pearson and Pauchant, 1992; Pauchant and Mitroff, 1992; Kekäle and Kekäle, 1995; Mitroff et al, 1989; Smith, 1990; Pauchant and Mitroff, 1988; Fink, 1986; Mitroff and Kilmann, 1984; Nunamaker et al, 1989). Conversely, the prevailing culture can be central to an organization's ability to cope with a threatening situation (Klein et al, 1995; Mitroff, Pearson and Pauchant, 1992; Kekäle and Kekäle, 1995; Cooke and Rousseu, 1988; Pauchant and Mitroff, 1992; Mitroff et al, 1989; Smith, 1990; Pauchant and Mitroff, 1988; Fink, 1986; Mitroff and Kilmann, 1984; Nunamaker et al, 1989). Therefore, many crises are incubated within the organizations that play host to them. In those cases, the culture of an organization can then be its own worst enemy.

There is a strong argument that crisis management should be integrated into the field of strategic management. Given the increasing incidence of "human-induced crisis", Mitroff et al (1992) propose that the theory and practice of crisis management and strategic management should be incorporated "in an effort to modify some of the current corporate philosophies and strategies" (Mitroff et al, 1992, pp. 236). The main premise of their argument is that crisis management and strategic management share six basic characteristics: (1) a focus on environmental relations; (2) dealing with a complex set of stakeholders; (3) an involvement of top management; (4) a concern for the whole organization; (5) the expression of a consistent pattern; and (6) the presence of an emergent process.

Mitroff et al (1992) have identified some links between strategic management and crisis management in the work of some leading researchers. If one considers the similarities above, it is not by chance that some of the most influential researchers associated with the field of strategic management and business policy have already discussed or studied some issues surrounding the field of crisis management. For example, Dutton (1986) has studied the process of strategic issues when these issues were perceived as a crisis or as a noncrisis event; Hambrick and D'Aveni (1988) conducted research on the causes underlying bankruptcy in large private-sector corporations; Janis (1989) has discussed some of the interrelationships existing between decision making, policy and crisis management; Miller (1988) has identified and described four configurations potentially leading to the decline and downfall for large and private organizations; Mitroff and Kilmann (1984) and Mitroff and Pauchant (1990) have discussed the links between corporate strategies and tragedies; Reilly (1993, 1987) has studied the degree of preparedness of organizations in what she calls "strategic crisis management"; Smart and Vertinsky (1977, 1984) or Nystrom and Starbuck (1984) have discussed different strategic responses for coping with crises; Shrivastava (1992), Shrivastava et al (1988) and Shrivastava (1986) have proposed that the field of strategic management is ideological and did not allow for a full recognition of the realities of industrial crises.

Finally, Mitroff et al (1992, pp. 241) argue that while many authors have provided legitimization of the links existing between crisis management and strategic management ("they have often made links implicitly"), for the most part they have not provided a clear conceptual definition of what is meant by a "crisis". Thus, as discussed in Chapter 2, the problem of construct and definition (or lack of conceptual delineation) is one that still hinders development in the field of crisis management (one of which being the integration of crisis management into strategic management).

Having said that, the intention of the discussion in this section is to illustrate recent development in this area. This section does not claim to be an exhaustive discussion and clearly more research is needed to explain or explore the benefits and challenges of the integration of crisis management into strategic management.

3.10 - Summary

This chapter explored and elaborated on the issue of organizational culture. It also established the links between organizational culture and crisis management. The chapter drew from research on the origins of crisis, its evolution, levels, and functions, and established the relevance of all aspects that constitute organizational culture to crisis management.

Organizational culture has its origins in the broader society, the nature of business and environment in which one operates, and in the basic assumptions held by the founder or other dominant leader. While those generic sources of organizational culture can be explained separately, there is a great deal of interdependence between them. Instead of looking at each individual source that shapes organizational culture independently, the best way to approach organizational culture is to view it as a result of the unique blending of the three general sources.

Organizational culture has some well defined elements and functions, referred to as levels of culture. Schein's three-level model provides the most useful typology published to date for classifying elements of organizational culture (Schein, 1990). "Artifacts" is the most visible and concrete level, whereas basic assumptions is the most abstract level. Values is placed between those two levels. "Basic assumptions" is considered the essence of culture. The other levels are the observable manifestations of the cultural essence.

Artifacts manifest themselves in material and nonmaterial objects that communicate, voluntarily or involuntarily, information about all aspects of the organization. They include everything from the physical layout, the dress code, the manner in which people address each other, the smell and feel of the place, its emotional intensity, to the more archival manifestations such as company records, products, mission, etc. Organizational language, jargon, stories, myths, and jokes, symbols and sings can also be artifacts. Although artifacts are "visible" they are difficult to decipher and are unreliable indicators of organizational culture.

Values and beliefs are central to organizational culture. Shared beliefs and values by members of an organization provide the reasons why the members behave in a certain way. Values are the "shoulds, should nots, and ought-to-be's of organizational life" (Ott, 1989). They are conscious, affective desires or wants. On the other hand, beliefs are what is perceived to be true, reality or unreality. Beliefs and values are then, the sense of "what 'ought' to be, as distinct from what is". Level 2 (Values) reveals how people communicate, explain, rationalize, and justify what they say and do as a community. Values and beliefs have an important function in an organization, since they influence patterns of organizational behaviour. Although this level is very important and is often referred to as the organizational culture, the elements in this level alone are not in themselves sufficient to be trusted to provide accurate information about a true organizational culture (level 3 - basic assumptions).

Although "artifacts" and "values" are important levels of the organizational culture, organizational culture truly manifests itself through the underlying basic assumptions. "Basic assumptions" is a relatively new concept. The concept, as it is widely used today, was introduced by Edgar Schein in early 1980s. Basic assumptions are unconscious. They are values that have undergone an evolutionary process to a higher level. To undergo this transformation into basic assumptions, solutions based on a given value need to work consistently. The only values that become assumptions are those that are susceptible to physical and social validation, and that continue to work reliably in solving a group's problems. In this way, they come to be taken for granted in the organization. They move out of members' consciousness into their preconsciousness. Basic assumptions tell an organization's members how to perceive, think about, and feel about things. They guide behaviour. They are a comprehensive, potent, but out-of-conscious system of beliefs, perceptions, and values (Ott, 1989). However, basic assumptions are very difficult to change.

Basic assumptions are "secret coping devices" that help organizations to deal with problems of external adaptation and internal integration. Research conducted by Ott (1989) revealed that basic assumptions are so powerful that people act on them even against the stated values and beliefs of the organization. Ott (1989, pp. 44), argue that

> "Beliefs and values are what people will admit to. Basic underlying assumptions are what people actually believe and feel and what determine their pattern of behaviour, whether or not they are aware of them".

Organizational culture as a concept is relatively new. There is still much confusion in relation to the concept and its definition. Many definitions of the concept, each reflecting a particular point of view, have been proposed. In organizational culture research, the term "culture" is used indiscriminately basically referring to two different meanings; first, to the coherent system of assumptions and basic values distinguishing a group and directing its choices; and second, to a group's distinct set of features or traits, which does not only mean its basic values but its beliefs, models of behaviour, technology, symbols, and artifacts (Kekäle and Kekäle, 1995). However, and as proposed by Schein (1990a, pp. 6), the term "culture" should be reserved for the deeper level of basic assumptions and beliefs that are shared by members of an organization, that operate unconsciously, and that define in a basic "taken-for-granted" fashion an organization's view of itself and its environment.

Organizational culture is the most important variable in crisis management. Research by leading scholars supports the view that organizational culture is the most decisive element in determining an organization's crisis preparedness. Organizational culture represents both an opportunity and a threat for crisis management. On the one hand, it can serve to precipitate a crisis by providing the environment within which a crisis can evolve. On the other hand, it can provide an organization with the right conditions for its members to anticipate, prevent, and, should crises occur, manage crisis events effectively. The culture of an organization is the most decisive element in determining whether an organization is prepared or not for crisis. The culture of an organization governs and directs all aspects of organizational life. It influences the decision making process (what strategy to follow), the success of their implementation, and it dictates whether an organization is able or not to adapt and respond to changes emanated both in the internal and in the external environment. Organizational culture also influences the long-term effectiveness and performance of organizations, and determines organizational well-being. Previous research has identified fundamental cultural differences between an organization that is "prepared" for crisis and one that is not. They display very contrasting cultural traits and assumptions, which reflect in their ability to anticipate and manage crisis effectively.

The ability to change and adapt to new demands in the environment is a requisite to survival in business today. Change requires that an organization not only learn new practices but that it also redefine itself in ways that involve deep cultural assumptions. The culture of an organization must be supportive of change. If not, even when organizations can devise sound strategies to cope with change demands, their implementation will not be successful. As mentioned above, deeply held assumptions are very difficult to change. However, the reality of business today (constant change in the external and internal environments) requires appropriate strategic responses, which in turn depend on the organizational culture's ability to devise and implement them effectively. Given the difficult and complex task of changing culture, in many cases changes will occur only after an organization suffers a major crisis, when there will then be the opportunity to "shake" the basic assumptions.

For the hospitality industry, and in addition to the already discussed aspects and role culture plays in organizational life, some other features of the hospitality industry have been identified that contribute to the difficulties of implementing and managing change effectively. This is mainly due to the nature of the hospitality industry and its operating environment.

Having said that, there is a clear link between organizational culture and crisis management. Organizational culture is of critical importance to the organizational strategic process, and in this way it determines an organization's ability to respond to a crisis event. Organizations that are prone to crisis exhibit cultural characteristics (assumptions, believes, values, structure, and so forth) which impair successful performance in crisis management. In this sense, if those cultural characteristics do not create their own crisis and disasters, they are likely to exacerbate their effects, instead of combating them.

Finally, since there is no place in modern business management for the quick-fix and incremental adjustment to the solution of complex problems, and once there has been established the inexorable link between organizational culture and crisis management, there is growing demand to integrate crisis management and strategic management. Evidence already exists to support this view in the work of many leading scholars and practitioners.

STAKEHOLDERS AND CRISIS MANAGEMENT

Crises show us that organizations are not simply systems of production. They are, simultaneously, systems of destruction.

Shrivastava, 1988

4.1 - Introduction

The issue of stakeholder relationship is viewed here in the context of this research, that is, in relation to crisis and crisis management. However, a revision of the literature on the concept and evolution of the stakeholder theory is also presented.

The first sections concentrate on the development and evolution of the stakeholder concept, definition of the concept, and controversy surrounding it. The discussion centres on the question of "to whom and for what ends is the corporate management responsible?" (Maitland, 1994). The traditional view of organizational responsibility (responsive only to its owner - the stockholders - interests) is challenged by the concept of stakeholder. It is argued that other interest groups (stakeholders) are entitled to participate in determining the future direction of an organization in which they have a stake. In another words, it is fair that people whose livelihoods are affected by organizational decisions have the right to a say in them, or at least, to have their interests taken into consideration.

The stakeholder theory is a relatively new concept. According to the literature, stakeholder theory is based on the principle that the organization takes into account all those groups that can affect, or are affected by, the accomplishment of organizational purpose. As has any new concept it has its limitations and controversies. With special respect to the stakeholder theory, there is very little empirical evidence in the literature and the stakeholder theory, in general, has been presented and used in many different ways which involve very distinct methodologies, types of evidence, and criteria of appraisal (leading to the diverse and sometimes confusing uses of the concept). This fact is one of the reasons why the stakeholder concept has not attracted much attention. Thus, a lot of what has been done so far has been more controversial than helpful in settling some fundamental questions. However, the researcher agrees with Goodpaster and Holloran (1994, pp. 423) that "some paradoxes are better *preserved from* rather than *guided towards* resolution."

The application of the stakeholder theory has serious managerial implications. Special difficulty is encountered in identifying stakeholder. The identification of "legitimate" groups is very controversial with scholars and professionals disagreeing in respect to methodologies and typologies/frameworks designed for this end. Lack of operational definitions for some concepts has also contributed to the confusion.

Stakeholders play a major role in crisis and crisis management. Stakeholders are central in organizational crisis prevention and management. In dealing with the issue of crisis it is important to understand the concepts and implications of the stakeholder theory in order to plan effectively for crisis management. Examples of stakeholder management are presented in both crisis prevention and crisis management situations. Examples are also given on the implications of stakeholder "mismanagement".

This chapter also introduces another set of stakeholders not covered by the traditional external impersonal/institutional forces described by the literature. This new set of stakeholders is more relevant to the present research in that it covers a broader range of characters that can potentially affect the modern organization. They are derived from the sociopathic behaviour that has been directed towards organizations (such as terrorist attacks, highjacks, executive kidnapping, sabotage, contamination/poisoning, etc.).

The whole issue of stakeholders and crisis requires an understanding of assumptions and how it operates. Assumptions are essential in planning, and since this research is concerned with crisis management and stakeholders relationships, it is important to understand how stakeholders view each other in a system and what assumptions they make about each other. Equally, it is important to understand how stakeholders view themselves. This is specially true in crisis situations. In the event of a crisis, it is crucial to know and understand how stakeholders view the event itself and what assumptions they make about it. In fact, one way to understand crises is through understanding how stakeholders view reality. Those issues are critical in crisis management.

Successful response to crisis, as will become clear, depends greatly on the concerted effort of stakeholders (since one lives and operates in an interconnected and interdependent world). Assumptions make planning possible. Without assumptions it would be all but impossible to undertake any planning. Assumptions are also at the centre of decision making in most common circumstances. This chapter also discusses how assumptions are formulated.

Finally, since stakeholders make assumptions about future events, the position and possible moves of other stakeholders, etc., they inevitably project images of one another. Those images are referred to as archetypal images. Since the research methodology for this research makes an instrumental use of a set of "archetypal stakeholders", the issue of archetypes is briefly reviewed. The study and applicability of symbolism and archetypes into organizational studies has been scarce. However, there is a growing need to understand more about archetypes and their relation to organizational management. Some of the few studies relating archetypal studies and management theories are interesting and provocative. The brief discussion of this subject in this chapter relates basically to the work of Turner (1992), and Mitroff (1989).

No evidence of studies or research could be found directly relating stakeholders, assumptions, or archetypes, with respect to the hotel industry. Knowles (1996) introduces the concept of stakeholders in a very generalized manner as it relates to strategic planning but does not substantiate it with any empirical or theoretical evidence. More research is needed in those areas in the field of hospitality.

4.2 - <u>Stakeholder Theory and Concept</u>

Organizations operate in an interdependent and interconnected web of relationships. These relationships occur and exist irrespective of whether or not an organization agrees with them. It is a fact. The individuals, groups, institutions, governments, etc., with whom an organization deals in the course of conducting its business are referred to as "stakeholders". Freeman (1984, pp. 46) defines stakeholders as "any group or individual who can affect or is affected by the achievement of the organization's objectives." This definition, from the perspective of this research, should be looked at with a degree of caution. Freeman refers to "achievement" and it is easy to assume "successful" achievement. As observed in previous chapters, organizations have also embedded in their makeups a destructive potential. In this sense, organizations sometimes also may "achieve" undesirable "objectives".

Clarkson (1995, pp. 106) provides a more specific definition in that stakeholders

> "are persons or groups that have, or claim, ownership, rights, or interests in a corporation and its activities, past, present, or future. Such claimed rights or interests are the result of transactions with, or actions taken by, the corporation, and may be legal or moral, individual or collective. Stakeholders with similar interests, claims, or rights can be classified as belonging to the same group: employees, shareholders, customers, and so on."

The issues and implications of this and the previous definition are further developed in the course of the following sections in this chapter where also other definitions of stakeholder are presented and discussed.

Stakeholders group have a diverse range of expectations, needs, and values (Greenley and Foxall, 1996; Freeman, 1984, 1994; Clarkson, 1995; Langtry, 1994; Wicks et al, 1994; Rivoli, 1995; Johnson and Scholes, 1993; Maitland, 1994). Organizations find it difficult to address the diverse interest of their stakeholders (Letang, 1995; Greenley and Foxall, 1996; Freeman, 1984, 1994; Clarkson, 1995; Langtry, 1994; Wicks et al, 1994; Rivoli, 1995; Johnson and Scholes, 1993). However, as it will become clear later, failure to satisfy the interests of particular stakeholders may be very detrimental to organizational general performance (Greenley and Foxall, 1996; Donaldson and Preston, 1995; Mitroff and Kilmann, 1984; Freeman, 1984; Johnson and Scholes, 1993; Letang, 1995; Clarkson, 1995). It is not claimed here that all stakeholder interests should be satisfied simultaneously. There are practical constraints such as restriction on organizational resources and managerial capabilities that should be considered (Mahoney and Pandian, 1992; Freeman, 1984; Johnson and Scholes, 1993). Having said that, there is no empirical evidence concerning the relative attention that organizations give to stakeholder groups (Greenley and Foxall, 1996). Nevertheless, the strategic support of stakeholders is essential in all aspects of organizational operations (Freeman, 1984; Langtry, 1994; Wicks et al, 1994; Clarkson, 1995; Johnson and Scholes, 1993; Rivoli, 1995). MacMillan and Jones (1986, in Greenley and Foxall, 1996, pp. 105) argue that "stakeholders support is essential, or their opposition must be negated, if a major strategic change is to be successfully implemented." This support is even more crucial in crisis situations (Stubbart, 1987; Schwenk, 1989; Mitroff and Linstone, 1993; Shrivastava, 1992; Shrivastava, 1988; Mitroff and Pearson, 1993a; Mitroff, 1994; Mitroff and Kilmann, 1984; Baker, 1991; Vincent, 1990).

Stakeholders can be divided into two categories: primary stakeholders and secondary stakeholders. Primary stakeholders are those that without their continuing support the organization cannot survive. They are for example, the shareholders and investors, employees, customers, and suppliers, as well as the public stakeholder group: the governments and communities that provide infrastructures and markets, whose laws and regulations must be obeyed, and to whom taxes and other obligations may be due. A high level of interdependence exists between the organization and its primary stakeholders (Clarkson, 1995; Freeman, 1994; Maitland, 1994; Greenley and Foxall, 1996; Donaldson and Preston, 1995; Mitroff and Kilmann, 1984; Freeman, 1984; Johnson and Scholes, 1993; Letang, 1995).

As mentioned above, failure .to take into account the interests of particular stakeholders can have devastating effects on the organization. Clarkson (1995) provides some examples of situations where the interests of stakeholders were neglected or unattended. In the United States in 1991, the leader in the market of breast implants, a division of Dow Corning, failed to keep its customer and public stakeholder groups satisfied with the safety of one of its products. The net result was the collapse of the stakeholder system for that product and the complete withdrawal of that division from its leading position. Another example was the breakup of AT&T in the 1980's which is attributed to the inability of the company to satisfy two primary stakeholder groups (customers and the public), whose interests were represented by the Department of Justice. In Chapter 2 and 3 some other examples of business failure or collapse of organizations were discussed and which can also be attributed to the mismanagement of the stakeholder system.

Those groups who influence or affect, or are influenced or affected by, the organization but are not engaged in direct transactions with the organization and are not essential for its survival, are defined as secondary stakeholders (Clarkson, 1995; Donaldson and Preston, 1995; Freeman, 1984, 1994; Maitland, 1994; Langtry, 1994; Wicks et al, 1994). The media and other special interest groups are considered as secondary stakeholders. However, the "power" of those secondary interest groups cannot be underestimated as will become clear when the issue of crisis and stakeholders are considered together. The media, for example, has the ability and capacity to mobilize public opinion in favour of, or in opposition to, an issue, organization's performance, etc., as demonstrated in crisis cases such as the Tylenol (favourable) and the Exxon Valdez oil spill (unfavourable) described in previous chapters.

Although Clarkson argues that an organization's survival does not depend on secondary stakeholders for its survival, this may not be always the case. Indirectly, organizations do depend on the support of all involved in the stakeholder system. The cases mentioned above are just two of the best known cases of this interdependence between players in a system. Donaldson and Preston (1995, pp. 86) suggest that it is important to make a distinction between "influencers" and stakeholders. It is argued that some groups such as large investors, can be both, but some other recognizable stakeholders (such as job applicants) have no influence, and some other influencers (e.g., the media) have no stake. This argument may be technically correct but fails to address the fundamental issue of the implications of not satisfying or taking into account the demands, expectations, etc., of those groups. The organization may not depend directly on the inputs of those secondary stakeholders for its immediate survival but as discussed in previous chapters, those groups can cause significant damage to organizations. As Freeman (1984, pp. 53) stated,

> "Some groups may have as an objective simply to interfere with the smooth operations of our business. For instance, some corporations must count 'terrorist groups' as stakeholders. As unsavory as it is to admit that such 'illegitimate' groups have a stake in our business, from the standpoint of strategic management, it must be done."

For the purpose of this study, and as will be discussed in detail later, all stakeholders should be regarded as important and attention should be taken to consider and respect their "demands" in decision making. They are all (certainly not equally, but to a certain degree) important in preventing and managing crisis.

The stakeholder theory was "popularized" in the 1980s by Edward Freeman when it was suggested that a new theory to reduce uncertainty in the turbulent times of the 1980s was needed (Freeman, 1984). Freeman's main argument was that management ignored the external forces and changes in the environment. It has been suggested that there was a need for incorporating "external" change into the more traditional internal management model (supplier - firm - customer relationship). External change can be understood, in Freeman's words,

> "in terms of the emergence of several new groups and the restructuring of old relationships of lesser importance, who have come to have a stake in the actions or inactions of the corporation" (Freeman, 1984, pp. 13).

By incorporating this groups it is argued that uncertainties derived from external changes can be reduced (since they can be readily assimilated). Also, in this way, events and pressure groups that could become crises because their existence had been neglected and not incorporated into daily routines, would become familiar and "manageable".

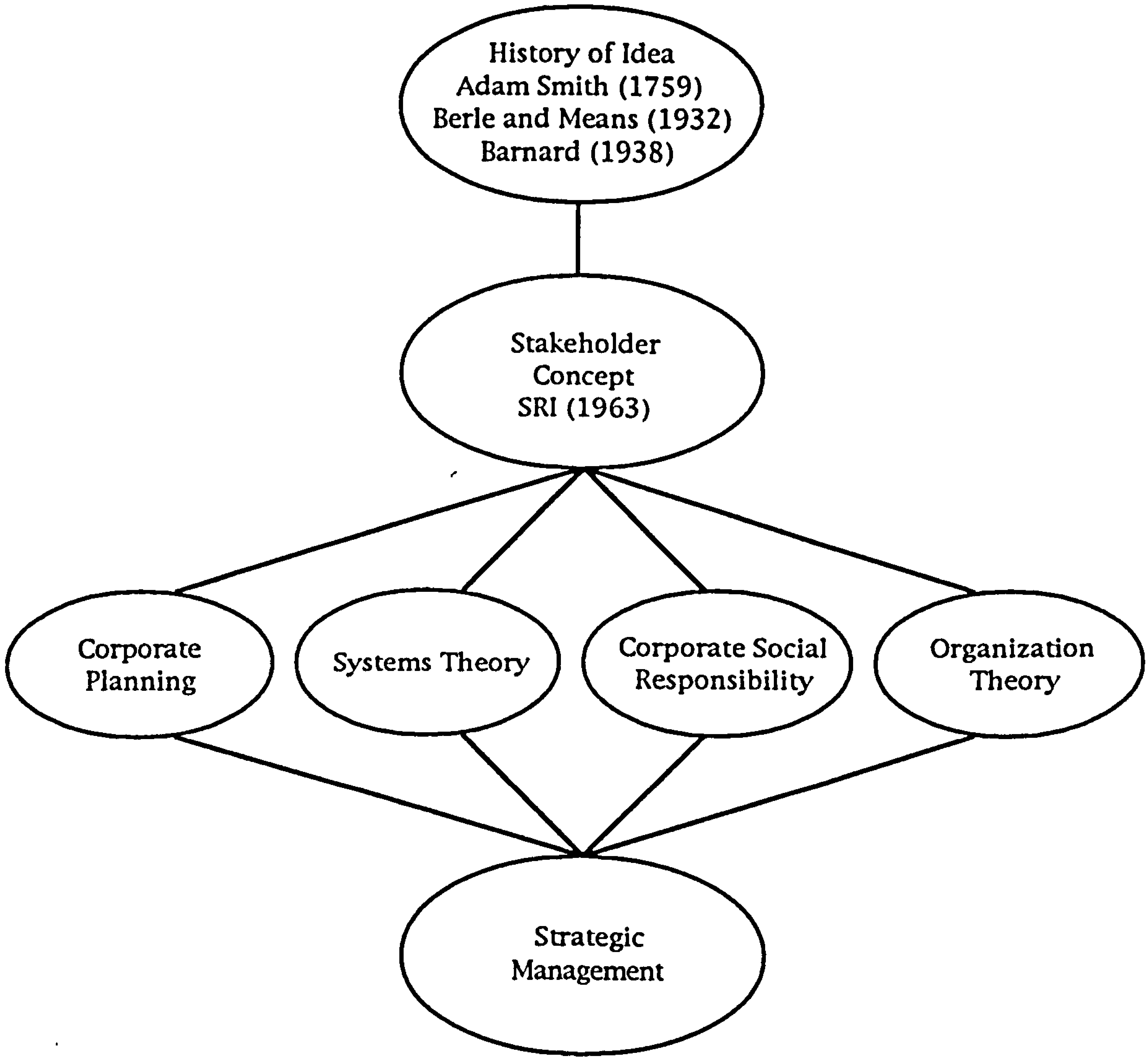
The range of stakeholders interests encountered by most companies was develop by Freeman (1984) and was denominated "stakeholder map". Freeman describes the range of groups as: government, political groups, shareholders, financial community, activist groups, consumers, consumer advocate groups, unions, employees, trade associations, competitors, and suppliers. It has to be noticed, however, that this list is not exhaustive and is a very general one. Within each group there can be many others stakeholders. This list of groups also does not apply to all organizations uniformly. This issue is discussed further in a later section when crises and stakeholder relationship are addressed.

4.2.1 - History and Evolution of the Stakeholder Theory

The word "stakeholder" was first used in a memorandum at the Stanford Research Institute (SRI), in 1963, generalizing the notion of stockholders as the only group to whom management need to be responsive. The stakeholder concept was then defined and referred to as "those groups without whose support the organization would cease to exist" (Freeman, 1984, pp. 31). SRI researchers argued that unless executives understood the needs and concerns of stakeholders (their model originally included shareholders, employees, customers, suppliers, lenders, and society), executives would not be able to formulate corporate objectives which would receive the necessary support for the continued survival of the organization.

Second to Freeman (1984, pp. 31 - 32), the stakeholder concept after originating from the SRI took many directions. It was embraced and used in the corporate planning literature, by systems theorists, appeared in the literature on corporate social responsibility, and was used by organization theorists. Figure 4.1 below represents the history of the stakeholder concept.

Figure 4.1 - A History of the Stakeholder Concept



Source: - Freeman, R., E. - (1984), Strategic Management - A Stakeholder Approach, Massachusetts, Pitman Publishing Inc., pp. 32

In late 1970s and early 1980s the stakeholder concept began to receive attention in the literature on strategic planning. A compilation and review of the most relevant works during that period can be found in Freeman (1984). However, and as mentioned above, the stakeholder concept was really "popularized" in middle 1980s by the work of Freeman, specially his 1984 book (Strategic Management - A Stakeholder Approach, Massachusetts, Pitman Publishing Inc.) linking the stakeholder concept to strategic management.

Freeman (1984) argues that while the history of the stakeholder concept is a recent one it can, nevertheless, be used to tie together a rich body of literature (also Greenley and Foxall, 1996; Donaldson and Preston, 1995; Johnson and Scholes, 1993; Langtry, 1994; Mitroff and Pearson, 1993a; Maitland, 1994). The main argument used by Freeman is that the major concerns of each area of research are not mutually exclusive. Freeman (1984, pp. 43 - 44) argues further that

> "The concerns with formulating plans and systems of plans for business level entities, with understanding the role of corporation in social systems, with the social responsibility of business and the need for integrative theories to explain the behavior of a large population of organizations and their environment are of vital importance to managers and organizational researchers."

Therefore, the stakeholder concept can be useful in integrating some of these issues around the concept of organizational strategy, that is around the issues of how organizations can configure themselves and take actions to align themselves with the external environment. The stakeholder concept can be used to enrich management's understanding of strategic directions and tasks in light of the internal and external changes in the environment.

Greenley and Foxall (1996) review the literature on marketing and strategic management and how these two fields address the issue of stakeholder interests. Their conclusion is that in the marketing literature the consumers constitute the central group. Greenley and Foxall (1996, pp. 106) claim further that in marketing

> "the emphasis is not only orientating corporate decision-making in general to the consumer, but also on giving specific priority to satisfying consumer's needs in preference to those of other stakeholder group."

However, a different picture was identified in the strategic management field. The literature in the field of strategic management generally assumes that in order to be successful organizations should satisfy the interests of all their stakeholder groups (as also discussed above). Having said that, there is negligible published empirical evidence that shows what attention organizations in fact give to potentially conflicting stakeholder interests. This is a field of ever growing practical importance and yet one that has been largely overlooked.

4.2.1.1 - Evolution of the Stakeholder Theory - Recognition and Controversy

Management literature today, both academic and professional, addresses the issue of stakeholders. The fact that organizations have stakeholders is a recognized factor and attempts have been made to incorporate the stakeholder concept in both theory and practice of the management world. As the stakeholder theory is an evolving field, it is bound to have controversy in its evolutionary process. Indeed, recent work by Donaldson and Preston (1995, pp. 66) suggest that the

> "concepts of *stakeholder*, *stakeholder model*, *stakeholder management*, and *stakeholder theory* are explained and used by various authors in very different ways and supported (or critiqued) with diverse and often contradictory evidence and arguments."

In addition, Donaldson and Preston (1995) go further to state that the implications of those diversities are seldom discussed and possibly not even recognized.

One indication of that diversity can be observed in the very definition of the term itself. The previous definition of stakeholder (section 4.2), "A stakeholder is any group or individual who can affect or is affected by the achievement of the organization's objectives", is argued by Langtry (1994, pp. 432) to be a "morally neutral definition". Langtry (1994) identifies some practical difficulties with the definition. For example, it is argued that "affect" and "affected by" are weak conditions because an organization may "affect" an individual or group by merely coming to one's notice ("altering one's cognitive state"), however, this does not make one an interesting stakeholder in any sense. Moreover, it is argued, any individual or group determined to destroy the corporation and thereby prevent it from achieving its purpose is counted as a stakeholder, even though the individual or group may not own shares and is out to destroy it by illegal means. An extreme example of this kind of "stakeholder" is a terrorist group. Langtry (1994, pp. 433) provides then a more "complete" account of the term stakeholder to resolve some of the difficulties encountered in previous attempts:

> "Stakeholders are groups or individuals who *either* are such that the firm's decisions to act, or decision to not act, have been or will be to a significant extent causally responsible for their level of well being, or *else* have some independently identifiable moral or legal claim on the firm which the firm's actions violate or respect."

Although the definition abandons moral neutrality it is still very much open to subjectivity. For instance, the interpretation of organization's responsibility ("the firm's decisions to act, or decision to not act, have been or will be to a significant extent causally responsible for their level of well being") is a matter of great subjectivity and in many cases will have to be left for other "stakeholders" to pass "judgment" (moral reasoning). This is often the situation when major crises occur (such as the Union Carbide crisis in Bophal) which involved multiple stakeholders, other international corporations, international law, governments, different geographical locations, etc., and for that reason are subject to different degrees of interpretation. Those types of crises are characterized by unresolved fundamental problems lingering for many years. (This issue is discussed in more detail in the following sections). Langtry (1994, pp. 433) nevertheless introduces the term "respect", which should not be confused with "not violate". In this matter, if an organization does not violate the rights of other people in other regions of the world, for example, that does not mean it respects them. Respecting the rights of other people "involves taking them into account".

The stakeholder theory (as with any new field) has not evolved without controversy. It has many detractors. In early days Ansoff argued for a rejection of the theory. Ansoff adopted the view which separated organizational objectives into "economic" and "social", with the latter being a "secondary modification and constraining influence" on the former. Ansoff (1965, in Freeman, 1984, pp. 33) states that

> "While as we shall see later, 'responsibilities' and 'objectives' are not synonymous, they have been made one in a 'stakeholder theory' of objectives. This theory maintains that the objectives of the firm should be derived balancing the conflicting claims of the various 'stakeholders' in the firm: managers, workers, stockholders, suppliers, vendors."

More recently Goodpaster (1991) challenged the stakeholder concept by diagnosing a "stakeholder paradox". Goodpaster's "attack" on the theory provoked a response from Freeman (1994) which is briefly discussed here. Goodpaster (1991) argued that stakeholder theory has two conflicting interpretations: the strategic interpretation and the multi-fiduciary interpretation. The first argues that managing stakeholder relationships makes good business sense, since it provides the organization and its members with a clear understanding of its economic objectives. That is, managing stakeholders is a means to achieve stockholders or managerial ends *(business without ethics)*. The latter, states that managers and directors have fiduciary obligations to stakeholders, one of which is stockholders, and that managing stakeholder relationships is non-optional, it is morally required *(ethics without business)*. This argument has been rebuffed by Freeman (1994) where it is argued that there is no stakeholder paradox, "just difference, to be resolved by way of justification" (Freeman, 1994, pp. 410). In justifying the stakeholder concept, Freeman (1994) discusses in depth fundamental questions around the subject and provides good evidence of the relevance and importance of the stakeholder concept. For instance, Freeman (1994, pp. 411) even questions "what is a stakeholder". Freeman's premise is that business organizations have a "moral/ethical" obligation to all the groups they affect or are affected by (not only a financial one to its "owners") and should address the demands of all the other groups.

Critics have also questioned the need (altogether) of a new concept such as the stakeholder concept. To that, Freeman (1984, pp. 44 - 45) argues that the word itself ("stakeholder") is powerful enough to make a difference and to justify the existence of the concept.

> "By using 'stakeholder' managers and theorists alike will come to see these groups as having a 'stake'. 'Stakeholder' connotes 'legitimacy', and while managers may not think that certain groups are 'legitimate' in the sense that their demands on the firm are inappropriate, they had better give 'legitimacy' to these groups in terms of their ability to affect the direction of the firm. Hence, 'legitimacy' can be understood in a managerial sense implying that it is 'legitimate to spend time and resources' on stakeholders, regardless of the appropriateness of their demands."

4.2.1.1.1 - The Difference Between the Stakeholder Theory and Other Concepts

The very idea of stakeholders connotes an understanding and recognition of what Langtry (1994, pp. 432) phrased "morally valid claims". The concept and evolution of stakeholders can in fact be observed through the various explanations or definitions of the term stakeholder. Langtry (1994) provides a good insight into this perspective by exploring some definitions and conceptualizations of the term. For example, in early work, Evan and Freeman (1988, in Langtry, 1994, pp. 432) explained the concept as

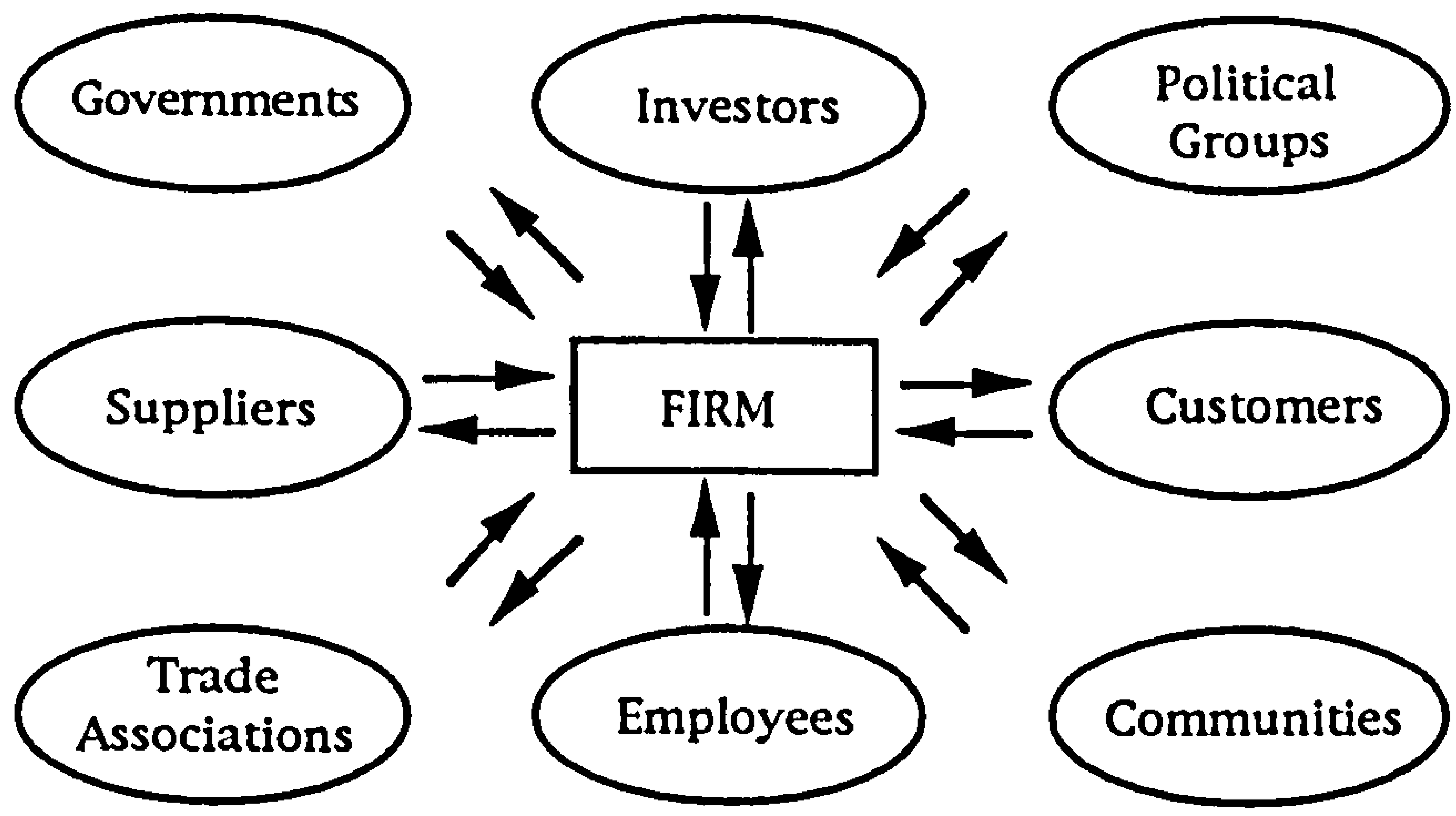
> "those groups who have a stake in or claim on the firm. Specifically we include suppliers, customers, employees, stockholders, and the local community, as well as management in its role as agent for these groups".

This conceptualization was revisionary in that it extended recognition to a considerably wider range of people as having claims ("morally valid claims") on the firms, as opposed to prior views about claims and stake (e.g., banks had claims due to loans to an organization). The important point is that it recognized individuals and groups that are not recognized by the stockholder theory. In fact, Freeman (1994, pp. 413, quoting Tom Donaldson and Lee Preston, 1994), concludes that the stockholder theory "is an idea whose time has come and gone", and that the "stakeholder theory is consistent with a modern view of property" (also Donaldson and Preston, 1995). Freeman (1994, pp. 413) also argues that "the stockholder theory is or at least should be intellectually dead." Most business ethicists condemn the stockholder theory as morally indefensible because it fails to respect the right of other organizational constituencies (stakeholders) to self-determination (Maitland, 1994; Rivoli, 1995). Indeed, research by Clarkson (1995) on corporate social performance reveals that the measurement of corporate performance based on wealth creation for only one stakeholder (shareholder) is self-defeating. It is further argued by Clarkson (1995) that the economic and social purpose of an organization is to create and distribute increased wealth and value to all its primary stakeholder groups, without favoring one group at the expense of others. Donaldson and Preston (1995, pp. 68) also argue that

> "*all* persons or groups with legitimate interests participating in an enterprise do so to obtain benefits and that there is no prima facie priority of one set of interests and benefits over other."

Having said that, Figure 4.2 below represents the stakeholders' relationships. The arrows between the firm and its stakeholders constituents run in both directions.

Figure 4.2 - The Stakeholder Model



Source: - Donaldson, T.; Preston, L. - (1995), The Stakeholder Theory of the Corporation: Concepts, Evidence, and Implications, Academy of Management Review, V. 20 (1), pp. 69

The whole conceptualization about the stakeholder theory had its origin in the unsatisfactory results of the stockholder theory (management is the agent of the owner - the stockholders - and, as such, has a fiduciary duty to manage the corporation in their best interests). Given that the stockholder theory proved unsatisfactory, a radical shift in thinking and practice was then proposed. Two main fundamental principles were advanced by Evan and Freeman's (1988):

1 - The Principle of Corporate Legitimacy

"The corporation should be managed for the benefit of its stakeholders: its customers, suppliers, owners, employees, and local community. The rights of these groups must be ensured, and, further, the groups must participate, in some sense, in decisions that substantially affect their welfare."

2 - The Stakeholder Fiduciary Principle

"Management bears a fiduciary relationship to stakeholders and to the corporation as an abstract entity. It must act in the interests of the stakeholders as their agent, and it must act in the interests of the corporation to ensure the survival of the firm, safeguarding the long-term stakes of each group." (Evan and Freeman, 1988, in Langtry, 1994, pp. 433)

Given the discussion so far, the stakeholder theory differs from other approaches in very fundamental ways. The main intention of the stakeholder theory is to both explain and guide the behaviour of organizations (its attitudes, structure and operation). The stakeholder theory is general and comprehensive, it goes well beyond the descriptive acknowledgment that organizations have stakeholders (Donaldson and Preston, 1995).

Criticism of the stakeholder theory has come from many quarters but it seems that a great number of the critics concentrate on the fact that stakeholder theorists have not provided a totally acceptable argument in defense of their theory. For example, Langtry (1994) argues that although the stakeholder theory contributed positively to recent work on strategic management, the normative ethical stakeholder theory offers a controversial revisionary account of the nature and ends of the firm and of moral claims to which it is subjected. Langtry's main argument is that the theory attracted the support of those dissatisfied with the dominant traditional stockholder theory but failed to provide a reasonably balanced argument which could function effectively (and have a wider acceptance). Langtry (1994, pp. 434 - 435), in this matter, proposes a new, supposedly more balanced concept which is referred to as the "tinged stockholder theory". The tinged stockholder theory states that

> "firms should be run to maximize the interests of stockholders, subject not only to legal constraints but also to moral or social obligations. These might be, for example, grounded in moral rights possessed by people generally or by specific categories of people such as employees of the firm; or there might be the moral duties of beneficence not grounded in rights of the recipient. Different tinged stockholder theories will identify these moral or social obligations in different ways."

Langtry's premise is that this is an alternative approach that avoids objections to the simplified and pure stockholder theory and that at the same time is consistent with the "contractarian foundations for morality" (Langtry, 1994, pp. 441).

Donaldson and Preston (1995, pp. 73) also identify the problem of justification of the theory and point to the fact that the confusion surrounding the theory ("The muddling of theoretical bases and objectives") has led to less rigorous thinking and analysis than the stakeholder concept requires. In this respect, Donaldson and Preston (1995, pp. 73) go as far as to suggest (in line with the above discussion) that

> "the underlying epistemiological issue in the stakeholder literature is the problem of justification: Why should the stakeholder theory be accepted or preferred over alternative conception?"

Clarkson (1995), Freeman (1994), Langtry (1994), Donaldson and Preston (1995), and others, have identified that in general, one reason why the stakeholder concept has not attracted more attention is due to the fact that much of what passes for stakeholder theory in the literature is implicit rather than explicit (leading to the diverse and sometimes confusing uses of the concept). As already mentioned previously, the stakeholder theory has been presented and used in many different ways which involve very distinct methodologies, types of evidence, and criteria of appraisal. However, there are three main types of uses of the theory: descriptive/empirical, instrumental, and normative. Donaldson and Preston (1995) argue that the theory is used to describe, and sometimes to explain, specific corporate characteristics and behaviours. The descriptive aspect of the theory reflects and explains past, present, and future states of affairs of corporations and their stakeholders. The theory is instrumental in identifying the connections, or lack of connections, between stakeholder management and the achievement of traditional corporate objectives (e.g., profitability, growth). Instrumental uses normally do not go as far as to explore specific links between cause (i.e., stakeholder management) and effect (i.e., corporate performance) in detail, however, such linkage is certainly implicit. Finally, the theory is used to interpret the function of the corporation, including the identification of moral or philosophical guidelines for the operation and management of corporations. Donaldson and Preston (1995, pp. 72) state that in normative uses,

> "the correspondence between the theory and the observed facts of corporate life is not a significant issue, nor is the association between stakeholder management and conventional performance measures a critical test. Instead, a normative theory attempts to interpret the function of, and offer guidance about, the investor-owned corporation on the basis of some underlying moral or philosophical principles."

Donaldson and Preston (1995) observe that most of the stakeholder literature, including the contributions of both proponents and critics, is clearly normative. As noted previously in this section, the normative ethical stakeholder theory perspective offers a controversial account of the nature and ends of the corporation and of the moral claims to which it is subjected (Langtry, 1994).

4.2.1.2 - Stakeholder Theory - A Managerial Perspective

4.2.1.2.1 - Stakeholders as a Measure of Management Performance Evaluation

As is evident, the theory of stakeholder is in the process of evolution and in this process is not immune to contrary arguments. The arguments are rich and contribute positively to development of the stakeholder theory. Those proposed practices were a radical departure from the dominant business and management thinking of the time (they still are in some sectors or geographical locations). Since then much evolution has taken place for different reasons, and today there is clear evidence that some large organizations are taking into account stakeholders' interests. One example is Shell UK, which has on its board representatives of interest groups such as environmentalists. Although there is no published evidence that assesses the amount of influence, and indeed how this influence is exercised, the fact is that stakeholders are now part of the daily business of some corporations and directly influence strategic decisions of organizations. It can be argued that Shell had no option (after many confrontations with interests groups defending the interests of other people on the other side of the world, and disastrous public relations campaigns), but to bring these people in. The fact of the matter is that they are there and they have clearly radically changed the way decisions are taken. Evidence is also needed as to whether their influence has improved the quality of the decision, the impact on the culture of the organization (introduction of new values, assumptions, etc.), and of course, how performance has changed and is measured in the light of this new reality.

Other well known companies that have adopted a similar approach are Johnson&Johnson, The Body Shop, Procter & Gamble, Lever Brothers, and Pitney Bowes (Dechant et al, 1994). Dechant et al (1994) argue that environmentalism in leading companies has become an integral part of organizational strategy.

Vincent (1990, pp. 32) indeed argues that in today's business reality if organizations want to be successful in the long term "they must focus outward on the needs of the corporation's stakeholders, and all other parties with a stake in the success of the corporation". Chakravarthy (1986, in Greenley and Foxall, 1996, pp. 106) posits that a necessary condition for "excellence" is the continued cooperation of all stakeholder groups. In the same line of argument, Evan and Freeman (1988, in Langtry, 1994, pp. 433) state that "The very purpose of the firm is, in our view, to serve as a vehicle for co-ordinating stakeholder interests."

Another example of the stakeholder theory in practice can be illustrated by the experience of Eastman Chemical Company. Deavenport (1996, pp. 1), Chairman and Chief Executive Officer of Eastman Chemical Company, explaining the philosophy of Eastman states that

> "aligning the interests of all stakeholders to form a balanced, interdependent network is a stronger approach to maximizing the value of the company than a more traditional, 'single-stakeholder' approach."

That is, Eastman adopts a 'holistic' approach where alignment and interdependence are the key for its success. In this way Eastman is making sure that the interest of each stakeholder is aligned so that the success of one is interdependent upon the success of the others. Deavenport (1996), analyzing Eastman's experience reveals that "when success is matrixed into a tight, interdependent network, each stakeholder champions on the success of the others."

This new reality is also being reflected in the evaluation of executive performance in some countries. In the United States, for example, the National Association of Corporate Directors issued in 1994 a comprehensive set of recommendations for evaluating the performance of chief executive officers, boards of directors, and individual members of boards. It was recommended that performance should be evaluated in the light of integrity, vision, leadership, ability to meet corporate performance objectives, succession planning, shareholder relations, stakeholder relations, and CEO-board relations (Anonymous, in Directors & Boards, 1995). This is a radical departure from the way organizational leaders have been traditionally evaluated. Research commissioned by CFO magazine (Birchard, 1995) on the opinion of CFOs in large companies in relation to stakeholder management, revealed, contrary to traditional training, that the vast majority of CFOs not only plan for, but also measure company performance in meeting stakeholder goals. The research also supports the notion that the quality of relationships with stakeholders drives financial performance. Indeed, Donaldson and Preston (1995, pp. 71), list a number of recent pieces of research which measure the "achievement of traditional corporate objectives (e.g., profitability growth)", and reveals that the studies

> "tended to generate 'implications' suggesting that adherence to stakeholder principle and practices achieves conventional corporate performance objectives as well as better than rival approaches."

Having said that, the issue of measuring "corporate social performance" is also a matter of great controversy. Although there have been some attempts to develop this field, there are very basic problems as for example in agreement on operational definitions. In fact, Clarkson (1995, pp. 92) argues that in the field of business and society there is no available definition for the concepts of corporate social performance, corporate social responsibility, and corporate social responsiveness. The main consequence of this lack of definition and proper understanding of the concepts is that a framework or model for systematic collection, organization, and analysis of corporate data relating to the concepts above has not yet been developed.

Clarkson (1995) conducted a ten year research project (between 1983 - 1993) on the subject of corporate social performance which revealed that corporate social performance can be analyzed and evaluated more effectively by using a framework based on the management of a corporation's relationships with its stakeholders rather than by using models or methodologies based on concepts relating to corporate social responsibility and responsiveness. Clarkson's research, therefore, supports the corporate practices mentioned above (methods used by companies in evaluating their executives performance).

The stakeholder concept has also been applied lately by both public and private contractors and agencies to obtain approval for public-works projects. Martin and Green (1995) argue that by hearing and addressing all stakeholder concerns early in a project development, organizations can avoid many adversities in the long term (even when the final plan contains aspects that some stakeholders find disagreeable).

4.2.1.2.2 - Managerial Implications for Identifying "Legitimate" Stakeholders

The application of the stakeholder theory, however, has many managerial implications. The most obvious ones are the issues of identifying stakeholders and the role of managers. Those issues are discussed in the following sections in the context of this research. However, it is worth mentioning that controversy and confusion also exist surrounding these subjects. The question of who is a legitimate stakeholder is a very complex and difficult one for management. The literature provides conflicting views. While some suggest a narrow approach to identify stakeholders others present some very broad frameworks that are almost functionally unrealistic. For example, the firm-as-contract approach states that the legitimate stakeholders are identified by the existence of a contract, expressed or implied, between them and the firm (Maitland, 1994; Donaldson and Preston, 1995; Greenley and Foxall, 1996; Freeman, 1994; Langtry, 1994; Wicks et al, 1994). Although this approach is not wrong it is clearly incomplete (Donaldson and Preston, 1995, pp. 85). As will become clear later in this chapter when the issue of crisis and stakeholders is discussed, some relationships between an organization and the "community", for example, do not require a contract so that the "community" could then be taken into account.

The opposite situation (a very broad view for identifying stakeholders) arises from situations where such definitions as "A stakeholder in an organization is (by definition) any group or individual who can affect or is affected by the achievement of the organization's objectives" (Thompson, 1967, in Freeman, 1984, pp. 46) are used. This kind of definition broadens the spectrum of "legitimate" stakeholders that indeed might have some impact on organizational activities, but that have no specific stake in the organization itself. That is, they stand to gain no particular benefit from the organization's successful operation. Some aspects of this problem can be resolved by adopting the view of "primary" or "secondary" stakeholders discussed earlier. However, and as observed already in section 4.2 in this chapter, irrespective of the arguments, it is important to understand that all stakeholders, directly or indirectly, have the potential to be affected by organizational crisis or inflict damage to an organization. Moreover, in the context of this research all stakeholders should be regarded as important and attention should be taken to consider and respect their "demands" in decision making. They are all (almost equally) important in preventing and managing crisis.

Indeed, and in those lines, Donaldson and Preston (1995, pp. 85 - 86) posit that stakeholders are identified

> "through the actual or potential harms and benefits that they experience or anticipate experiencing as a result of the firm's actions or inactions. In practice, and in addition to legal requirements, appraisal of the legitimacy of such expectations is an important function of management, often in concert with other already recognized stakeholders."

Managerial role is also a subject of contradiction in the literature. Some authors do not even consider managers as stakeholders (Aoki, 1984, in Donaldson and Preston, 1995). Others argue that managers are one of the most important and powerful constituencies (Williamson, 1985, in Donaldson and Preston, 1995). It is however prudent, given the relevance and implications of the stakeholder theory in practice today, to observe that management should acknowledge the validity of diverse stakeholder interests and respond to them. Donaldson and Preston (1995) argue that this proposition is "moral" and legitimizes the management function. It could be added then, that the consequences of not doing so can be devastating to all involved, and in many cases the relationships can be (if attention and action are not taken to stakeholder interests) damaged beyond repair with long term implications.

4.2.2 - Stakeholders and Strategy Development

Individuals both inside and around an organization will have their attitudes strongly influenced by the cultural context in which they belong (as discussed in Chapter 3). Very few individuals have sufficient power to determine unilaterally the strategy of their organization. Johnson and Scholes (1993) argue that influence occurs because individuals share expectations with others by being part of a stakeholder group. That being the case, individuals would then need to identify themselves with the aims and ideals of these stakeholder groups, and this may occur within departments, at different geographical locations, at different levels in the hierarchy of the organization, etc. As also noted in Chapter 3, it is possible, and is often the case, that most individuals will belong to more than one stakeholder group.

Organizations face pressures from a variety of external stakeholders. Schwenk (1989) suggests that the degree of pressure exercised by stakeholders depends on the power of these external influencers and the co-ordination among them. Organizations will generally comply with stakeholders' demands to the extent that they (organizations) are dependent on the stakeholders group. Henry Mintzberg (1983) devised a summary of the types of stakeholders that may directly influence the strategic management of an organization. Stakeholders have been categorized into four major sets: (1) owners of an organization, (2) associates who deal with it, associations which represent (3) employees, and the various (4) publics which surround the organizations. Governments are also specially important stakeholders for many companies. Again, the above groups are not exhaustive and within each group there might be many subgroups which may have different degrees of influencing power on organizational decision making. They also do not apply to all organizations uniformly.

Organizational culture is an important element for understanding the interests of stakeholders (Greenley and Foxall, 1996; Schwenk, 1989; Stubbart, 1987; Langtry, 1994; Mitroff and Kilmann, 1984; Fink, 1986). There is evidence to suggest that in organizations where the personal values, beliefs, and assumptions of managers are openly discussed, within the context of organizational culture, there are opportunities where the diverse interests of stakeholder groups can be discussed and compared with the interests of the company, at both the corporate and individual levels (Greenley and Foxall, 1996). Having said that, and as discussed in Chapter 3, the culture of an organization not only determines and influences the design of strategies, but it also determines the success of its implementation. Organizational culture in fact guides all processes of strategic planning and in this sense it also determines the behaviour of an organization in relation to its stakeholders.

The stakeholder concept described above is meant to be an introduction to the theory of stakeholder. The discussion of the stakeholder concept provided here is a brief account of its history, evolution, and contemporary issues surrounding the theory. It has been described here in preparation for a more focused discussion on those very important business relationships in times of crisis. The discussion illustrated that the stakeholder theory carries managerial implications and goes beyond the observation that organizations have stakeholders. It has also shown that stakeholder management contributes to successful performance. In this light, the stakeholder theory is extremely relevant to the issue of crisis and crisis management. Stakeholders play a very important role in both preventing and managing crisis. The following sections deal with the issues of crisis, crisis management, and stakeholder relationships in times of crisis.

4.3 - Crisis Management and Stakeholder System - Implications

4.3.1 - Stakeholder System: Organizational Interdependency and Interconnectedness

Critics' corporation perceptions are totally different from what it used to be a few years ago. That is, organizations/corporations are not seen only as economic entities. As an economic entity alone, criticism would be focused on economic issues only (i.e., underpaying workers, overcharging customers, forming cartels to fix prices, making shoddy goals, etc.). Today, organizations are accountable for much more than just their economic performance. Critics hold corporations increasingly responsible for its side effects on everything from air pollution to executive stress. As has been seen in the past, corporations were assailed for using poor population of guinea pigs in drug testing, for distorting the development of the non-industrial world, for racism and sexism, for secrecy and deception. They were condemned for supporting unsavory regimes or political parties, from the fascist regime in Chile and the racist regime in South Africa to the Communist Party in Italy. The point here is not whether such charges are justified. What is far more important is the concept of corporation they imply. As observed by Mitroff and Kilmann (1984, pp. 23), there is an increasing demand for a

> "new kind of institution altogether - a corporation no longer responsible simply for making a profit or producing goods but for simultaneously contributing to the solution of extremely complex ecological, moral, political, racial, sexual and social problems."

In trendy words, the responsible organization. The discussion on stakeholders in previous sections advocate this claim.

The recognition (around the 1950's) that organizations operate in a complex system of interconnected elements, and not one of large independent entities, was a major step allowing organizations to find a new identity and broader goals (Mitroff and Kilmann, 1984). Moreover, organizations could no longer deny the sheer reality of what was going on in the surrounding environment. The recognition dawned that the modern corporation was increasingly acted upon by a growing number and constantly shifting set of multiple players in a complex system. This broader set of players, as observed earlier in this chapter, are called stakeholders. In line with what has been argued in previous sections, Mitroff and Kilmann (1984, pp. 23) argue that in contrast to the single class stockholders, which are still important,

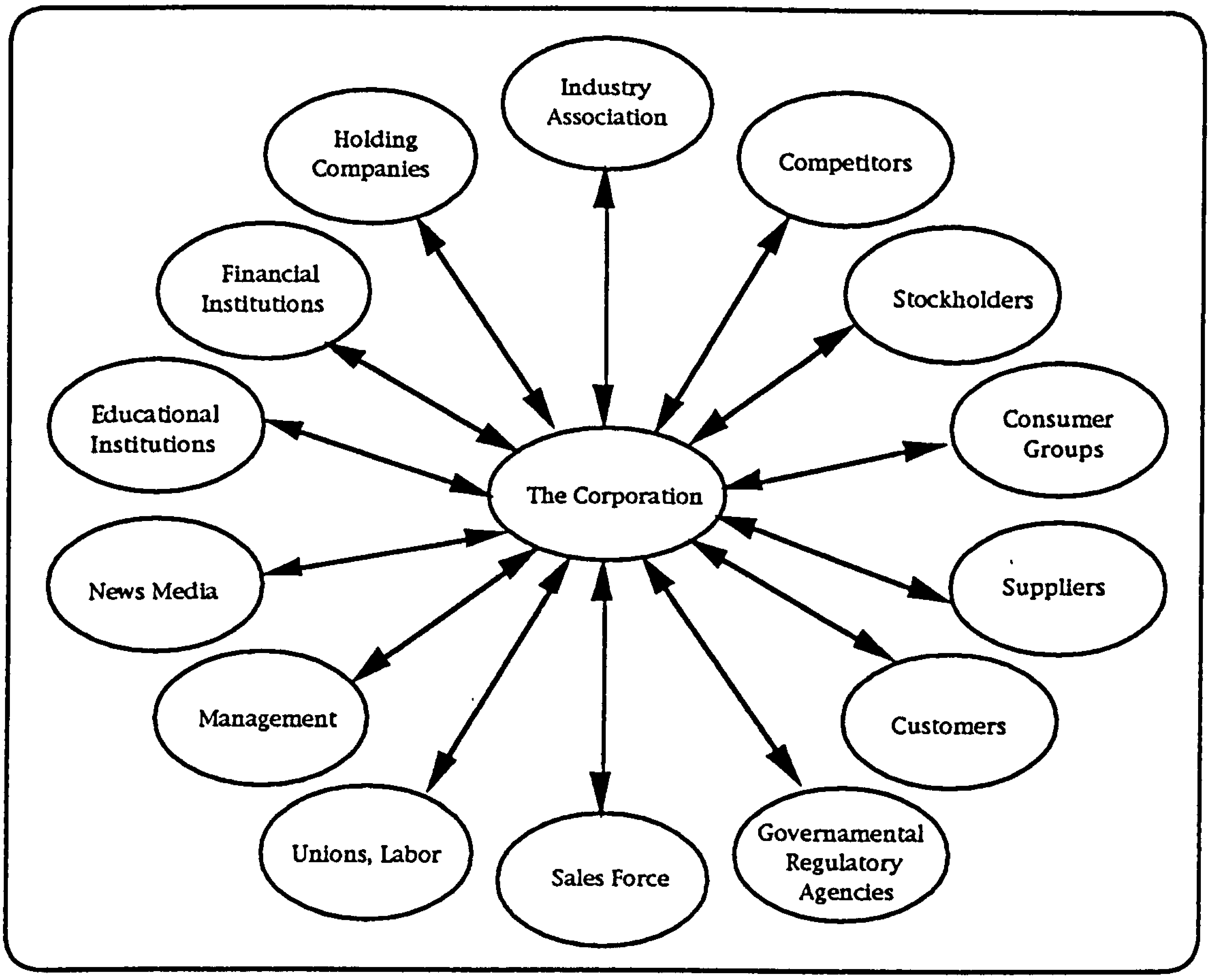
> "stakeholders are *all* those vested interest groups, parties, associations, institutions, and individuals who exert a hold and a claim on modern organizations. Stakeholders are all those who either affect or who are affected by an organization and its policies (i.e., its behaviour)".

Mitroff and Kilmann (1984) developed a systematic view of the evolution of organization and the systems in which they operate. They explored three main images to account for the multitude of ways the modern corporation has been viewed. Their study does not advocate that there have been only three major conceptions of the modern corporation throughout history. Rather they explore three images to show the incredible complexity and unpredictability of the forces that now act upon the modern organization. Their main premise is that

> "the phenomenon of corporate tragedies forces us to acknowledge that our earlier images of the corporation and its relationship to the surrounding world are no longer sufficient to make sense of and to cope with the world in which we now live" (Mitroff and Kilmann, 1984, pp. 18).

Those three images are: "The world as a simple machine"; "The world as a complex system"; and "The world as a complex, social network". Each of them imply a different relationship of the corporation to its environment and, as a result, a different way of examining the nature of modern corporation. For the purpose of this research, an analysis of the last two systems proposed by Mitroff and Kilmann (1984) will be done in order to provide the basis for the discussion on the issues of stakeholder interests, crisis, and crisis management. Figure 4.3 below represents "The World as a Complex System", as seen by Mitroff and Kilmann, 1984.

Figure 4.3 - The World as a Complex System



Source: Mitroff, I.; Kilmann, R., (1984), Corporate Tragedies - Product Tampering, Sabotage, and other Catastrophes, New York, Praeger, pp. 24

Figure 4.3 above, represents the most common external forces that act upon any organization. It is not an exhaustive list, nor is it applied to any organization. Figure 4.3 illustrates and represents the most common forces an organization faces in their daily operations. Also, it is important to note that those forces have to be dealt with, regardless of whether the host organization likes or agrees with them (as already discussed in previous sections in this chapter). It has been found in many situations that organizations are not always prepared to face those forces with an understanding and pro-active approach (Polonsky, 1995; Johnson and Scholes, 1993; Greenley and Foxall, 1996; Freeman, 1984, 1994; Langtry, 1994; Wicks et al, 1994; Rivoli, 1995; Clarkson, 1995; Maitland, 1994) . Rather, they most too often react in a non "productive" manner, which turns against their own organization in a matter of time. The point here is that organizations are not prepared to look into their "operations" (factioning) and to consider the impact it has on their stakeholders. As the case of the Ford Pinto shows, too often organizations prefer to blame stakeholders instead of dealing seriously with the fact that the world in which they now operate has changed dramatically - in this case, Ford decided to blame customers and government only to have to recall the cars later at a greater cost (Siomkos, 1992; Smith and Sipika, 1993). In the same fashion, Audi decided to blame the customers instead of looking into the problem, having of course, to deal with the problem later (recalls) and also at a much higher cost (Versical, 1987). The QE2 case is another typical example. Cunard, owners of the QE2 cruise ship, completely misjudged stakeholders power and made the mistake of blaming the passengers and contractors for their own crisis. Cunard has been defending a US$ 62 million (£40m) claim filed in New York by aggrieved passengers who traveled in what they allege were "building site" conditions on a Christmas cruise (Financial Times, February, 8, pp. 8, 1995). The crisis was aggravated by poor public relations. The QE2 crisis resulted in an immediate loss of £7.5 million for Trafalgar House, owner of Cunard (Hamilton, 1995). The costs referred to here are not just numerical, as organizations in such cases also lose public confidence, government support, the reputation of the company can be seriously damaged, etc. (Fink, 1986).

Stakeholders "belong" to the entire system of which they are part and in principle cannot be described independently from that system. Having said that, what each stakeholder does and is like affects all other stakeholders and in turn is affected by all other stakeholders. The properties (e.g., the behaviour) of each stakeholder are not self-contained. Indeed, Mitroff and Kilmann (1984) argue that different stakeholders not only influence more and more on the behaviour of one another but increasingly they also intrude more deeply into the internal behaviour of all stakeholders. What the stakeholders external to the organization are like affects more and more what the stakeholders internal to an organization are like. (For details about stakeholder properties, see Appendix 1). For example, what Hyatt Hotels does in the field of hospitality affects what Hilton does and is like and vice versa. Thus, an organization is the entire set of relationships it has with itself and its stakeholders. An organization is not a physical "thing" per se but a series of social and institutional relationships between a wide series of parties. As these relationships change over time, the organization itself may be thought of as changing, as becoming a different organization. The failure to understand this essential fact has prevented many an organization from seeing that it is not the same because its environment, i.e., its external stakeholders, has changed even though internally it looks the same to itself. Since one is dealing with a system, a change in any part potentially affects all other parts and the whole system itself (Mitroff and Linstone 1993; Sttubart, 1987; Schwenk, 1989; Shrivastava et al, 1989; Polonsky, 1995; Johnson and Scholes, 1993; Greenley and Foxall, 1996; Freeman, 1984, 1994; Langtry, 1994; Wicks et al, 1994; Rivoli, 1995; Clarkson, 1995; Maitland, 1994; Mitroff and Kilmann, 1984).

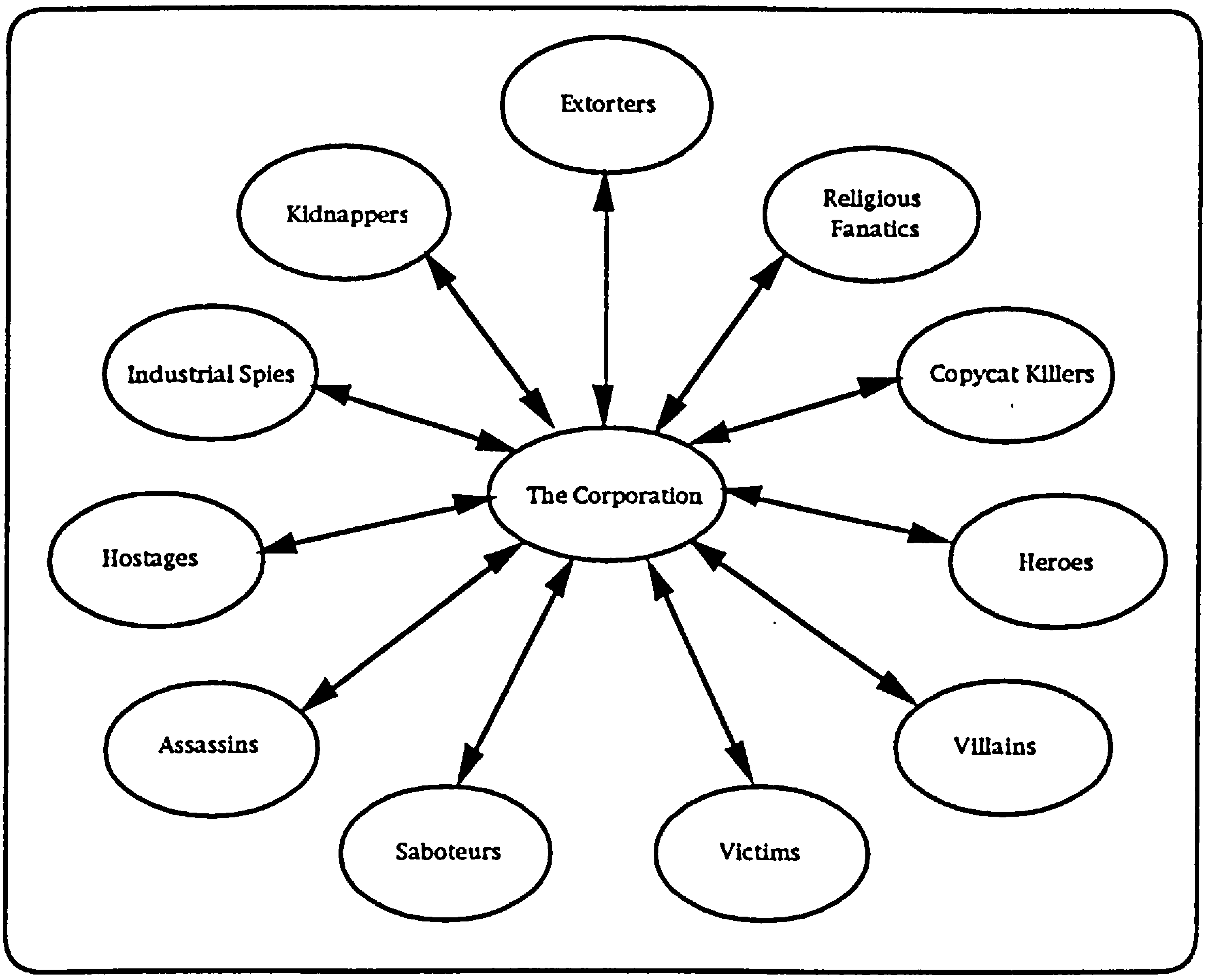
To illustrate the extreme interconnectedness between stakeholders one only need observe what happened in the Tylenol case: The Tylenol case cost America's federal, state, and local government well over US$ 3 million. Law enforcement officials spent thousand of hours in tracking down leads all over that country related to the poisonings. Over US$ 2 million were spent in testing capsules and in investigating deaths and illnesses by The American Food and Drug Administration alone.

If anything, this also illustrates that in a highly interconnected and complex world, no single stakeholder has all of the necessary skills and resources to go it entirely alone. Every single stakeholder is dependent upon countless other stakeholders to share a critical part of the burden. In the case of Tylenol, if the company had to do everything by itself, McNeil and its parent company Johnson&Johnson would have to have the necessary resources to train and maintain their own national police force. Nothing so far has shown that the company had to pay anything (of the US$ 3 million) back to state and government agencies for the assistance they had.

The Chernobyl disaster also illustrates how interconnected the world has become. For instance, it is said that it took about two weeks for the "physical" cloud of radiation from Chernobyl to encircle the earth and contaminate fish on opposites sides of the globe. But it took only a half a day for the financial markets to react to Chernobyl. The financial markets reacted almost instantaneously to Chernobyl because the world is literally wired electronically to every event on the whole planet. Events like the one in Chernobyl are capable of affecting the whole planet not only physically, but also electronically and financially (Mitroff, 1988b).

Finally, the interaction of stakeholders in "The world as complex system" seems to be rather rational (governed by their self-interests). Mitroff and Kilmann (1984, pp. 27) argue that the "transactions or exchanges between stakeholders are largely conceived to be economic and political; in short, dollars and power". This conception is broadened in the next "image", "The World as Complex Social Network", represented in Figure 4.4 below.

Figure 4.4 - The World as Complex Social Network



Source: Mitroff, I.; Kilmann, R., (1984), Corporate Tragedies - Product Tampering, Sabotage, and other Catastrophes, New York, Praeger, pp. 28

Figure 4.4 above is developed from Figure 4.3. In the view of Mitroff and Kilmann (1984) this new system contains a number of additional stakeholder characters that the previous system does not have. These additional characters derive from the sociopathic behaviour that has been directed towards corporations in the past, such as the poisoning of Tylenol, airplane highjacks, executive kidnapping, etc. Those authors go further to argue that the "traditional view of stakeholders is too limited to capture the range of evil and bizarre characters that now potentially affect the modern corporation" (Mitroff and Kilmann, 1984, pp. 27). The difference between the two systems is that while the first one (Figure 4.3) represents the impact of impersonal institutional forces external to the corporation, the second one (Figure 4.4) represents another set of stakeholders who emanate from "some of the deepest and darkest impulses that are rooted in man's psyche" (Mitroff and

Kilmann 1984, pp. 27). Having said that, it is not claimed that the first is wrong, it is just incomplete. Figure 4.4 also indicates that all stakeholders in Figure 4.3 and 4.4 are potentially in contact with one another.

Interactions between people or institutions have a deeper significance than the mere surface practical exercise of exchanging goods, services, etc. Apart from that, whenever any two people or institutions interact with one another they also form mental images of one another. In this sense, they project their hopes, their fears, their dreams, wishes, doubts, worries, joys, and anxieties on to one another. An illustration of this interaction pattern can be seen in the recent case of British Airways attempt to steal secrets ("Dirty Tricks Campaign") from Virgin Atlantic (Gregory, 1994). This particular case is a gold mine from a psychoanalyst's standpoint. It shows that whenever two competitors interact, they form a distorted picture of one another. They inevitably see the other as more evil than the other really is; or stronger, wiser, braver, etc.

The last Figure (4.4) shows only the generic types of rational and bizarre characters that now affect the modern corporation. It is totally outside the scope of this work to specify in detail the particular properties of specific people who commit such acts. Nor is it the purpose here to demonstrate directions to cope with tragedies of such nature before, during, and after they happen. Rather, this part is meant to show the interdependency and interconnectedness of the world in which business operates and the vulnerability of affecting or being affected by one another. As Mitroff and Pearson (1993a) pointed out,

> "it is no longer enough for any organization to consider merely its own crisis interest in isolation from the environment. Organizations that are well prepared recognize that a crisis has the potential to affect not only themselves, but also the broadest array of potential stakeholders: consumers, competitors, suppliers, and the members of the general environment."

As already well documented and discussed in previous sections, the interconnectedness and interdependence of organizational life today is indeed very high. Failure to manage stakeholder relationships can have devastating effects on both organizations and its stakeholders. Long term success depends greatly on the effective management of those relationships. Vincent (1990, pp. 32) indeed argues that in today's business reality if organizations want to be successful in the long term "they must focus outward on the needs of the corporation's stakeholders, and all other parties with a stake in the success of the corporation". Chakravarthy (1986, in Greenley and Foxall, 1996) posits that a necessary condition for "excellence" is the continued cooperation of all stakeholder groups. In the same line of argument, Evan and Freeman (1988, in Langtry, 1994, pp. 433) state that "The very purpose of the firm is, in our view, to serve as a vehicle for co-ordinating stakeholder interests."

The traditional literature on stakeholders focuses on the external forces that interact with the organization. To some extent, as mentioned above, other "legitimate" stakeholders are neglected by this approach. As also already mentioned, and again quoting Freeman (1984, pp. 53),

> "Some groups may have as an objective simply to interfere with the smooth operations of our business. For instance, some corporations must count 'terrorist groups' as stakeholders. As unsavory as it is to admit that such 'illegitimate' groups have a stake in our business, from the standpoint of strategic management, it must be done."

Having said that, stakeholders do have also a "destructive" potential. Chapters 2 and 3 evidenced that the majority of past industrial and commercial crises of the past decades were "caused" by humans. That is, they were man-made crises. In this sense, and considering the context of this study and the discussion so far in this chapter, this new set of stakeholders are extremely important and relevant. The next section deals with the issue of crisis and stakeholders. Traditionally, when the issue of crisis and stakeholders are put together, stakeholders are often seen or considered in the position of "victims" (or potential victim) of organizational action or inaction (affected by). However, stakeholders also play different roles in crises. Stakeholders can be both an element that contributes towards crisis escalation and/or an element that contributes towards crisis prevention. Between this scale, stakeholders can also assume different positions. Effective stakeholder management is a key element in crisis prevention and management.

4.3.2 - Crisis and Stakeholders

Organizational activities have a number of potentially damaging side-effects on their stakeholders and on the natural environment. This can be more clearly understood if one considers industrial crises. Industrial crises are "situations in which organized industrial activities are the source of major damage to human life, and natural and social environments. They often occur in an environment of economic crisis characterized by insufficient growth, unemployment, fiscal deficits, budgetary and competitive pressures on individual organization, and an inadequate industrial infrastructure. Crises inevitably extend beyond the organization of origin to encompass a broad range of economic, social and political agents and forces. They may also possess elements of rationality and legitimacy crises, and eventually threaten social structures and institutions" (Shrivastava et al, 1988, pp. 287).

The effects of an industrial crisis on its stakeholders is of a very different nature than the effects of a natural disaster. While the latter is localized to a geographic region and specific time period, the impacts of industrial crises can easily transcend geographic boundaries and can even have trans-generational effects (for instance, the effects of the radiation from the Chernobyl Nuclear Power accident was felt in a number of countries and is expected to cause an unknown number of increased cancer deaths for the next 30 years - Shrivastava et al, 1988). Moreover, and as mentioned before, a natural disaster is a single event over which no human being has control. However, a man-made crisis is a complex system of interdependent events and involves multiple, conflicting stakeholders (Shrivastava, 1992).

Crises also have the potential to make an indirect impact on stakeholders. These impacts represent intermediate outcomes from the chain of events that constitute a crisis. Some of these outcomes change important contextual factors. They may lead to corporate bankruptcies, regulatory changes, or changes in insurance rates (Shrivastava et al, 1988). As Fink (1986) pointed out, a crisis in a company can have the impact of changing forever the business reality and context of an industry's operations. For example, after the Bhopal accident, insurance companies in the United States of America sharply reduced coverage for toxic waste sites, while increasing the premiums. Since federal laws in that country required toxic-waste operators to demonstrate financial responsibility, many dumpsites were threatened with closure (Shrivastava, 1992). In the UK, the concept of "corporate manslaughter" has been brought about by the courts following the Herald of Free Enterprise sinking. This accident in one industry (transport) had an impact on the operations of all other sectors of the economy (apart from those that directly affected the shipping industry such as severe scrutiny, new regulations, new safety procedures, new design and fitting requirements, change in international law, and so forth). Following the ruling by the courts, organizations (more than ever before) must ensure that all necessary steps are taken to prevent an accident occurring (Smith, 1990).

Crises are both organizational and inter-organizational phenomena. They are caused by human, communication and technological failures within and among organizations (Shrivastava, 1988; Starbuck and Milliken, 1988, Nunamaker et al, 1989; Siomkos, 1992; Quarantelli, 1988; Smith and Sipika, 1993; Perrow, 1984; Fink, 1986; Smith, 1990). They are constituted of interdependent events that take place in geographically dispersed locations and at different times. Typically, simultaneous chains of events occur in different arenas - for example, the relief arena, the technological arena, and the legal arena (Shrivastava, 1992).

Industrial crises are also characterized by the presence of multiple stakeholders. They are inevitably involved in causing, communicating, and mitigating the effects of industrial crises. For instance, corporations, such as Union Carbide, which own or manage the industrial plant where the triggering event of a crisis take place, are always major stakeholders. Usually, those corporations are legally liable for damages caused by their products, accidents, or hazards emanating from their premises. The interconnectedness of organizations can be clearly seen when one considers a crises in a country such as the United States. In such a country, legal liability extends well beyond the organization itself to other corporations, such as equipment manufacturers, design and engineering consultants, and raw material suppliers, who are jointly liable for damages caused by their products or designs. Insurance companies, and industry/trade associations are also affected (Shrivastava, 1992).

Another set of stakeholders is the public and public interest groups. They provide relief services and exert pressure on corporate and government organizations to aid victims in recovering from damages. Crisis problems which are not resolved and the persistent failure of existing organizations to cope with them, usually erode mass loyalty to the state, and make people lose faith in establishment organizations. Autonomous public groups emerge to mitigate the crisis and put pressure on state and international agencies to resolve problems. One example of these groups is the rise of social movements such as environmentalism and consumerism groups in the 1970s. The emergence of these groups can be seen as a manifestation of eroding mass loyalty, particularly since the existence of such organizations has been fueled largely by crises surrounding environmental degradation and product harm (Shrivastava, 1992). Mitroff (1989) argues that it is important to consider non-obvious stakeholders. Mitroff calls those stakeholders "snaildarters" after the endangered species of fish that held up a proposed hydroelectric project for years. In all their rational plans the designers of the dam failed to take into account the snaildarter. As a result, one class of stakeholders, the environmentalists, acted on behalf of another stakeholder, the snaildarter, that could not act in its own behalf. Mitroff (1989 pp. 45), in his account of this episode, points out that

> "just beneath the surface of the best laid and most rational plans swim forces of which people are entirely unaware and do not wish to consider. These seemingly tiny and insignificant forces, however, have a strange way of wrecking the most well-conceived plans and policies."

The media, while not one of the primary stakeholders, is nevertheless one of the most important stakeholders and plays an important role in communicating crisis events to the public. It shapes public perceptions and responses to crises. But despite its enormous resources, the media's coverage of crisis events is most often fragmented and equivocal and frequently lacks objective data. This is a result of both stakeholders' attempts to control communication and a genuine lack of information about the cause of the crisis. Such partial and distorted coverage gives rise to myths, false alarms, and heightened perceptions of harm (Pincus and Acharya, 1988; Reilly, 1991; Barton, 1993; Fink, 1986; Shrivastava, 1988 and 1992; Nunamaker et al, 1989).

The most profoundly affected stakeholders are the victims who suffer damage to life and property - and ironically, sometimes the most easily forgotten because of their powerlessness. These includes workers in production facilities, consumers, and communities in which hazardous facilities are located. Sometimes even remote observers of crisis events suffer significant effects. Because of genetic or delayed medical effects even unborn children of persons affected by crises are potentially victims. An example of this kind of victim is the children who watched the space shuttle Challenger blow up on the television. They were found to have suffered psychological trauma (Goleman, 1986, in Shrivastava, 1992).

4.3.3 - Frame of Reference

Accidents become crises when subsequent events and the actions of people and organizations with a stake in the outcome combine in unpredictable ways to threaten the social structures involved (Shrivastava, 1992). Shrivastava (1992) argues that the Bhopal accident escalated into a crisis because of the actions of the government of India, Union Carbide, and many other stakeholders, both before and after the accident.

To understand any crisis, the concept of frame of reference, which is a key analytical tool commonly used in the subject, is most valuable. A frame of reference can be defined as a method people and organizations use to select and process information (Shrivastava and Mitroff, 1983; Shrivastava, 1992). It reflects their biases, attitudes, and models for making judgments. It is the lens through which an individual or organization views the world (Shrivastava, 1992). Frame of reference analysis is particularly valuable for understanding how and why organizations react to crises the way they do. Whether it is a government, a corporation, or a community group, every organization develops institutionalized procedures for processing information in response to changes in their external environment. These procedures inevitably reflect the management's frame of reference. Therefore, frame of reference is a critical determinant of whether, and how, an organization will respond to crisis and helps to explain why organizations often take actions that seem to the outside observer obviously wrong, tactless, or ill informed.

Shrivastava (1992, pp. 71) argues that "perceptual differences among stakeholders in any crisis arise because crises are, by definition, ill-structured situations and, thus, susceptible to many different interpretations". Shrivastava goes further to suggest that

> "... even in a crisis - perhaps *especially* in a crisis - self-interest behaviour dominates. Each point of view serves the narrow interests of one stakeholder or another and suggests different solutions to crisis problem".

In this sense, stakeholders devise strategies to put their point across to the public and compete with one another to have their viewpoint accepted by the public as the "truth".

The establishment of one view as more "real" than the others is essentially a power game that involves adopting a set of partial solutions that benefit one stakeholder. Shrivastava (1992) suggests that one way to "cut through" this power game is to use multiple-perspective analysis, which involves understanding and describing events from the perspective of all key stakeholder groups. To do multiple-perspective analysis one has to primarily acknowledge that social events are subject to multiple conflicting and disparate interests, assumptions, values, and interpretations, and then use those interests, values, and interpretations as a basis for building an understanding of events. Multi-perspective analysis is particularly useful in examining the causes and consequences of industrial accidents.

In his account of the Bhopal crisis, Shrivastava (1992) makes the point that stakeholders had completely different views of what took place in Bhopal. For example, Union Carbide referred to what happened in its technical report as an "incident". The government of India in its report called it an "accident". The injured victims called it a "disaster". And the social activists called it a "tragedy", and even "industrial genocide". These facts reveal the great differences in stakeholder's frame of reference. Stakeholder's frame of reference dictated their goals as they responded to the accident, and hence their different, sometimes conflicting, courses of action. For example, for the parent company, Union Carbide, the "incident" was a technical malfunction that required correction without causing major financial damage to the company. It was an "accident" that required relief without damaging the political position of the ruling regime for the government. However, to the victims, it was a disaster that changed their lives for ever; it required grief and anger and beginning the slow process of putting the pieces together again. And finally, to the activists who sympathized with the victims, it was an unnecessary tragedy for which a negligent company and a culpable government ought to be taken to task (Shrivastava, 1992, pp. 71).

If the stakeholders could have seen and understood each other's frame of reference, they might have been able to work together to achieve all their goals, but they did not. They worked independently to achieve their own objectives. While their actions made sense from an individual point of view, when they interacted with each other they created a series of secondary effects that only served to deepen the crisis. As Mitroff (1989, pp. 5) puts it, "...different stakeholders do not share the same definition of an organization's 'problem', and hence, they do not in general share the same 'solutions'." (This illustrates quite well what was mentioned before regarding perceptual difference among stakeholders).

Shrivastava (1992) points out that when a triggering event occurs, spontaneous reactions by different stakeholders solve some of the immediate problems, but they also create new problems - thus prolonging the crisis and making it worse. The crisis expands to affect people and organizations in remote locations. It spawns new conflicts. Crisis responses by organizations and citizens deal, for the most part, with symptoms of a crisis without eliminating its fundamental causes. Hence, crisis potential continues to exist.

Achieving a multiple-perspective understanding of crises requires understanding of how various frames of reference differ. Each frame of reference can be broken down into a number of component parts, all of which have to do with the processing and filtering of information. They include: Data Element; Cognitive Maps; Reality Tests; and Domains of Inquiry and Articulation. A short description of each follows. They were extracted from the work of Paul Shrivastava (1992).

1 - "*Data Elements*. These consist of the basic assumptions, concepts, or units of information that individuals or organizations use to construct reality. In other words, they represent information considered admissible for decision making and reflect a bias toward certain kinds of information. Some organizations prefer to use only information that is quantified and objective. Others willingly use quantitative and descriptive information - "soft" information - from personal source."

2 - "*Cognitive Maps*. Every person or organization has a particular way of arranging information into cause-effect relationships in order to make sense of that information and reach meaningful conclusions. Cognitive maps are conceptual schemes used to do this arranging, and, as such, they often guide organizations in defining and solving problems. These maps vary greatly. Some consist of a logically integrated set of casual relationships, while others are vaguely intuitive images of problems."

3 - "*Reality Tests*. This is the method by which persons or organizations validate the information they find, the inquires they make, or the cognitive maps they create. This they do by finding and articulating a legitimizing connection between their information, inquires, or cognitive maps and critical social and cultural experiences. Realities tests can be objective or subjective, or they may be rooted in traditions and customary practices."

4 - "*Domain of Inquiry and Articulation*. In addition to the three substantive components mentioned above, frames of reference also are characterized by two other elements: their domain of inquiry and their degree of articulation. The domain of inquiry delineates the

boundaries of inquiry and concern, the relevance of particular variables, and the alternate frames of reference. For the most part, frames of reference are taken for granted. However, the extent to which they are articulated varies. Some may be expressed as assumptions that underly organizational inquiries. Large organizations sometimes articulate and codify their shared frames of reference in stated policies."

Source: Shrivastava, P. - Bhopal - Anatomy of a Crisis, 2nd Edition, London, Paul Chapman Publishing LTD., 1992, pp. 73 - 76

Having said all that, one of the key elements in stakeholders' relationships is communication. Booth (1993) identified that this crucial element in crisis management (stakeholder communication) is often ignored. Communication with stakeholders prior to, during, and after a crisis is essential. If stakeholders are left in the dark as to what is happening (crisis development), this may cause serious and irreversible problems in a later stage and when crucial support from interest groups and other parties is essential for organizational recovery. A good example of lack of attention to stakeholder communication can be illustrated by the Guinness crisis of 1986-87. This case is even more striking because it was an internal communication problem, in addition to the consequences of non-communication and miscommunication with key external stakeholders. In this case, the majority of the board of directors did not know what was happening because the crisis management team never found the time to call a board meeting. Eventually, members of the crisis management team had to explain what they had done and found that support from the directors was lacking (Booth, 1993).

It is also important to observe once again that a crisis can be seen as an opportunity as much as a threat for many involved in a crisis. Crisis often opens up new possibilities and liberates innovatory ideas. During a crisis what to one set of stakeholders may be defined as a threat to their world may be seen by another set of stakeholders as a new opportunity (Booth, 1993).

4.4 - Identifying Stakeholders

It has been mentioned before that modern organizations operate in a very complex social system. That alone makes it difficult enough for organizations to identify precisely those that can be truly identified as stakeholders. Moreover, time and circumstances change. So do stakeholder relationships and their importance to the survival of the organization (Vincent, 1990). Some stakeholders are more important than others in determining the success of the business. Depending on the nature of the issue (or policy to be adopted) the stakeholders can be different from time to time, making the process of identification more complex and subtle. Therefore, stakeholders are not always the same. There may also be conflicting interests between stakeholders. Indeed, Mitroff (1989, pp. 46) argues that

> "the number of stakeholders one must deal with in complex systems is so large, so varied, and so quickly changing that it would be almost impossible to create with any confidence a single, unchanging, timeless theory for describing the behavior of all stakeholders and their impacts on one another for any extended period of time."

Stakeholder identification is indeed a matter of great conflict and contradiction in the literature. As mentioned previously (section 4.2.1.2), the application of the stakeholder theory has many managerial implications. One of the most conflicting areas is undoubtedly stakeholder identification. Some authors suggest a broad framework where almost any group is included, but as expected, this brings serious managerial difficulties (and adopting this approach alone may not contribute positively to organizational performance). Others clearly favour a narrower view and approach which leaves out important (legitimate) stakeholders which can at some stage of organizational development act and disrupt organizational performance. Donaldson and Preston (1995, pp. 85 - 86) support the view that stakeholders are identified

> "through the actual or potential harms and benefits that they experience or anticipate experiencing as a result of the firm's actions or inactions. In practice, and in addition to legal requirements, appraisal of the legitimacy of such expectations is an important function of management, often in concert with other already recognized stakeholders."

However, and as observed already in section 4.2 of this chapter, irrespective of the arguments surrounding the issue of stakeholder identification, it is important to understand that all stakeholders, directly or indirectly, have the potential to be affected by organizational crisis or inflict damage on an organization. Moreover, in the context of this research, there is also a need to identify those stakeholders who are important in preventing and managing crisis.

Having said that, and since organizational policies are made constantly, organizations need to identify those stakeholders that are inherent in the situations with which they must deal. Mitroff (1989, pp. 32) offers a practical and systematic framework for uncovering stakeholders comprising of seven methods: imperative, positional, reputational, social participation, opinion-leadership, demographic, and organizational.

4.4.1 - The Imperative Method

The "imperative" method identifies stakeholders who feel "strongly enough about an organization's proposed policies or actions to act on their feelings". It is suggested that in using this method one should make a list of as many imperatives, slogans, and catch-words as possible that have been said (spoken, uttered) in the context of a policy issue. This approach also identifies any acts of defiance (i.e., strikes, etc.) or other actions that suggest dissatisfaction with the policy system. The source of the imperatives and the acts are identified and each is considered as a potential stakeholder. This method has however a deficiency: it misses silent stakeholders who nevertheless have a strong opinion on a policy issue.

4.4.2 - The Positional Method

Stakeholders that hold formal positions in a policy-making structure (whether internal or external to the organization) can be identified by the method "positional". The deficiency of this method is that it ignores important stakeholders that are not formally a part of the organization but have, nonetheless, an impact on it.

4.4.3 - The Reputational Method

The "reputational" method makes it necessary to ask various knowledgeable and important persons to nominate those whom they believe have a stake in the system. The deficiency in this approach is that many groups may be neglected, such as non-elite, unorganized, and disenfranchised groups.

4.4.4 - The Socio-Participation Method

The "social-participation" method identifies individuals and organizations as stakeholders to the extent that they participate in activities related to a policy issue. Evidence of "having a potential stake in a issue" can be that such as attendance at meetings, membership in special organizations or committees, voting, and other observable behaviour. The deficiency of this approach is an obvious one: many latent, currently non-participatory stakeholders will be overlooked (such as children, the aged, the silent majority, future generations, etc.).

4.4.5 - The Opinion-Leadership Method

The "opinion-leadership" method identifies those who tend to shape the opinions of the stakeholders. For instance, the editors of important magazines, newspapers, and journals. This approach has the advantage of identifying important stakeholders who are not part of the formal structure or do not have the same status as those selected by previous methods. However, its disadvantage is that it is less precise and requires more judgment on the part of the analyst than do some of the other methods.

4.4.6 - The Demographic Method

The identification of stakeholders by such characteristics as age, sex, level of education, occupation, race, religion, place of birth, is done by the method "demographic". The disadvantage of this approach is that it assumes homogeneity of interest within any particular group.

4.4.7 - The Focal Organization Method

The last method selects a "focal organization" in a policy system and seeks to identify the individuals and organizations who have important relationships with the focal organization. Typical relationships are those of supplier, employee, customer or client, ally, competitor or adversary, regulator or controller (e.g., government), and regulatee or controlee (e.g., subdivision of a parent organization, legally controlled entities). This method has the advantage of identifying potential parties or elements that other approaches can overlook. It has the disadvantage of not being comprehensive and of potentially missing key stakeholders such as opinion leaders.

Since each method covers stakeholders that the others do not address, Mitroff (1989) suggests that organizations should use all of them in thinking about the forces in their environment. It is important to emphasize that those forces can determine, due to the interconnectedness of the system in which organization operate, the future survival of an organization. Therefore, in today's world the systematic consideration of stakeholders might very well be dire necessity and not a luxury (Mitroff 1989). As mentioned before, stakeholder identification is still a matter of controversy and causes managerial difficulties due to both conceptual lack of understanding and managerial limited capacity.

4.5 - Assumptions and Stakeholders

Assumptions are important variables in effective crisis management. As has already been discussed earlier, one way to understand crises is through understanding how stakeholders view reality. Shrivastava (1992) suggested that perceptual differences among stakeholders in any crisis arise because crises are, by definition, ill-structured situations, and therefore, susceptible to many different interpretations. It has also been argued that social events are subject to multiple conflicting and disparate interests, assumptions, values, and interpretations. In the previous chapter it has been stressed that the culture of an organization has an important, if not vital, part to play in crisis situations. Organizational culture was defined by Mitroff et al (1989, pp. 271) as

> "the set of rarely articulated, largely unconscious beliefs, values, norms and assumptions that the organization makes about itself, the nature of people in general and its environment".

Thus, assumptions are an essential part in evaluating stakeholders' perceptions and actions in crises.

An important feature of today's organizations is that they are facing more and more uncertainty, and as a consequence are required to subscribe to several practices that may represent dramatic departures from the way they previously planned for their future (Baker, 1991; Ritchie and Marshall, 1993). Faced with uncertainty it is necessary to try and predict or forecast the nature and direction of future events and articulate these as assumptions around which one can construct the strategic plan (Vincent, 1990; Ritchie and Marshall, 1993). Indeed, Mitroff and Kilmann (1984 pp. 116) argue that there is nothing more fundamental that an institution, public or private, can know about itself than the assumptions it is making about itself and the outside world. As a result, there is nothing more important that it can do than to periodically raise to the surface for explicit examination and challenge its key operating assumptions. They argue that for them (the authors)

> "this *is the essence* of strategic thinking, not fancy financial analysis, nor fancy BCG (Boston Consulting Group) animals (cows, stars, etc.). Financial

> analysis is itself only based on a subset of the entire set of assumptions that an organization must consider, thus it can not be the whole of strategic planning or thinking."

A definition of assumption from a business-oriented point of view was developed by McConkey (1988, pp. 67) as

> "best present estimates of the impact of major external factors, over which the manager has little if any control but which may exert a significant impact on performance or the ability to achieve desired results".

While this definition encompasses the understanding of environmental implications to the organization, it fails to address the fundamental aspect of the organization itself. That is, what assumptions the organization makes about itself. How does it perceive itself in the environment? These questions are fundamental to a better and more complete understanding of external forces and possible future events.

Assumptions make planning possible. Without assumptions it would be all but impossible to undertake any planning (Vincent, 1990). Planning does deal with the future, and it is not possible to predict with unfailing accuracy when or how future events will come to pass. In fact, one of the assumptions of most skilled profit planners is the bold assertion that no assumptions used in their profit plans will take place exactly as formulated. McConkey (1988, pp. 68) gives the example, for that matter, of a statement in the introduction to the annual profit plan of a successful company that says:

> "Implicit in the planning process is the fact that events in Year X will certainly be different from what is predicted. Inevitably, circumstances will require changes in the plans, and these changes must be orderly and planned. Plans are less important than planning."

Essentially, assumptions serve three useful purposes in good planning. First, assumptions permit the planning process to begin and progress. Without assumptions, there would be so many uncertainties that one would not know where to begin. By isolating those future occurrences that would have the most significant impact on the business, and making assumptions about them, management has a base upon which begin its planning. For example, an employee strike always is a possibility when a contract is due to expire. Unless management makes a definite assumption about the chances of a strike, the situation would be so nebulous that planning would be impossible. If, after evaluating all aspects of its labour-relations picture to the best of its ability, management is able to conclude that there will be no strike, it can begin the planning process. If management concludes that there will be a strike, the planning process can still begin - because there is a definite assumption on which to build plans. (In this particular example, if the probability of a strike occurring is approximately the same as the probability of one not taking place, management should structure alternative plans to cover both possibilities).

Second, assumptions also serve as checks to the validity of plans. Selecting applicable assumptions and undertaking a critical analysis of the probability that each assumption is as accurate as possible takes a considerable amount of guesswork out of the planning process.

Finally, once the goal-setting process has been completed and the target year has begun, assumptions serve as continuing checkpoints for possible required revisions to the plans. By having these assumptions clearly spelled out, management always has before it the basis on which the plans were constructed. If during the year actual events differ from the assumptions, management knows immediately that it must take action to keep its strategies, objectives, and resources allocations realistic and current.

Since the main concern of this study is with crisis management and stakeholders relationships it is also necessary to look at assumptions from a different and more individualized perspective. One explanation of the different views and actions of stakeholders in a crisis is that they make different set of assumptions about the real nature of the problem. In the same way, stakeholders also make assumptions about each other and act upon their assumptions. Anderson (1981, in Mitroff, 1989, pp. 13) offers a more meaningful definition of assumptions:

> "Assumptions are the building blocks of a person's makeup and therefore of behavior.... Assumptions guide the individual, determine what he or she will and will not do. They determine what the person expects or anticipates from self and others in any situation (Anderson, 1981, pp. 779).
>
> The better one understand one's assumptions, the better able one can be to change behavior and thus avoid trouble" (Anderson, 1981, pp. 781, in Mitroff 1989, pp. 13).

Some organizations have been very successful in making assumptions and acting upon them. Some large corporations, such as Texaco, have high-level managers whose jobs consist of making assumptions (Fink, 1986). However, assumptions have, as do almost everything, their life cycle. Concrete examples can show how critical are the assumptions a business makes about itself. For instance, one may consider the life cycle of the premises of the automobile industry in the United States. Studies indicate that the life cycle of the automobile industry's critical premises in that country lasted no more than sixty years (Mitroff and Linstone, 1993). From roughly 1910 to 1970, the assumptions directing the industry were not only valid, but they allowed for the overwhelming success of one of the most important industries that the world has known. But, as the world witnessed, in the span of some five to ten years, the American automobile industry virtually collapsed. The industry became so out of touch with reality that it almost disappeared for good. Before looking at those assumptions, Figure 4.5 below lists a number of cherished assumptions which are now thought to be obsolete but which for many years underpinned most of the strategic thinking and planning of many of the world's most successful organizations.

Figure 4.5 - Cherished Assumptions Now Thought Obsolete

- Inflation will never exceed 5 per cent per annum
- Energy will always be cheap and abundant
- The price of oil will never exceed $2 a barrel
- Import penetration of home markets will never exceed 15 per cent
- The primary aim of business is to make money
- Strict financial control is the key to good administration
- Market growth of 10 per cent per annum
- Workers do not have an important impact on productivity or product quality
- The consumerist movement does not represent the concerns of a significant portion of the buying public
- Success comes from having the resources to quickly adopt innovations successfully introduced by others
- Frequent styling changes are more important to customers than product quality

Source: D. Brownlie, The Marketing Book (London: Heinamann, 1987) pp. 100; in Baker, M., Marketing - An Introductory Text, 5 th Edition, Macmillan, 1991, pp. 23

Figure 4.6 below considers a sample of the assumptions behind the strategies of the United States automobile industry. It lists what Mitroff and Linstone (1993) call the "Unwritten Rules of the American Automobile Industry". The first column is the "straight or plain talk" interpretation of the more scholarly wording of the assumptions listed in column two. Source: Mitroff, Ian, I.; Linstone, H., A. - (1993), The Unbounded Mind - Breaking The Chains of Traditional Business Thinking, New York, Oxford University Press, pp. 71 - 73.

Figure 4.6 - The Unwritten Rules of the American Automobile Industry

Straight Talk	*Professional Talk*
1. An easy short childhood is the best preparation for adulthood and maturity.	It was a distinct advantage that by about 1930 the modern car industry was firmly established, its competitive practices well understood, its major product design features firmly locked into place, etc.
2. We are stable now and forevermore; the broader world is stable.	The competitive dynamics and basic business of automobile production is essentially stable and well known.
3. "They love us" (i.e., our products); they're loyal, won't switch; we can take them for granted; we can assume consumer stability.	The tastes of U.S. car buyers are standardized and stable; thus, except for yearly styling changes, we do not have to make radical or substantial changes in our product. U.S. car buyers will not demand a new type of car that we have never built in large volume before.
4. Nothing new will be invented that will radically shake up our product; essentially, we know it all: the stability of car technology can be taken for granted.	The design/production of future cars will not require fundamentally new manufacturing processes or technologies.
5. Our focus need not be broader than the driver; a restricted focus of innovation can be assumed.	Innovations relating to driver comfort are more important than fundamental technical innovations in the basic product.
6. Don't change until forced to; resist, deny change; put your major energies into denial and resistence.	We can succeed by not spending money on fundamental innovations until forced to by governmental regulatory agencies, foreign competition, consumers, etc.
7. Get your priorities wrong; innovation can take a backseat to efficiency.	Because of GM's dominant industry strategy (under A.P. Sloan), based on clever marketing to different demographic segments of the population and frequent style changes, technical innovation was subordinated to efficiency in production, i.e., efficiency is more important than innovation.
8. Keep getting your priorities wrong; good labor relations can take a backseat to efficiency.	Efficiency in production is more important than good labor relations; good labor relations are not important to efficiency.
9. We're so big and powerful, smug and secure that we can shut out the whole world; we can charge and pass on anything we want to our customers. So what if we're arrogant?	Foreign competition will never be significant; therefore, U.S. car makers will not be prevented from passing the higher costs of production necessary to keep up with the competition on to consumers.

(continued)

Figure 4.6 - The Unwritten Rules of the American Automobile Industry (continued)

Straight Talk	*Professional Talk*
10. Since we don't need much innovation, we can finance whatever we want to.	The capital and debt capacity required to finance whatever innovations are required will be readily available.
11. Managers don't need challenge in their work; the restricted focus/nature of managerial work can be assumed.	As the business of car making became well understood, not only did managerial work become routine, but it was desirable that it did so. The challenge of managerial work was not necessary to the long-term sucess of the industry
12. If you want to have tunnel vision, then you have to reward it. We are masters at creating a system for producing managerial myopia.	An extremely handsome bonus system that rewards top management for short-term thinking is not hazardous to the long-term interests of the entire industry.
13. Workers don't need challenge in their job; the restricted focus/nature of all jobs can be assumed.	Workers are willing to trade money for challenge in their jobs.
14. Keep everyone small-minded and uninvolved.	It is not necessary to engage most employees in the larger purposes of the business.
15. Don't rock the boat, don't bite the hand that feeds you; these rules pertain to the unwritten culture of the industry.	It is not in the interest of top managers to tamper with the system that promoted them. It is not necessary for top management to look at the big or whole picture.
16. We don't need constant informal parties as they do in Silicon Valley.	It is not necessary to foster an industry-wide culture of innovation, intense competition between companies, informal sharing of information, entrepreneurism, and the intense cycling of executives between firms.
17. We've discovered the principles of organization for all time.	Not only is the organizational structure of U.S. car makers appropriate for its time, if not all time, but it is well suited to responding to changing government policies, consumer tastes, and foreign competition.
18. No one, including ourselves, can teach us anything about good organization; we resist learning anything even from ourselves.	Despite GM's great success due to its early organizational structure under Alfred P. Sloan, Ford was correct to resist the professionalization of its upper management for so long, and Chrysler was correct to resist adopting GM's structure of high differentiation and high integration. In other words, U.S. car makers had nothing significant to learn from one another regarding the design of their respective organizational structures.

While these assumptions are obsolete and not held by anyone any longer, one should not underestimate the need for relevant assumptions as an essential element in planning (Baker, 1991, pp. 29). The question is "what are appropriate and relevant assumptions?" The problem with the automobile industry in the United States was that the culture of the industry (the unwritten rules) did not permit them to be aware of the changes in their environment. They were virtually victims of their own success. As Mitroff and Linstone (1993, pp. 73) observed,

> "the assumptions are so intertwined with technological, human, social and organizational factors that it's literally impossible to say where one factor clearly leaves off and another begins. The entire list in effect constitutes a social contract for the automobile industry. Or put it somewhat differently, the entire set of assumptions constitutes an orchestrated belïef system.. The individual assumption neither exist nor make complete sense by themselves. They fit together and mutually reinforce one another as part of a larger pattern."

It is then interesting to notice again (as in Chapter 3) that the culture of an organization can destroy the very organization to which it belongs. In this case, and for the purpose of this study, it is also important to observe that those unwritten rules denied all kinds of stakeholders, from employees to suppliers, from customers to competition and so on. In Chapter 3 it was observed that changing the culture of an organization is extremely difficult. In many accounts, only after undergoing a crisis, can significant innovations take place. The automobile industry failed to see that when their basic assumptions began to change, the industry needed to base its practices on new ones. The greatest difficulty, however, is that when a set of rules makes sense for so long, it is almost impossible to change those rules because they take on the character of eternal truths (Mitroff and Linstone, 1993). In this case, and like most industries, instead of changing when it needed to - and in the best of all possible manners by anticipating the future - the automobile industry in the United States did even more of what it did in the past. It reinforced and acted on its old assumptions and ways of doing things.

Another example of wrong assumptions can be illustrated by Coca-Cola's attempt to introduce "New Coke". When Coca-Cola executives announced New Coke, they assumed that their regular customers would accept the change while Coca-Cola penetrated a new, younger market. As it is known today, the assumption turned out to be wrong. The old customers rebelled, and that is the reason why today there is "New Coke" and "Classic Coke". Needless to say, the costs and implications for Coca-Cola were very significant.

Assumptions are at the center of decision making in most common circumstances. As mentioned earlier, stakeholders make assumptions about each other and about themselves. Indeed, Mitroff and Emshoff (in Mitroff and Linstone, 1993) argue that assumptions are the properties of stakeholders. That is, as one does not always have the precise information, or data, to know precisely how a certain policy will affect stakeholders and consequently predict their reactions, one then use assumptions. In fact, its is argued that the bigger, the more complex the problem, the more it is likely to involve a wider range of stakeholder forces, and as result of that, the more assumptions will have to be made. Assumptions, then, are rooted in the behaviour of someone or some party; assumptions, in short, pertain to stakeholders; they do not exist in a vacuum (Mitroff and Linstone, 1993).

It is impossible to avoid making assumptions, and therefore, assumptions need to be displayed and examined in such a way that they can be debated. Mitroff and Emshoff (in Mitroff and Linstone, 1993, pp. 146) emphasize this point by saying that it is "far better to debate a question without settling it than to settle a question without debating it". In practice, assumptions are not as easily formulated as it may appear. Most people cannot generate assumptions directly. They are too vague, too hazy, too hidden from view. However, assumptions can be fostered, for example, by asking people to list the members of a set of actors, or parties, etc., that are affected by one's actions. In this way, it is both a concrete and an easily accomplished task. Thus, once stakeholders are identified, it is then a relatively easy step to ask,

> "What do I have to assume is 'true' of a particular stakeholder (i.e., its behavior) such that starting from this assumption I can then derive or support my policy or my actions?" (Mitroff and Emshoff in Mitroff and Linstone, 1993, pp. 146).

It is important, however, to notice that assumptions about stakeholders need to be made in a concerted way. As observed by Vincent (1990), some problems may arise when the organization attempts, for instance, to implement cross-functional systems. It has been observed that information executives experience frustration and stress when attempting to implement cross-functional systems because executives of different functions, specializing in different stakeholder relationships, use different assumptions to guide their actions.

4.5.1 - Formulating Assumptions

Having said all that, the question to be asked is: "what then are appropriate and relevant assumptions?" (Baker 1991, pp. 29). To develop formal assumptions one must devise highly specific statements which are more focused than simply broad generalizations. Assumptions must be more focused in certain issues. It is important to recognize that it is not necessary to make assumptions about anything or everything which may occur in the future - only those events or issues which are significant and of direct relevance to the organization. McConkey (1988, pp. 68) argues that the formulation of assumptions should proceed in orderly steps and proposes the following sequence:

1 - Isolate those future events that are most likely to have a significant effect on the company's business;

2 - Evaluate as accurately as possible the probable effects of these events;

3 - Determine whether an assumption is necessary; if so, formulate the assumption;

4 - Record all assumptions

5 - Continuously track the validity of all assumptions;

6 - Revise the assumptions and plans and take corrective action when assumptions prove to be incorrect.

In addition, it is important to negotiate within the organization a common set of key assumptions as a basis for planned action. Agreement on key assumptions is necessary to achieve unity of action Vincent (1990).

Thus, assumptions are clearly our best guess as to the future state of affairs. As time passes, these future events become nearer and the information available becomes more certain. Therefore, it is important to monitor the accuracy of the assumptions and to be prepared to adjust the plans to reflect changes in the original assumptions. Baker (1991, pp. 30) suggests that an important factor in formulating assumptions is to quantify how likely or probable it is that a given assumption will materialize, rather than just qualify it as "likely", "very likely", or "unlikely". For the purpose of planning it is vital that all the decision makers share the same scale of values albeit that these values will be subjective, i.e., particular to each individual decision maker, rather than objective in which case there would be a known or certain outcome for a given event.

Mitroff and Emshoff (in Mitroff and Linstone, 1993 pp. 147 - 148) formulated in practical and operational terms a viable method for handling problems concerning multiple stakeholders and assumptions. The result of their work suggest that, from the point of view of the host organization, the decision makers (or in their terms, groups) will differ in opinion in many ways in their assumptions when dealing with complex systems and stakeholders. For instance, they argue that

> "there is no guarantee that all groups will generate the same set of stakeholders ... This is thus one of the first ways in which groups can differ from one another. If they do, then they are making different assumptions about who is influencing or who ought to influence (at the very least be considered) in their situation. Many a group differs over 'the basic right of recognition'."

The point here is that, as already discussed, the world today is very much interconnected and organizations, private or public, have to consider a much greater number of stakeholders than it did previously.

Another way in which groups can differ is with regard to the property they input to a particular stakeholder or in the qualitative form of their assumptions (for instance, if consumers are considered as a stakeholder, one group of decision makers can consider consumers to be price-sensitive, while other groups may consider the opposite: price-insensitive). Finally, the authors argue that groups can disagree over their importance and certainty rankings (for example, two groups of decision makers can conceivably agree that the consumers are a relevant stakeholder. They can even agree on the same qualitative assumption of price-sensitivity. However, one group may consider this to be very important to their policy while another may regard it very unimportant.

The issue of stakeholder "legitimacy" is still a matter of great controversy. As discussed in previous sections, some authors suggest a narrow approach to identify stakeholders while others present some very broad frameworks that are almost functionally unrealistic. Some aspects of this problem could be resolved by adopting the view of "primary" or "secondary" stakeholders discussed earlier. However, although different contributions to the issue of stakeholder identification have been made, it is important to understand that all stakeholders, directly or indirectly, have the potential to be affected by organizational crisis or inflict damage on an organization (contributing towards organizational crises). Moreover, stakeholders are important in effective crisis management as they can help in preventing and managing crises.

4.6 - Archetypes - Symbolic Images

One of the objectives of this study is to examine the relationship between hotel organizations and their main stakeholders during crises. It should be clear by now that any organization is part of a system, and its acts or policies will invariably affect all other parts of that system. In the same way, the actions of any other "player" in that system will invariably affect the whole system as well. In another word, we live and operate in an interdependent and interconnected world. However, as discussed earlier, whenever one individual or institution interacts with another individual or institution they form mental images of one another (Mitroff and Kilmann, 1984). They project their hopes, their fears, their dreams, wishes, doubts, worries, joys and anxieties on to one another. For instance, the recent case of British Airways attempt to steal secrets from Virgin Atlantic (Gregory, 1994) shows that whenever two competitors interact, they form a distorted picture of one another. Stakeholders inevitably see the other as braver, or wiser, or more evil, or stronger, etc. That is, they create archetypal images to enable them to cope with the complexity and stress of reality.

To help understanding of archetypes and their relation to organizational management, a brief reference to archetypes is made here. As part of the applied methodology of this research, archetypal images (a set of archetypal stakeholders) are used in an instrumental manner in order to achieve the research objective. It is important to emphasize that it is totally outside the scope of this study to detail aspects of archetypes and their properties and the theories about them. The concern here is purely instrumental.

4.6.1 - Archetypes - An Introduction

Although attempts to apply such an approach to organizations have been few, Turner (1992, pp. 62) argues that

> "while the romanticism of symbols perpetuates dualism, it may be equally dangerous to neglect the sensuous, aesthetic and stylistic character of

organizations, and to regard them as rational authority machines, their members acting as mere nodes of communication, command and control."

There have been few studies relating archetypal studies and institutional management theories (such as Mitroff, 1989) which are very interesting and provocative. For example, Mitroff (1989) argues that institutions exert influence on the inner personalities of people such as to "cause" new archetypes to emerge, to form, around the symbols that are in tune with the images of an age. Mitroff goes further to suggest that organizational symbols are symbolic of the complex mixtures of stakeholders, "real" and archetypal, which compose the structure of organizations and the individuals that compose them.

The growth of interest in symbolism in organizations has occurred during the period when the advocates of what has been called 'the structural allegory' have been attempting to revise the way in which one might think. Turner (1992, pp. 51) suggests that

> "writers of the various structuralist schools refuse to accept conscious, intentional sources of meaning ... and would transform inquiry about the 'reality' of 'things' into an exploration of codes."

Although "anti-empiricist" tendencies of structural analysis are refused by Turner (because they "lie uneasily with some of the issues which seem to me to be of importance in organizational theory"), Turner alerts to the fact that, at the other extreme, it is not intellectually sufficient to look solely at the manner in which symbols contribute to the functioning of an organization. Turner (1992, pp. 52) goes further to suggest that

> "... 'corporate culture' writers promote the use of symbols to achieve functional change, while taking as given the symbolic constitution of an organization. Paradoxically, there is a limit to which such analyses can deal with their own ostensible goals of promoting change, for the partial picture which they have of why and how organizations function can only be completed by looking outside the framework of functionality."

Most of the references about archetypes quote Jung C. G. as the "father" of archetypal psychology. Wolman (1989) defines an archetype (Jung C. G.) as the

> "structural component of the collective unconscious which is inherited. It is a deep unconscious representation of an experience that has been common to a human race for countless generations. The archetypes form the core of

> autonomous partial systems, independent of the consciousness. If one becomes stirred up, the archetype takes 'possession' of the individual and causes neurosis. The archetypes are called primordial images, dominants, imagos, mythological images, and behavior patterns. The anima, animus, and the shadow are the main archetypes."

Archetype is the most symbolic, universal psychological image of a character type known. Jung (in Mitroff, 1989, pp. 84) says that

> "(the archetypes) exist preconsciously and presumably they form the structural dominants of the psyche in general. They may be compared to the invisible presence of the crystal lattice in a saturated solution".

And Neumann (1963, also in Mitroff, 1989, pp. 84) says,

> "Not only does (an archetype) act as a magnetic field, directing unconscious behavior of the personality through the pattern of behavior set up by the instincts; it also operates as a pattern of vision in the consciousness, ordering the psychic material into symbolic images".

In sum, archetypes are the most basic, universal, human symbols through which humans experience the world (and themselves) and order the world of phenomena so that they are able to have experience.

Bird (1989, in Turner, 1992, pp. 49) refers to archetypes as "a transpersonal pattern of energy, meaning and value related to instincts, a pattern which crosses history and culture". Turner (1992, pp. 49) argues that to discern a deeper significance in these diagnoses, one has to accept the Jungian view that such a pattern, related to instinct, is constituted by important regularities which hold constant, not only across history but also across cultures. "This then constitutes a claim for a degree of theoretical coherence which jars with the doubts about the possibility of universal social theories."

In his studies about archetypes Mitroff (1989, pp. 85) puts emphasis on the point that "the more one examines the great diversity of world cultures, the more one finds that at a symbolic level there is an astounding amount of agreement between various archetypal images". Mitroff (1989) goes further to suggest that

> "people may disagree and fight one another by day but at night they show the most profound similarity in their dreams and myths. The agreement is too profound to be produced by chance alone. It is therefore attributed to a similarity of the psyche at the deepest layers of the unconscious. These similar appearing symbolic images are termed archetypes."

One may be tempted to ask questions such as

> "Why does the mind produce these images? What is their function? What is their purpose? At the most elemental level, archetypes exist to help a person develop an emotionally satisfying picture of the world. The world is so terrifying to the primitive and child that both need some way of coping with it, of organizing it." (Jaynes, 1976, in Mitroff, 1989, pp. 85).

The primitive and child use archetypes because they cannot use the techniques available to the adult. They are unable psychologically to distance themselves enough to give a disinterested, rational, or scientific picture of the world. Since the child and the primitive project their inner fears out onto the world, little wonder that some of the most universal and potent archetypal images are of the strangest looking demons - half human - half animal creatures.

McCully (1971, in Mitroff, 1989, pp. 86 - 87) says that:

> "Every aspect of a person's existence is capable of being turned into an archetypal symbol, image, or character. An archetype, or image that represents it, ... contains the essence of a particular experience that has been repeated enough to make a permanent but not necessarily unalterable print on neural structure ... It does not appear that archetypal patterns are necessarily fixed. Inherent capacities for flexibility may be a chief difference between neural structure in man and other animals. Nevertheless, some of our experiences are so fundamental in existence that one cannot expect the human condition without them....
>
> Archetypes include such prototypal (basic human) experience as food gathering, elimination, fertility, father, mother, authority, self, femininity, goddess, eternity, childhood, circle (the circle usually stands for completeness, wholeness - the containment of opposites. It is also one of the four basic geometric figures.), square, devil (evil), god (good), maleness, and sleep. If we look at the core or essence of a symbol, according to laws pertaining to subjective processes, we will find evidence for archetypal influences."

Each archetype is an idealized image, more pure and extreme, and larger than life, to help us cope with and understand the complexities of life (Mitroff, 1989, pp. 88). This can be clearly understood when one considers the hold that fairy tales have on the mind of a child. Bettelheim (1977, in Mitroff, 1989, pp. 88 - 89) puts it in this way:

"Contrary to what takes place in many modern children's stories, in fairy tales evil is as omnipresent as virtue. In practically every fairy tale good and evil are given body in the form of some figures and their actions, as good and evil, are omnipresent in life and the properties for both are present in every man. It is this duality which poses the moral problem, and requires the struggle to solve it....
The figures in fairy tales are not ambivalent - not good and bad at the same time, as we all are in reality. But since polarization dominates the child's mind, it also dominates fairy tales. A person is either good or bad, nothing in between.... One parent is all good, the other evil.... Presenting the polarities of character permits the child to comprehend easily the differences between the two, which he could not do as readily were the figures drawn more true to life, with all the complexities that characterize real people. Ambiguities must wait until a relatively firm personality has been established on the basis of positive identifications. Then the child has a basis for understanding that there are great differences between people, and that therefore one has to make choices about who one wants to be. This basic decision, on which all later personality developments will build, is facilitated by the polarizations of the fairy tale."

4.6.1.1 - Archetypes and Organizations

There is no need to regard archetypes as literally "real" (that is, actual existing stakeholders) to take advantage of their usefulness. Maccoby (1976, in Mitroff, 1989, pp. 89) alerts to the fact that such images naturally and automatically crop up in organizational life; as such, they provide a unique, if not novel, way of understanding organizations and their impact on individuals and vice-versa. Thus, the discussion about archetypes does not hold exclusively for individuals. It can also be extended to small groups and institutions. As one advances up the level of human phenomena from the single individual to that of the organization, there is a difference in degree, but not in kind, in the explanation of human behaviour (Mitroff, 1989). Characters, both real and imagined, actual and symbolic, develop in small groups. Groups develop myths and stories no less than individuals do to give meaning to their existence and structure to their relationships. Indeed, Hirsch (1983, in Mitroff, 1989, pp. 115) gives an example of the use of archetypes by the business world. Hirsch demonstrates that when one large business attempt to take over another, the language in which it is conducted is anything but subdued.

"It reflects all the emotions, fears, and joys that one should expect to find when the spoils of winning and losing are so big. When one is in a situation that is so rife with potential uncertainties, exhilaration, conflict, and hard feelings, one should expect to see archetypal imagery being used to cope with the intensity of the feelings being expressed and to attempt to contain them."

This is indeed one of the fundamental purposes of the language that is used. It helps to insulate both parties, taker and takee, from the intensity of their feelings. Hirsch (1983, in Mitroff, 1989 pp. 115), observes that:

"The takeover event in itself clearly conforms to a predictable set of scenarios or scripts. In the most neutral terms, this boils down to offer ---> decisions/actions taken ---> outcome. In the business world, this relatively simple diagram has taken on the far more colorful form available from such well known popular genres as the western (ambush and shootout replace [the more blant terms] offer and actions taken), the love affair and/or marriage, warfare (replete with sieges, barricades, flak, and soldierly honor),* mystery, and piracy on the high seas (with raiders and safe harbors). Generic formulations also entail the frequent appearance of mercenaries or hired guns (investment houses to whom most of the negotiating is delegated), and black and white knights (culled from tales of chivalry in which the distressed damsel is either undone or rescued). In virtually all formulations, the acquiring executive is macho and the target company [that is, the company to be acquired] is accorded the female gender ("sleeping beauty" or a bride brought to the alter; reference to rape also is not uncommon)."

*"For example, the efforts of American Express to acquire McGraw-Hill were said by many to test the limits of the normative boundaries for legitimate acquisition tactics: the appropriate genre here, for coding purposes, became all-out warfare".

Symbolism plays an important part in social life. In the same line, institutions are unavoidably symbolic, but they cannot be reduced to the symbolic. While symbolism is generally recognized as part of an institution's life, its importance is not taken seriously or is usually repressed (Turner, 1992). Symbolism in such a case is thus seen either as a neutral instrument which merely serves to express the existing content of a situation, or as a phenomenon with its own logic which, once understood, can be inserted into an existing rational order to produce deducible consequences.

Symbolism inescapably presupposes images ("imaginary capacity" as termed by Castoriadis, 1984, in Turner, 1992 pp. 52). That is, whenever one talks about symbols one is referring to an elementary and irreducible capacity for evoking images. However, Turner (1992, pp. 52 - 53), argues that

"this giving of meaning does not occur at the behest of 'real factors' because prior to the attribution of meaning, such factors have no place or

> importance for the society; the meaning of the society itself determines what is real. Thus the 'problems' of a society depend upon how people in that society define themselves."

The symbols which carry meanings within social institutions are not fixed, inevitable or necessary, but neither are they merely haphazard or conventional. Turner (1992, pp. 54) quoting Duncan (1969) also suggests that

> "The usefulness of symbols lies partly in their ability to offer a bridge between various meanings, allowing us to cross and recross from one meaning to another, making it possible to live with ambiguity without the need to choose between its elements."

The concept of organizational culture (discussed in a previous chapter), according to Mitroff (1989, pp. 120) can be explained in terms of the types of characters present in an organization and the system of interactions that takes place between them. An organization's culture is composed of many things, including: the "rules", written and unwritten; its special language and dictionaries of terms; its jokes; history; myths; rituals; special awards and rewards; ceremonies; and symbols. All these, compose an organization's culture.

> "At the same time, it is also true that at the deepest levels, an organization's culture is made up by the special set of characters it consciously and unconsciously selects to represent 'it'" (Mitroff, 1989, pp. 120).

Indeed, Turner (1992, pp. 63) argues that organizations cannot exist without being generated by and being able to use various forms of symbolic orders. Turner (1992, pp. 62) also suggests that

> "Every organization is a jungle of symbols - symbolic fields, symbolic acts and symbolic games. All of life, inside or outside organizations, is symbolic, even the biological process of transmitting hereditary information from one generation to another. Communication between individual human beings is a symbolic process, and all culture is predicated upon such symbolic interaction. The way in which we understand the operations of the individual human mind, in psychology or psychoanalysis, is symbolic, as is the way in which we interpret the structure and behaviour of social grouping and phenomena."

The way in which organizations interact is also explored by Turner (1992, pp. 62). It is argued that the relation of an organization to the market and to the economy is also, in part, a symbolic matter. Although the market is sometimes "talked about as a kind of final substratum of reality, with the implication that this is where reality testing will ultimately take place, the market itself is a complex symbolic construct. The creation and the sustenance of a market requires a realm of discourse which depends upon skilled accomplishments by participants who have particular sets of symbolic knowledge and beliefs."

Aredal (1989, in Turner, 1992 pp. 49) makes an interesting point regarding the rationalism of modern organizations:

"Within organizations, it is not understood just how great an extent rationalism has destroyed the ability to reflect on ideas and to interpret symbols, and how this rationalism has left the organization exposed to unconscious mental powers."

4.6.1.2 - Archetypes Property

In a search for a rational typology of archetypes, Mitroff (1989, quoting Nuemann, 1963, pp. 92 - 93) points out that

"it is nearly impossible. Archetypes are neither exclusive nor exhaustive. Archetypal images are themselves neither fixed, constant, nor static. New archetypes are continually being made and altered as humanity shapes and remakes itself. We can attempt to take a snapshot of some of the basic experiences around which archetypes form, but we cannot fix the basic number or the form of archetypes. Indeed, one of the archetypes that always seems to form just when we think we have captured the 'complete set of archetypes' is an archetype having to do with precariousness, randomness, danger, and/or incompleteness. This archetype seems to function to alert us that the psyche may never fully succeed in fathoming itself in fixed, static form."

While one can gain considerable insight into the broad outlines of the full range of archetypes, complete and definitive knowledge of the full set seems unopen to mortals. Indeed, Mitroff (1989, pp. 93) argues that "Complete knowledge, like perfection itself, is an attribute of an archetype. It is not a property of humanity".

Finally, Mitroff (1989, pp. 93) calls attention to the fact that stakeholders, at the level of social system, do not typically contain contradictory properties. At the very least, stakeholders attempt to avoid contradictions. This property is generally not characteristic of archetypes. Mitroff (1989, pp. 93) goes further to state that

> "Although there is a tendency for archetypal images to split into good versus bad, strong versus weak, nurturing versus devouring aspects, the split is never complete. Thus, archetypes follow a logic that is very different from that which typifies the elements of 'rational' social system analysis."

In sum, when dealing with a phenomenon as complex as a human being, one is not dealing with an entity that is free from contradiction. Contradiction is one of the essential characteristic properties of people, groups, organizations, and institutions. All of the archetypes contain contradictory properties or aspects. As Mitroff (1989, pp. 94) puts its,

> "the Mother is weak and strong, loving and devouring. An organization can be both big and small, weak and strong, beautiful and ugly, and so forth at the same time."

4.7 - Stakeholder Theory and the Hotel Industry

As the discussion in this chapter revealed, stakeholder management is becoming a crucial issue in business operations. It is increasingly important for crisis management, since stakeholders can contribute actively in both crisis prevention and management. The topic of stakeholder has been, unfortunately, largely overlooked by the hotel industry. No evidence of studies or research could be found directly relating stakeholders to the hotel industry. Knowles (1996) introduces the concept of stakeholders in a very generalized form as it relates to strategic planning. It is not substantiated with any empirical or theoretical evidence.

The topic of stakeholder theory has already been discussed in the context of the tourism industry. Wheeler (1992) and Simmons (1994) introduced the concept but from a practical perspective. That is, their works are mainly concerned with the applicability of stakeholder theory in practice, without outlining some of the critical issues surrounding its conception and implementation issues. The consequences of not including (or taking into account) stakeholders in planning and decision making for tourism development are many and well publicized. Among other things it can lead to resentment, xenophobia and ultimately lead to protests and violence against tourists and tourism enterprises (Chapter 5 discusses and gives examples of such situations).

Robson and Robson (1996) explored the notion of stakeholder theory applied to the tourism industry. Specifically, the authors examined the implications for tourism marketing decision makers of the current debate on the stakeholder theory. It is argued that for tourism businesses, stakeholders need to be drawn into the decision making process. Robson and Robson (1996, pp. 534) argue that

> "Stakeholders need to be identified, and relationships nurtured to ensure that analysis of concerns, goals, values and responsibilities are understood and synthesized into the strategic framework of the business."

Even though the topic of stakeholder theory has been discussed in the context of the tourism industry it is still in a very incipient form. Robson and Robson (1996) argue that works covering the broad area of tourism planning fail to consider the role of stakeholder management or that of environmental issues. As noticed above, whenever the topic has been discussed it has emphasized practical issues and neglected the important issues of conception and implementation. There could not be found any evidence on the literature regarding stakeholder theory and the hotel industry, specially relating to the issues of crisis and crisis management.

4.8 - Summary

This chapter described and discussed the topic of stakeholders in organizational management. The stakeholder theory has been discussed and an account of its recent history and current issues has been presented, specifically in relation to the controversies surrounding the theory. Despite the efforts and contributions of leading scholars and practitioners to the field of business and society, controversy still persists. There are still fundamental problems, such as operational definitions and managerial implications for the effective implementation of the concept, that need to be addressed and resolved. Having said, the stakeholder theory is an evolving field and all the controversy and different views and input into the issue of stakeholder theory has been positive and contributed towards its development.

Stakeholder theory is based on the principle of extending recognition to a wider range of individuals or groups that have a "morally valid claim" on the organization, as opposed to the previous views about claims and stake (stockholder theory). This view is supported by business ethicists. Ethicists condemn the stockholder theory as morally indefensible because it fails to respect the right of other organizational constituencies to self-determination. As observed in the course of this chapter, the stakeholder theory differs fundamentally from other theories in that its intention is to explain and guide the behaviour of organizations towards respecting and satisfying stakeholders expectations without favouring any one group at the expense of others. It goes well beyond the acknowledgment that organizations have stakeholders.

Stakeholder groups have a diverse range of claims and interests upon organizations. Regardless of whether they are legitimate or not, failure to acknowledge or address/respect the claims of particular stakeholders can be very detrimental to organizational general performance, if not in the short term, certainly in the long term. It was observed, however, that there are practical issues that may constrain organizational intention to satisfy stakeholders interests, such as restriction or limit on organizational resources or even managerial capabilities. It was also noticed that there is negligible empirical evidence concerning the relative attention organizations give to stakeholders groups. The whole area of stakeholder theory still need more empirical research to support its claims.

One of the managerial implications in adopting and implementing the stakeholder theory is in relation to the difficulties encountered in identifying "legitimate" stakeholders. The literature provides conflicting views. While some authors suggest a narrow approach to identify stakeholders (leaving important ones out), others offer very broad frameworks that are not easily implementable or functional. There has been, however, some attempt to classify stakeholders, such as a "primary" and "secondary" stakeholders. Primary stakeholders are those groups that the organization is directly dependent on for its immediate survival (such as investors, customers, employees, etc.). Secondary stakeholders are those groups that are not directly engaged with the organization in transactions and that are not essential for its survival. This notion is questioned in this research. Technically it may be quite correct, however, potentially it underestimates the power, or intention, of some stakeholders to disrupt and compromise the survival of the organization. The example of the media is a well known one. Although it may not have a "stake" in the organization (not a "primary" stakeholder), indirectly, it can be argued, the organization does depend on it for its long term survival.

The power of the media is unquestionable. It has the ability and capacity to shape and mobilize public opinion in relation to an organization's product, strategy, leadership, and so forth. It can take sides in an organizational issue and be in favor or in opposition to it. The crises cases of Tylenol and the oil spill of the Exxon Valdez are only too well publicized cases where the media played a great part in "forming" the opinion of the public, and to a great extent, influencing the outcome and resolution of the crisis (in the case of Exxon, where the media took an unfavourable view of the organization and its behaviour, the crisis is still unresolved). Quoting Freeman (1984, pp. 53),

> "Some groups may have as an objective simply to interfere with the smooth operations of our business. For instance, some corporations must count 'terrorist groups' as stakeholders. As unsavory as it is to admit that such 'illegitimate' groups have a stake in our business, from the standpoint of strategic management, it must be done."

The issue of identifying stakeholders was also discussed in a later stage in the chapter after the subjects of crisis and crisis management were considered in association with stakeholder management. This part presented seven practical methods for identifying stakeholders developed by Mitroff (1989).

Given the nature of this study, all stakeholders deserve almost equal attention in strategic decision making, if only for the fact that stakeholders can play key roles in both preventing and managing crisis.

The proposed practices of the stakeholder theory are a radical departure from the dominant organizational practices and management thinking of a few years ago. Today, not only are organizations taking into account and addressing stakeholders expectations, values, etc., they are also making use of the theory as a measure for corporate performance. As noted earlier, executives in some leading organizations are evaluated by their performance on stakeholder relationships, and organizations are also being judged by their "social performance". There is evidence to suggest that stakeholder management improves organizational performance at all levels. Having said that, there is still controversy in relation to the issue of measurement of corporate social performance. Clarkson (1995) alerts to the fact that there is no operational definitions available for the concepts of corporate social performance, corporate social responsibility, and corporate social responsiveness. The main consequence of this lack of definition and proper understanding of the concepts is that a framework or model for systematic collection, organization, and analysis of corporate data relating to the concepts above has not yet been developed.

The main conclusion that can be derived from all the discussion above is that an organization represents only one minor interest in a broader inter-organizational network or system. Management find it difficult to manage and co-ordinate the diverse interest of stakeholder groups. The task faced by management to learn the interrelationships among hundreds of companies, industry, political and international phenomena is not an easy one. The complexity of this system is increasingly intensified by the ever increasing instability of relationships among phenomena. Modern international business is characterized by complex chains of cause and effect, wide ranges of strategic action, and many participating individuals, groups, and political entities. As observed in the course of this chapter, and based on research evidence, making correct inferences about complex relationships presents a task which decision makers find more and more difficult to master.

Having said all that, and although the stakeholder theory is still a matter of evolution and controversy, the fact of the matter is that the most prominent alternative to it (i.e., the stockholder theory - management serving the shareowners) is morally untenable (Donaldson and Preston (1995, pp. 88).

In this chapter, stakeholder theory has been linked to crisis management. As observed throughout this chapter, anyone (individual or group) has the potential to affect or be affected by organizational action or inaction. Hence, understanding stakeholder systems and dynamics is an essential element in effective crisis management. As also observed, stakeholders are key players in both preventing and contributing to crisis resolution. This chapter also introduced and discussed another set of stakeholders that are not addressed in the traditional literature. The traditional stakeholder system refers to and represents the impact of impersonal/institutional forces external to the organizations. This new set of stakeholders represents another set of stakeholders that emanate from the sociopathic behaviour that has been directed at the modern organizations (such as sabotage, executive kidnapping, executive crime, highjacks, poisoning, etc.). The important point here is not that the traditional view is wrong, it is just incomplete. The discussion in this chapter supports the view that those two sets of stakeholders are inseparable and in constant contact with one another. Given this picture, it is even more urgent and essential that organizations understand the implications of the interconnectedness and interdependence of their behaviour and actions (or inactions) and the potential effect of those internal and external forces.

In previous chapters and in this chapter the notion that crises are not isolated phenomena has been emphasized. Crises are both organizational and inter-organizational phenomena. They are caused by human, communication, and technological failures within and among organizations. Crises are constituted of independent events that take place in geographically dispersed locations and at different times. Crises are also characterized by the presence of multiple stakeholders. Stakeholders are inevitably involved in causing and mitigating the effects of crises, and can assume a multitude of roles in crisis. As observed, stakeholders change, they are not static, and as the crisis status also change they may assume different positions. The example of the Bophal crisis described earlier illustrates the implications related to crisis and stakeholder systems, the roles stakeholders play and their potential in resolving or contributing to aggravate crises.

Understanding stakeholders is then paramount for organizational crisis management. For that matter, the issue of frame of reference was also discussed. Frame of reference is an analytical tool that is defined as a method used by people and organizations to select and process information. Frame of reference reflects the biases, attitudes, and models for making judgments. According to Shrivastava (1992) it is the lens through which an individual or organization views the world. Thus, frame of reference is particularly valuable for understanding how and why organizations react to crises the way they do. It is a critical determinant of whether, and how, an organization will respond to crisis. Frame of reference also helps, in analyzing crisis events, to explain why organizations often take actions that seem to the outside observer obviously wrong, tactless, or ill informed.

Today, the long term survival and prosperity of any organization depends greatly on the effective management of the relationships within the system in which organizations operate. When the issue of crisis and crisis management is considered, this issue is even more urgent. As Chakravarthy (1986, in Greenley and Foxall, 1996, pp. 106) posits, a necessary condition for "excellence" is the continued cooperation of all stakeholder groups. As the level of uncertainty increases at all levels of organizational activities, stakeholder relationship becomes increasingly important. Booth (1993, pp.

30) argue that companies should develop an almost symbiotic relationship with their stakeholders so that risk and uncertainty can be reduced or to a significant level externalized. The chance of crisis, radical change is thereby reduced.

The whole issue of stakeholders and crisis requires an understanding of assumptions and how they operate. This chapter also introduced the concept of assumptions and demonstrated their relevance to the topic under consideration. One of the most prominent characteristics of organizational life today is that organizations are facing more and more uncertainties. Faced with uncertainty, organizations need to predict or forecast the state and nature of future affairs and articulate these as assumptions around which they can devise their strategic planning. Therefore, assumptions are at the centre of decision making in the most common circumstances. As mentioned earlier, stakeholders make assumptions about each other and about themselves. Indeed, Mitroff and Emshoff (in Mitroff and Linstone, 1993, pp. 143) argue that assumptions are the properties of stakeholders. That is, as one does not always have the precise information, or data, to know precisely how a certain policy will affect stakeholders and consequently predict their reactions, one then uses assumptions. In fact, its is argued that the bigger, the more complex the problem, the more it is likely to involve a wider range of stakeholder forces, and as result of that, the more assumptions will have to be made.

Assumptions, then, are important variables in effective crisis management. Stakeholders make assumptions about the future, others in the system, and about themselves. Understanding how these assumptions are made and function is paramount. This is specially true in crisis situations. In the event of a crisis, it is crucial to know and understand how stakeholders view the event itself and what assumptions they make about it. In fact, one way to understand crises is through understanding how stakeholders view reality. As observed in this and in previous chapters, one explanation of the different views and actions of stakeholders in a crisis is that they make different set of assumptions about the real nature of a the problem. In the same way, stakeholders also make assumptions about each other and act upon their assumptions. Successful response to crisis depends greatly on the concerted effort of stakeholders (since one lives and operates in an interconnected and interdependent world).

The issue of archetypes has also been introduced and discussed (albeit briefly) in this chapter. There have been few studies linking archetypes and organizational theories. The use of archetypes in this research is purely instrumental, nevertheless, and as observed in the course of this chapter, archetypal images emerges whenever individuals or groups/institutions interact with one another. As business operates in a system of interdependent and interconnected relationships, it can be assumed that archetypal imagery (consciously or unconsciously) is a vibrant part of organizational life. In fact, it is has been suggested that organizations are archetypes themselves.

Archetypes are commonly used in the symbols of organizations. It is argued, in turn, that organizational symbols are symbolic of the complex mixture of stakeholders, real and archetypal, which compose the structure of organizations and the individuals that compose them (Mitroff, 1989). Archetypes are used to assist individuals and groups to make sense of the complex phenomena which are encountered in daily life. The use of archetypes allows one to have experience. Archetypes exist to help a person develop an emotionally satisfying picture of the world.

In organizational management, archetypes have been used (in practice and in text books) by organizational culture professionals and writers (promoting the use of symbols) to promote functional changes. Archetypes are also useful for understanding organizations and the impacts of organizations on individuals or groups and vice-versa. Therefore, when considering stakeholder relationships in crisis situations, understanding archetypes becomes a even more relevant issue. It is also suggested that in crisis situations archetypal imagery is more likely to emerge and be projected. As demonstrated by Hirsch (1983, in Mitroff, 1989), the use of archetypes helps people to insulate themselves from anxiety, intensity of feelings, and other symptoms that a crisis may bring. The understanding of archetypes then becomes an important element in effective crisis management. Archetypes can be, in conjunction with other management tools, a useful element in understanding stakeholders' relationships.

THE HOTEL INDUSTRY AND CRISIS MANAGEMENT

5.1 - Introduction

When the words tourism and travel are mentioned there is little tendency to associate them with crisis. Tourism and travel are usually associated with pleasure, enjoyment, relaxation, safety, and so on. All those words and meanings are embodied in the concept of tourism. At the other extreme, inherent in the word crisis, are the concepts of distress, trauma, panic, anxiety, and fear. Having said that, crisis today is a real part of the tourism business. From the standpoint of responsible management, tourism and crisis cannot be disassociated.

Crisis is not something new for the tourism industry. According to Lehrman (1986), although 1985 was a record-breaking year for international tourism, it was also a year during which terrorist activities, civil disturbances, airline crashes, and natural disasters repeatedly took centre stage. Although crisis always existed in the industry, 1985 was the year in which crisis began to be associated with the travel and tourism industry. Lehrman (1986) argues that in prior years, crises tended to be isolated occurrences because they were separated by large gaps of time and distance. However, 1985 and early 1986 saw a series of bombings, highjackings, and murders directed at American citizens and businesses abroad. Those events put the industry into the fore and indicated that travel, specially international travel was not safe. From that period on, crises not only became more frequent but also more diversified and severe.

The hotel industry is one of the most susceptible and vulnerable industries to crisis. The industry is characterized by its fragmented structure and dynamic operating environment. Operationally, high levels of uncertainty surrounding service encounters and operations also characterize the industry. Brownell (1990, pp. 197) argues that "few other organizations experience the same high degree of uncertainty". The issue of crisis in the hotel industry is a real one. Research evidence, as will be discussed later, has shown that the number of crises are not only on the increase but also that crises are becoming increasingly more complex, difficult to anticipate and to manage effectively. The range of crises the hotel industry is vulnerable to is very large indeed. It ranges from terrorist attack to white-collar crime, from credit card fraud to rape, from suicide to employee violence. The issues of crisis management and crisis preparedness in the context of the hotel industry are analysed and discussed.

Although no special attention is given to any particular type of crisis (or ways to prevent and manage them), this chapter dedicates a section to the issue of crime in the hotel industry. Safety has been always the concern of both travelers and management. Some examples of criminal activities associated with the hotel industry and hotel industry practices are given.

This chapter also puts into context the issues of stakeholder management and the hotel industry in relation to crisis and crisis management. The fact that the industry is part of an entire system of relations (stakeholder system) makes it exposed to variations and changes in that system. Hotels operate in a dynamic and evolving environment. The industry is also characterized by the high level of interdependence and interconnectedness which it depends on to conduct its operations. Given the interconnectedness and interdependence of the operating system in which hotels function, failure to manage stakeholder relationships can have devastating effects on both the organization and stakeholders.

There is a real lack of work and research in the areas of crisis and crisis management specially devoted to the hotel industry. Negligible evidence exists in relation to the tourism industry. This is also true for the issues of stakeholders and stakeholder theory applied to the industry. It is argued that what has been done so far has been approached from a practical point of view, disregarding the fundamental issues of conception and implementation.

Before going into details on the issues of crisis and crisis management in the hotel industry, this chapter provides an overview of the industry globally, assessing and discussing some important issues and trends relevant to the industry. Issues of definitions (what constitutes a hotel), the problem of classification, and problems surrounding the issues of industry comparisons and analysis, as well as management practices and trends in the industry, are addressed in the first part of this chapter. Then, the emphasis of the chapter moves to the European scene and finally to the UK sphere and the issues directly related to this study. The chapter makes a revision of the structure of the UK hotel industry and dedicates a section to the recent history of the industry. Namely, the effect of the recession and the Gulf War and the consequences and changes suffered by the industry. The period between 1989 and 1994 has been regarded by analysts as the most difficult one since World War II. This section examines the impacts on demand and the reshaping of the supply structure. The recession prompted a period of rationalization and consolidation in the industry.

5.2 - The Hotel Industry

5.2.1 - The Hotel Industry - A World Overview

The hotel industry is an essential and important component of the world's travel and tourism industry. However, estimating the exact size and common characteristics of the hotel industry is not a simple task. The hotel industry across the world consists of hundreds of thousands of hotels owned and/or operated by independent operators, multinational chains, insurance companies, pension funds, governments, and other investors (Olsen, 1995). Another issue that contributes to the difficulty of identifying and estimating the world hotel industry is that destinations range from the dormant, the newly emerging, and the mature economies; there is no internationally accepted grading system; and countries vary considerably in the way data is recorded and processed (if at all, in some cases). Moreover, and for this purpose more significantly, there is currently in practical usage no definition of what constitutes a hotel - even though the World Tourism Organization has provided some guidelines (Todd and Mather,. 1995).

Data on the hotel industry is available in most countries. The World Tourism Organization makes annually a compilation of these data provided by each country and produces annual estimates of the total size of the market. These estimates are categorized into "hotels and similar establishments", which includes the formal hotel sector (hotels, motels, boarding houses, etc.), and what the World Tourism Organization termed "supplementary means of accommodation", which consists of private rented accommodation, hostels and chalets, camping sites and others. Given the diversity of the industry, the difficulties in gathering accurate data (methods of collection and interpretation of data vary considerably from country to country, and in some countries no systems are in place which could fulfill the provision of data - Todd and Mather, 1995, pp. 7), and the other points mentioned above, the figures provided by the World Tourism Organization should be interpreted as only indicative, although they are the "best" source of data.

Given these limitations, any statistical analysis of the hotel industry needs to be viewed with caution "as the reliability of data, the variety of sources and the definitions used, vary on a national and international basis" (Pizam and Knowles, 1994, pp. 283). Todd and Mather (1995, pp. 7) argue that attempts to make comparisons of the hotel profile of different destinations, as well as growth patterns within individual destinations, should be done with extreme caution. It is emphasized that these problems are even more acute in Europe, due to the fact that Europe

> "has the longest heritage of hotel development and thus a large variety of types of property - hotels, motels, *posadas*, guest houses, inns, boarding houses, *albergos*, *paradores*, etc. - which in different countries may or may not fall under the broad 'hotel' categorization."

The UK exemplifies some of these limitations. There is no statutory requirement for hotel registration in the UK and therefore industry size can only be approximated. The estimated size of the industry ("approximation") can be taken from national grading schemes, the Huddersfield University Hotel and Catering Research Centre (Huddersfield University), and official government statistics (Pizam and Knowles, 1994). Pizam and Knowles (1994) argue further that these complications are aggravated by the fact that definitions and methods of data collection vary significantly between the UK's national tourism boards.

Measuring industry performance is also a complicated and often very difficult task. Industry performance data have different sources, usually a variety of consultancy reports which are generally limited by the size of their sample. Data also comes from stockbroker reports, which concentrate on publicly quoted companies. Given that in many countries the bulk of the hotel industry consists of small, independent owners (and therefore not usually public limited companies) the data are not representative and caution also has to be exercised in interpreting and using such data. Having said that, a new methodology to measure hotel portfolios was developed by Kleinwort Benson Securities Limited in the UK (Slattery, 1996). The methodology measures systematically the performance of hotel portfolios and is based on a series of weighted indexes of supply side variables. Such methodology was not available until now. It is argued that the index approach has the benefit of permitting comparisons to be made between the performance of groups within the same class and type of hotels ("division"). The numerical values assigned to any one hotel company (or portfolio) are thus of less direct relevance than the relative position of each portfolio within its own division. This kind of analysis tool is most welcome. Although in this precise study it only covers the quoted hotel companies in the UK, Slattery (1996) argues that it can be applied to any other market. The analysis shows a consistent picture when a hotel company (or portfolio) is measured with respect to four key measures: room yield; other turnover per room; trading margin; and trading profit per room.

5.2.1.1 - The Problem of Definition

The problem of definition is a real one in the hotel sector, considering the issues discussed so far. Definition of the concept has evolved from time to time and this fact has also contributed to the difficulties encountered in the interpretation of the trends in hotel capacity. As an example, Todd and Mather (1995) give the example of the radical decline in hotel capacity in the UK and the changes in eastern Europe's hotel stock (between 1989 and 1993) which are attributed to changes in the definition of the concept. In the former case, the market fall in hotel rooms between 1991 and 1993 looks very suspicious for analysts who follow this market closely. In the case of eastern Europe, the extreme fluctuations during this period call for further investigation.

The World Tourism Organization defines "hotels and similar establishments" as

> "... are typified as being arranged in rooms, in number exceeding a specified minimum; as coming under a common management; as providing certain services, including room service, daily bed-making and cleaning of sanitary facilities; as grouped in classes and categories according to the facilities and services provided; and as not falling in the category of specialised establishment." (in Todd and Mather, 1995, pp. 7).

Defining a hotel company is also a complex issue. Lewis and Chambers (1989) argue that there are in reality three "industries" within what is known as the hotel industry:

- Companies involved in constructing, developing and owning buildings

• Companies involved in managing hotels (with or without holding equity in the hotels under management); and

• Franchising companies which develop hotel chains without being involved in either owning hotels or managing hotels.

The definitions above are, however, not representative of all hotel companies. There are hotel management companies that own no properties and have no hotels at all. Richfield Hospitality Services and Interstate Hotels Corporation in the United States of America are two examples of such companies. They provide hotel management services (i.e., employ personnel who run hotels) but do not have their own company's name attached to the hotels at all. Therefore, to the general public and consumers of services of their hotels, such companies are more or less invisible. As will become clear later in this chapter when the issues of grading and classification are discussed (issues which are also surrounded by confusion and controversy), the consumer is not really worried as to whether they are staying in a hotel that belongs to Company A, is managed by Company B, is marketed by Company C, and is known as Company D. In the case of hotel classification, consumers are now demanding that classification should be done in relation to the quality of the establishment and not in relation to the facilities on offer.

Hotel affiliation refers basically to the relationship that exists between a hotel and the company under whose auspices it operates (Slattery, 1996). There are basically five categories:

• Owned hotels - Owned hotels are those that are freehold properties on which the company has no rent obligations. It is by far the largest category in the UK.

• Leased hotels - are those which includes properties which are rented as well as sale and leaseback hotels. The leased hotel category increased considerably in the 1990s when interest rates and limited capital access prompted companies such as Forte, Stakis, Greenalls, Friendly and Ladbroke to enter the sale and leaseback market.

• Management contract with an equity stake - This category is an increasing trend as companies compete more vigorously to win management contracts. It is relatively rare in the UK and includes Friendly Hotels' joint venture with British Land.

• Equity-free management contract - Equity-free management contract is by far the most common form of contract in hotels, particularly among the major international hotel brands. The time scale for contract varies but is typically 20 years or more and is typically based on a structure of 3 per cent of turnover and 10 per cent of gross operating profit (GOP). Knowles (1996) points out that as the competition to win this kind of contract increases among the hotel chains, the terms have tended to weaken. Slattery (1996) suggests that it is not uncommon to see today terms of 2 per cent of turnover and 8 per cent of GOP. This trend is also expected to continue.

• Franchised hotels - Franchised hotels are owned and operated by independent hoteliers and short chains who pay a franchise fee to a major hotel chain to operate their hotel under the auspices of the hotel brand. The attraction for owner/operators is that they have access to brand infrastructure such as central reservations, marketing, training and purchasing. Holiday Inn Worldwide, Hospitality Franchise Systems and Choice Hotels are among the major hotel franchisers.

Franchising in the UK is still relatively new and not much practiced. However, with the expansion of Holiday Inn, and other major recent agreements in the industry (such as between Whitbread and Marriott and the agreement between Friendly Hotels and Choice Hotels), franchising in the UK is expected to increase significantly in the next few years.

There are also hotel marketing consortia and affiliations. The biggest and best-known is Best Western - which is in fact a non-profit-making self-help company serving its 3,395 member hotels around the world with marketing, training, standards and procurements services (Todd and Mather, 1995).

A given hotel company can be, in many cases, more than one of the descriptions above (owner-manager, managers, and franchisers) at the same time. An owner may manage some of his own hotels, manage others which do not belong to him, have varying amounts of minority or majority shareholdings in properties which he manages, can also franchise his name and might even have individual properties which are also members of marketing affiliations such as, say, The Leading Hotels of the World.

Apart from owner-managers, owners and franchisers, there are also consortia (e.g., The Leading Hotels of the World), affiliations (e.g., Best Western), reservation companies (e.g., Carlson Marketing Group), travel agents, tour operators and wholesalers all of which have claims of varying intensity to be regarded as part of the hotel industry. The latter three categories are generally fairly peripheral to the hotel industry, but the others are not (Todd and Mather, 1995).

There are of course some other variations in the structure of hotel companies. The intention here is, however, just to give a general idea of the shape of the industry and not of exploring the many existing and operating permutations under the broad umbrella of "hotel companies".

5.2.1.2 - Hotel Market Structure

In 1993, according to figures provided by the World Tourism Organization, the world room supply of hotels and similar establishments were 11.8 million, up from 10.9 million in 1989 and 7.9 million in 1981 (Todd and Mather, 1995). An examination of product growth in the five years to 1993 shows an annual average increase of 2% (shown in Table 5.1 below). This growth, however, has not been uniformly shared. Certain regions had more growth than others. For example, it has been recorded an average growth of 6.8% (from 1989 to 1993) for the East Asia-Pacific region (the highest in that period). In contrast, eastern Europe and the Middle East region registered a decline on the number of rooms in the same period. The western Europe and North America regions showed an slow increase, consistent with a more mature region and the impact of recession suffered in those regions over the period. Steady growth has been identified in the Caribbean and Africa regions.

Table 5.1 - Rooms in Hotels and Similar Establishment by Region, 1989-93

Rooms in Hotels and Similar Establishments by Region, 1989 - 93

	1989	1990	1991	1992	1993	Annual Average % change 1989-93
No ('000)						
Africa	311.2	332.2	344.1	364.3	374.3	4.7
Caribbean	127.0	133.8	143.8	150.9	158.9	5.8
Central & South America	504.5	524.0	517.9	535.1	539.2	1.7
North America	3,545.2	3,652.0	3,710.6	3,720.6	3,731.8	1.3
East Asia- Pacific	1,126.0	1,214.9	1,302.7	1,378.7	1,463.3	6.8
South Asia	107.8	111.4	113.9	120.5	124.9	3.7
Eastern Europe	427.4	310.1	296.9	324.4	340.0	-5.6
Western Europe	4,563.1	4,628.1	4,694.8	4,883.7	4,868.7	1.6
Middle East	167.9	168.2	157.3	168.9	166.4	-0.2
Total	10,880.1	11,074.8	11,281.9	11,646.7	11,767.6	2.0

Source: Word Tourism Organization - Year Book of Tourism Statistics, 1995

5.2.1.2.1 - The Problem of Hotel Classification

As already mentioned above, there are many difficulties in establishing the exact size of the international hotel industry. Considering the discussion so far, it is not then a surprise that there exists no comprehensive breakdown of hotel capacity by grade on an international basis. As emphasized above, most countries have their own systems of hotel grading. In some countries grading classification is nationally imposed, in others classification is done by the hotel associations, while in others a voluntary scheme may prevail. However, it is not uncommon to find that no scheme exists at all in some countries. A more detailed discussion on this topic, regarding the UK, is provided later in this chapter

It is worth emphasizing that even where classification schemes do exist, they are surrounding by the complexity and inconsistency of individual countries' interpretations of what constitutes a 5-star or 4-star hotel. Of the countries that submit data to the World Tourism Organization, only 55 provide data on hotel capacity by grade (Todd and Mather, 1995).

The bulk of the accommodation is to be found in the middle range 2- and 3-star categories (reflecting a worldwide basis as discussed above). This section of the hotel accommodation supply accounted in 1993 for over half of the total hotel capacity (56%). According to figures provided by the World Tourism Organization, there has been a consistent increase in the share of higher grade hotels and a sharp decline in the share of bottom range 1-star hotels.

5.2.1.2.2 - Industry Structure

Independent private hotels account for most of the hotel capacity on a worldwide basis. Even though the major international hotel chains enjoy the prestige and high profile factor, they in fact represent a small share of the global hotel accommodation supply. For example, in 1993, of the 11.8 million hotel rooms in all regions of the world, the top 12 international chains accounted for only one-sixth of the rooms (Todd and Mather, 1995). Even, as a matter of illustration, if the next 31 largest international hotel companies (i.e., companies with over 5,000 rooms and with representation in more than five countries) are considered, they would account for only about one quarter of the global hotel room supply.

Analysis of the hotel market structure by Pizam and Knowles (1994) revealed that the upper- and mid-level hotels in North America are dominated by chain hotels, both foreign (8%) and domestic (77%). Europe showed a different picture, where the structure is more fragmented. In Europe independent hotels dominate the market (70%), while foreign chains have 11 per cent of the market and domestic chains secure 19 per cent of the share. These figures represents a mirror image between the Americas and Europe. This contrast is even greater when countries such as Italy (where approximately 90% of hotels are independently owned) are considered.

Todd and Mather (1995) argue that the shape of the current structure of the hotel industry (in different regions of the world) has to a greater extent strong correlation with historical development and traditions. In North America, for example, the hotel industry has evolved in concert with, in the first place, the spread of the use of the motor car, and then with the use of the airplane. Hotel development took place along the interstate highways (the emergence of hotel chains) and at airports within the United States (specially where airlines such as PanAm and TWA had their international routes). The United States leads the world in the concentration of hotel chains in its own market and in the spread of its hotel chains to other parts of the world. Even though more recent developments mean that in terms of ownership many chains are not

American (for example, Holiday Inn - Bass, UK; and Inter-Continental - Japanese), many hotel chains have their roots based in North America and it can be argued that their cultures are still very American.

In Europe, the hotel industry is characterized by an enormous amount of small, family-run businesses catering to the family holiday market and the middle manager business traveler. If one considers that a high proportion of the world hotel capacity is found in Europe, these characteristics inevitably influence the overall balance. There are of course significant international hotel chains in Europe, such as Accor, and some other increasingly powerful European groups, however, the individually-owned and privately-run properties still predominate in the European scene (Todd and Mather, 1995). The European hotel industry has some other distinctive characteristics. It is highly fragmented and dominated by independents (as mentioned above); it has a relatively high number of employees (4 million in 1992); the UK is the most chain-oriented; the penetration of USA-based hotel chains is not significant; and there are differences in the business culture of the hotel industry throughout Europe (it is possible to contrast the traditional "innkeeping" approach of Switzerland with the "management and business" orientation of the UK) (Pizam and Knowles, 1994).

In Asia and the Pacific, independent hotels account for 66 per cent, and foreign chains for 20 per cent. Africa and the Middle East have 53 per cent independent and only a small fragment of domestic chains (11%) (Pizam and Knowles, 1994).

The bottom range of the hotel market supply is dominated by independent ownership. For many years budget hotels have been successful in North America, however, in terms of occupancy they have shown a steady decline since 1980 (Pizam and Knowles, 1994). The worldwide picture also reflects this trend in decline (Todd and Mather, 1995).

Singapore, Bermuda, South Korea, the Philippines and Portugal are the only countries that have over 50% of the hotel capacity in the 4- and 5-star categories. At the other extreme of the scale, France has over 50% of the hotel capacity concentrated in the 2-star range alone. Italy and Hungary have a high share of 3-star hotels (around 42% each); and countries such as South Africa, Indonesia, Argentina, Peru and Venezuela have a high proportion of lower graded hotels and unclassified properties (Todd and Mather, 1995).

Figure 5.1 below represents a general picture of some financial and operating trends of the worldwide hotel industry in 1994. The trends mentioned here are the result of a study done by Smith Travel Research, Horwath International and the International Hotel Association with more than 3,000 hotels worldwide, which resulted in the 25th edition of the Worldwide Hotel Industry.

Figure 5.1 - Worldwide Hotel Industry Financial and Operating Trends - 1994

General Picture of the Financial and Operating Trends
of the Worldwide Hotel Industry - 1994

- World occupancies reached 66.5 per cent in 1994, led by hotels in North America which reported occupancy rates of 70.5 per cent.
- By price category, luxury hotels not only reported the highest average daily rates, but also the highest average occupancy of the price segments at 68.8 per cent.
- Hotels in Africa and the Middle East reported the highest pre-tax income, at 13.1 per cent of total sales, largely due to the significantly lower level of fixed charges they reported.
- First-class properties reported the highest profitability among the price categories, at 4.8 percent of total sales. Economy properties were the least operationally efficient and, despite the fact that they had reported the lowest level of fixed charges, were the only price category to report a loss in 1994.
- Business travelers represent the highest demand component across all segments reported.
- Hotels in every region and price category reported that print advertising is the most commonly used type of advertising.
- All reporting hotels indicated that they offered weekend discounts, with the average discount being just under 30 per cent.
- Worldwide, more than 55 per cent of all rooms were sold at a discount in 1994, with properties in Asia and Australia reporting the highest level of discounted rooms, at 66.2 per cent.
- By day of the week, occupancies were lowest on Sunday and highest during the midweek. The biggest daily variation was reported by European hotels, where midweek occupancy was more than twice the level it typically was on Sundays.
- Credit cards were the preferred method of payment worldwide. Guests staying in the higher-priced properties were more likely to pay for their stay with a credit card than their counterparts staying at lower-priced hotels.

Source: Lomanno, M. - (1995), Examining Worldwide Trends, Hotel & Motel Management, V. 210 (21), December, 11, pp. 15

5.2.1.3 - The Changing Face of the Industry - An Overview of Management Practices and Trends in the International Hotel Industry

The environment in which the industry operates has changed dramatically in the last few years. Management has been forced to rethink their business practices and the way they operate their businesses. This section gives a general overview of major trends in management practices in international hotel operations.

Until quite recently investors were receiving high returns due to property value increase and hotel companies were satisfied to concentrate on the operations side of hotel management. As will become clear in later sections, the effects of recession, the Gulf War, changes in market demand, oversupply of accommodation, etc., and greater pressure from investors, changed the scenario and focus of hotel management operations. The net conclusion is that to survive and prosper hotel management has to be more externally oriented. The inward model on which hotel management used to focus is no longer applicable in the rapid-pace environment of the industry. A recent study by Olsen and Zhao (1997) revealed that while some major hotel companies have already adopted some aspects of this new paradigm, most have not, demonstrating the industry characteristic of being slow to adapt to changes and being predominantly a re-active industry.

A comparison between the environment and the reality in which the hotel industry operates today and that of ten years ago might suggest that hoteliers would have to work hard to be unsuccessful. The main drive behind the boom in the industry was basically demographic shifts. The demographic changes (population growth) in the West after the Second World War yielded millions of potential travelers. It is estimated that in North America and Europe alone the baby boom phenomenon has produced a population of 700 million. This particular demographic group, since it became wage earning, represented a growth in disposable income, which produced demand for travel. Other issues contributing to the prosperity of the industry include the end of communism in some parts of the world and the growth in population and the economic development of the Asia-Pacific region. Olsen (1995) argues that there is a correlation between the total output of the global hotel industry and the variables that constitute economic development, as supported by the figures relating to mature economies and the growth in the industry (this issue is discussed further in the following section). The hotel industry has, then, a considerable growth potential in nations and regions that are just now starting to fully develop their economies and improve performance in macro-economic variables.

However, the factors that led management thinking and practices in the industry in the past (factors that contributed to the perception and adoption of a mode of thinking in hotel management) are no longer sufficient to justify industry management practices today. Success in the hotel industry was, in a crude way, simply a matter of finding the right location and providing the appropriate level of service. Success would follow automatically. The discussion so far in this research has argued that the environment in which business operates today is not at all benign. Finding the right location and providing the best service are no longer enough. A new approach is needed to sustain growth and development in the industry. Previously, management was concerned only with internal operations, focusing on cost control and achieving maximum efficiency.

This management approach (or philosophy) was encouraged by the inflationary real estate market. That is, hotel industry investors built hotels and expected the majority of their capital returns to come from real estate transactions. Investment in the industry was also favoured by investors because of the inflation-adjusted room rate increases (unlike other alternatives, such as commercial and residential real estate which were bound to rental contracts that limited the passing on of the effects of recession, the hotel industry could change hotel room rates daily, passing on the effects of recession to the customer immediately). Management did not need to be preoccupied with adding value, as long as inflation continued to take care of business returns to investors. Management had the main focus of keeping their clientele satisfied. Adding value to assets was the job of inflation. This management model has perpetuated in the industry making the industry particularly vulnerable since the environment has changed dramatically. The recession has passed and closed the door on the strategies based on inflation. The overcapacity created by investors and developers in the past and a flat demand curve during the recession have forced management to rethink the way they do business. New ways of generating return and wealth had to be found.

Hotel schools' curricula and company training programmes have also contributed to this management philosophy in the industry. Olsen and Zhao

(1997) argue that traditionally, educational systems emphasize upon operations management and control. While there can still be found many courses on cost control and managerial accounting, very few examples of courses on revenue maximization exist and little attention has been paid to the issue of teaching how to maximize the value-adding capability of the hotel asset. This business approach has now become obsolete. Inflation is no longer a "partner" for generating returns on investment and hotels are just another asset that needs to compete for scarce capital in the demanding capital market which is increasingly finding it difficult to find the right financial opportunity. The reality today requires that hotel management concentrates on asset productivity which is translated into adding value with an emphasis upon cash flow per share as a measure of this performance. Hotel management must now invest in sustainable competitive methods that generate value. That is, attention has to be shifted from the profit and loss account to the balance sheet. However, this is just an emphasis to achieve a balance between the old paradigm and the new one. Profit and loss accounting is still very important since it creates the revenues that generate wealth. In addition, the old paradigm suggests an emphasis on customer satisfaction. This also has to remain the focus of management, specially now that hotel customers are an increasingly diverse and demanding group and the market for serving the customers is more dynamic and competitive. What is required now from management is that it all should be done better, so that investors can be convinced that the returns from this competitive industry offer an alternative to other attractive investments. Management has to create competitive advantage in an industry where it is difficult to do so.

In response to the difficulties encountered (recession, increased competition, low demand, pressure from owners and investors, etc.), the industry developed over the last few years a number of competitive methods and strategies to bring back returns. In a study conducted on behalf of the International Hotel & Restaurant Association in 1995, analyzing the competitive methods of the largest international hotel companies in the last ten years (in Olsen and Zhao, 1997), trends on hotel management and competitive methods utilized by the industry in that period were identified. They included:

- Frequent guest programmes
- Strategic alliances
- Computer reservation systems

- Amenities
- Branding
- Technological innovation
- Niche marketing and advertising
- Pricing tactics
- Cost containment
- Service quality management
- International expansion
- Travel agent valuation
- Franchising and the management fee
- Employees as important assets
- In-room sales and entertainment
- Special services for frequent guests
- Conservation/ecology programmes
- Business services
- Database management
- Core business management
- Direct to consumer marketing

Olsen and Zhao (1997) argue that all these methods are focused upon techniques or tactics designed to attract customers and to reduce the risk of investment through franchising and management contracts, and the increased utilization of some form of technology. It is also argued that these methods are very intangible and also have a short life span. More importantly, they are easily copied. It has been noticed that although the leading companies always developed first the new or better competitive method, the methods were copied in a very short period of time. Olsen and Zhao (1997, pp. 57) concluded that none of the methods described above

> "represented a sustainable competitive advantage from any hotel group for any length of time. Nor were they necessarily value-producing methods. Perhaps in more favourable economic climates they could have been, but they were developed during the darkest days of the industry recession. Thus, they served mostly to keep decline or losses to a minimum."

This conclusion again emphasizes the fact that the industry is traditionally a re-active one. The methods used, although they represent a good attempt to combat the threatening environment, indicate that the old management paradigm was still present in the management strategic decisions.

Today, the management of hotel operations requires a pro-active approach. This approach demands a look into the future and into the forces in the environment that shape the industry, as discussed in previous chapters and as discussed further later in this chapter. The main conclusion is that this new paradigm requires an external view. The industry is renowned for its insularity. A high level of interaction with those in the same operating environment is now a condition for success. Other relevant issues such as the environment, stakeholder management, etc., need to be taken more seriously and acted upon. Instead of being reactive, the industry needs to act proactively, assessing the impacts of their strategic choices given the changes presented by the environment. It is important to notice that although the industry is characterized by a high level of uncertainty, this new approach can drastically reduce the level of uncertainty, giving the industry the chance to take advantage of the opportunities while minimizing the threats (Zhao and Merna, 1992; Mullins, 1992; Lockwood, 1989). For an industry attached to tradition, the new changes required in management thinking are not a simple matter. Yet, companies that do not act on this direction will be left behind in today's business climate and environment.

5.2.1.4 - The Hotel Industry and Its Relevance to National Economies and Society

The hotel industry plays an important economic and social role where it operates. Hotels, wherever they are located, are a source of employment for many people, consume and purchase a wide range of services and goods from the local community, contribute to the tax base of the area, and are, in general, a sizable capital investment. These are only some of the most tangible aspects of hotels in relation to the economy and society.

In 1994 the hotel industry worldwide generated more than US$247 billion (Olsen, 1995). A recently released comprehensive study by the International Hotel Association on the scope of the global hotel industry (Into the New Millennium: The International Hotel Association White Paper on the Global Hospitality industry) revealed that for every one hotel room in the world, there is one person employed in the hotel industry (Hasek, 1996). The industry employs globally, more than 11.1 million people and represents about 5% of the world's total work force. The study also revealed that the European Economic Area has the largest concentration of hotels globally, with an approximate total of 152,000 (Hasek, 1996). In 1995, according to the

International Hotel Association, the hotel industry generated an estimated US$253 billion in revenues worldwide. Europe accounted for the biggest share, of 43 per cent or US$110 billion, followed by the Americas with US$81 billion (or 32 per cent) (Paci, 1997).

The figures mentioned above illustrate the importance of the industry to society. In nations where tourism is the main source of income, these levels of revenues are essential for maintaining a strong tax and employment balance. In more developed nations, the revenues are also important contributors to local and national economies. The nations that constitute the European Free Trade Association generate more than US$87 billion (35 per cent of the world output). North America generates US$62 billion (24 per cent). This high gross output is facilitated by the levels of mature economic development and supportive infrastructure that these regions present (Olsen, 1995). A closer examination of these numbers suggests that there is a correlation between the total output of the global hotel industry and the variables that constitute economic development (variables that support macro-economic development include gross domestic output, level of employment, level of education of the workforce, basic infrastructure, etc.). Olsen (1995) argues that this relationship is important since it indicates that the hotel industry has considerable growth potential in nations and regions that are just now starting to fully develop their economies and improve their performance in each individual macro-economic variable.

The benefits of hotels for the local, regional, and national economy have been well documented in both the specific and the broad body of literature that covers the topic. The hotel industry can, however, have some negative impacts on both the economy and society. These aspects have also been the focus of attention in the last few years. A detailed analysis of both the direct benefits or the negative impacts themselves is beyond the interest of this research. Since this study is concerned with crisis, crisis management, and management attitudes (behaviour) towards those issues in the hotel industry in the UK, the following sections will narrow down the discussion to the European scene and finally the UK, after which the focus of this chapter will be on the issues related specifically to the topic of crisis, crisis management and stakeholder relationships.

5.2.2 - The European Hotel Industry

As Europe emerges from the worst recession since the Second World War, a hotel industry steeped in tradition faces many changes. As hotels are driven by economic factors, the downturn has triggered a period of consolidation, rationalization and restructuring, notably in cases such as Thailand-based Dusit Sindhorn's takeover of the Kempinski Group, Forte's acquisition of Air France's Meridien Hotels, ITT Sheraton's purchase of CIGA Hotels and now Granada's acquisition of Forte. These trends and activities are expected to continue, with larger independent hotels gradually submitting to the international chains, as hoteliers perceive that bigger public companies can offer investors better liquidity and consequently find it easier to raise finance (McGuffie, 1996; Eardley, 1994).

At the same time, the implications of the rapidly increasing availability and supply of new sophisticated technology are causing deep concern. The dilemma facing management involves investment priorities in relation to available funds. The challenges is to balance desirability/benefits with the costs.

Europe is responsible for a great concentration of the world's hotel capacity, as mentioned above. However, Europe has reached maturity and is gradually losing strength in relation to emerging regions such as the Asia-Pacific. The number of visitors to the European Union (EU) countries, for example, has actually fallen by 11% in the last 15 years and the income from such visitors has fallen by 14%. A Visa International Survey in autumn 1994 confirmed that business travel was still languishing in northern Europe, particularly in the Benelux countries, France and Germany (McGuffie, 1996).

According to data gathered by Todd and Mather (1995), in 1993 western Europe had a total of 4.9 million hotel rooms, or 41.4 % of world capacity. Eastern Europe had 340,000 hotel rooms (2.9% of the total hotel room supply in the world). An analysis of developments and trends in the hotel rooms supply in Europe between 1989 and 1993 shows an average annual growth for western Europe of 1.6% (with a peak of 4% in 1992 followed by a decline in capacity in the following year). Although western Europe has had growth in that period, the overall balance for Europe was smaller in that period because eastern Europe showed an average annual decline of 5.6% since 1989.

Therefore, the overall increase for Europe as a whole was just 1.1% from 1989 to 1993.

The collapse of the former eastern bloc created expectation of growth in the hotel capacity in that region. However, for many different reasons it has not materialized. Although, and as mentioned previously, data from certain regions need to be looked at with caution, according to the World Tourism Organization data, there has been a decrease in hotel capacity in the region from 584,000 rooms in 1988 to less than half that number (297,000 rooms) in 1991. There has been, nevertheless, a noticable increase in the number of hotel rooms from 1991. In 1992 there was an increase of 9.3% and in 1993 the overall capacity increased by 4.8%. This overall increase in 1992 and 1993 were not enough to reach the numbers found in 1989. The main expansion in hotel capacity in the eastern countries during that period took place in the Czech Republic - specially in Prague, and in small and medium-sized properties in Hungary (Todd and Mather, 1995).

The picture of western Europe shows that the eastern Mediterranean and the west of the region registered a strong growth in the period between 1989 and 1993. Northern Europe, however, has shown a decline in room capacity since 1989 - specially in the UK - and only a small increase in the south of the European continent. The countries with the largest hotel capacity in Europe are Italy (942,000 rooms), Germany (744,000 rooms), Spain (641,000 rooms), and France (589,000 rooms). Although, as discussed before, there are some difficulties in interpreting and comparing international data, it appears that together, Italy, Germany, Spain, and France (all prime tourist destinations) account for over half of Europe's hotel room capacity.

The UK, Switzerland and Israel have registered an absolute decline in the number of hotel rooms since 1989. In several other western countries, specially in Sweden, Italy, and Austria, growth has been stagnant. This has been mainly the reflection of economic recession and the less buoyant tourism industry of these countries. Other countries, however, have shown above average growth. In the south, Greece, Portugal and Spain; in the northern countries, Denmark, Finland, Ireland, and Norway; and in the west, Germany, France, the Netherlands and Belgium (Todd and Mather, 1995). Table 5.2 below shows the room capacity in some selected European countries from 1989 to 1993.

Table 5.2 - Room Capacity in Some Selected Countries Between 1989 - 93

Rooms in Hotels and Similar Establishments in Selected Countries in Europe, 1989 - 93

	1989	1990	1991	1992	1993	Annual Average % change 1989-93
No ('000)						
UK	485.5	496.7	507.5	438.1	363.6	-7.0
Sweden	80.1	82.0	83.9	83.6	82.6	0.8
Denmark	34.1	35.6	37.1	37.9	38.4	3.0
Ireland	22.7	22.8	24.1	24.4	26.2	3.6
Italy	926.1	938.1	939.2	943.7	942.4	0.4
Spain	597.5	603.0	627.1	639.0	640.7	1.8
Greece	224.5	232.8	244.0	252.6	257.4	3.5
Portugal	75.1	79.4	82.6	84.6	88.6	4.2
Germany	614.1	609.4	611.2	730.0	744.3	4.9
France	543.9	547.0	547.3	599.1	589.2	2.0
Netherlands	58.7	58.7	59.4	61.1	70.2	4.6

Source: Word Tourism Organization - Year Book of Tourism Statistics, 1995

A Horwath International Worldwide Hotel Study (in Walker, 1995) revealed that although the international hotel industry is recovering well from the worst of the recession, European hotels were still having a difficult time in 1995. The study showed that while hotels in the Middle East and Africa performed well, occupancy in the European properties registered a four percentage points below world average, and pre-tax profits were well below most other regions. High unemployment, effects of recession, and lack of consumer confidence were the main factors affecting the European industry. The study also found that European hotels had the highest room rates across the board, costing an average of US$89,84.

5.2.3 - The United Kingdom Hotel Industry - Recent Macroeconomic Trends

The hotel industry is known to be sensitive to economic growth and recession. After a long period of difficulties, the underlying strength of the world economy is already contributing a positive impact to the hotel sector.

Looking at a broader picture, the World Bank forecasts that the global GDP (Gross Domestic Product) will rise from US$24,500bn in 1994 to US$33,200bn in 2004. Thus, 3.3% average annual growth. The World Bank expects that the developed world will account for 75.5% by 2004 (losing its 1994 share of 79.6%). The World Bank also expects that the biggest winner will be Asia (excluding Japan, Australia and New Zealand), which is forecast to have 11.1% of global GDP by 2004. This figure is a substantial increase on its position of 7.5% in 1994. The rest of the world, however, will experience little change in that period (Todd and Mather, 1995).

The European Intelligence Unit (E.I.U) publishes detailed macroeconomic forecasts in its Country Forecast service. It is forecasted that within regions, the GDP growth up to 1999 of the major tourism origin countries, which are important in terms of generating business for the hotel industry, will be variable. The United States of America will grow on average at 2.7% a year until 1999; Japan by 2.9%, Germany by 2.6%, the UK by 2.8% and France by 2.6%.

As a matter of illustration, this contrast with countries such as China, expected to have a GDP growth of 52% in that period, an average of 8.7% a year. Other Asian countries with exceptional expected growth are Thailand (8.3% average growth), Indonesia (7.2%), and South Korea (7%) (Todd and Mather, 1995).

The current economic growth in the UK is expected to continue until the end of 1997, but to slow down by the end of the decade.

5.2.3.1 - The UK Hotel Industry

5.2.3.1.1 - Structure of the Industry in 1993 - 1995

This section is intended to depict the state of the hotel industry up to 1995, when the data collection took place for this research. More recent data may be available, however, for the purpose of this research, data from that period are more relevant as all the discussion and findings of this study reflect the reality as at that time.

As mentioned previously, there is no universally agreed definition of hotel (or, what constitutes a hotel) and methodologies applied to gather data are not 100% reliable and usually difficult to compare. Nevertheless, the data below is a good indication of the state of the hotel market in the UK in the period under consideration. This section concentrates on the supply structure of the hotel industry in the UK. The demand side of the industry is discussed in the context of the major events and developments that dominated and shaped the industry in that period (in sections 5.2.3.1.2 and 5.2.3.1.3).

5.2.3.1.1.1 - UK Hotel Market Profile

5.2.3.1.1.1.1 - Supply Structure

Almost one decade ago, Holloway (1989) suggested that accommodation (overall accommodation, not only hotels) in the UK ranges from simple self-catering caravans, costing less than £10 a night for a family, up to five star hotels in London where a room for a night can cost £1000 or more. The situation is not different today. The structure of the industry is very fragmented as it is in most places around the globe. Several small hotels, guest houses, holiday camps and self catering installations (flats, youth hostels, etc.) are also a relevant part of the industry. It has been estimated that, considering all relevant parts of the accommodation sector, a total of 2 million bed spaces were available in 1986. Of those, 1.4 million were serviced and 600,000 were self-catering.

Narrowing down to the hotel sector, the industry has been badly affected by recession and other domestic and international events (those issues are discussed in details in later sections). From 1988 to 1993, the number of hotels in the UK has fallen by 9%, from 28,673 in 1988 to 26,150 in 1993 (Leisure Intelligence, 1994, pp. 4). The universe covered by the Leisure Intelligence report (1994) includes what is referred to as "establishments which provide more than just bed and breakfast accommodation, and offer a minimum of reception service, meals for residents and have more than five bedrooms."

In 1991, the supply of hotel rooms in the UK was approximately 507,000. Of those rooms, 23.5 per cent (119,000) were owned/operated by public operated companies (PLC). Pizam and Knowles (1994) suggest that there has been, from 1986 to 1991, a concentration of growth in the UK PLC hotels. The ten largest companies at the time in the UK (Forte; BIL - Mount Charlotte & Thistle brands; Queens Moat Houses; Bass - Holiday Inns & Toby Hotel brands; Rank Organization - Rank Hotels, Shearing Holidays, Butlins, Rank Motorway Lodges; Ladbroke - Hilton International, Hilton National, Associate Hotels; Swallow; Accor; Stakis; and Jarvis), had increased their room supply from 64,081 in 1986 to 89,382 in 1991. The figure in 1991 (89,382) represented approximately 76 per cent of the total PLC hotel rooms and 18 per cent of total UK hotel rooms (Pizam and Knowles, 1994).

In 1993, the ten largest hotel groups in the UK by number of hotels and number of rooms (Forte; Mount Charlotte/Thistle; Queens Moat Houses; Hilton UK; Whitbread; Swallow Hotels; Accor UK; Holiday Inns; Stakis; and Jarvis) had a combined 848 hotels which accounted for 87,373 rooms of the total hotel capacity (Leisure Intelligence, 1994). Table 5.3 below shows the situation of the hotel industry in the UK in 1994.

Table 5.3 - Ten Largest Hotel Groups in the UK by Number of Hotels and Rooms in 1994

Top 10 UK Hotel Groups by Number of Hotels and Number of Rooms, 1994

	Hotels in UK	Rooms in UK
Forte	344	30,362
Mount Charlotte Thistle Hotels	112	14,288
Queen's Moat Houses	100	10,332
Hilton UK	40	8,440
Swallow Hotels	35	4,379
Accor UK	29	4,338
Holiday Inn Worldwide	24	4,210
Stakis Hotels	33	4,056
Country Club Hotel Group	78	4,000
Jarvis Hotels	46	3,680
TOTAL	841	88,085

Source: - HCIMA - Hotel Catering & Institutional Management Association, The Hospitality Year Book - 1995 Edition, London, Sterling Publications Limited, 1995, pp. 106

Table 5.4 below shows the top ten quoted hotel companies in the UK in terms of rooms. The data below is from a study by Kleinwort Benson Securities Limited in the UK on the quoted hotel companies in the UK at the end on 1995. The study assumes that the acquisition of Forte by Granada took place at the end of 1995 rather than 23 January 1996 (Slattery, 1996).

Table 5.4 - Ten Largest Quoted Hotel Companies in the UK by Number of Hotels and Rooms in 1995

Top 10 Quoted UK Hotel Companies by Number of Hotels and Rooms, end-1995

Holding Company	Number of Hotels	Number of Rooms
Granada	384	32,422
Brierley	106	13,841
Whitbread	146	9,722
Queens Moat	86	9,667
Ladbroak	42	8,547
Stakis	44	5,162
Bass	65	5,074
Greenalls	59	4,521
Accor	29	4,415
Rank	39	4,401
TOTAL	1000	97,772

Source: Slattery, P. - (1996), Measuring Hotel Portfolios' Performance, Travel & Tourism Analysis, V. 3, pp. 78 - 99

5.2.3.1.1.1.2 - Classification

As also mentioned before, grading and classification are a complex and confusing issue in the hotel industry. Analyzing the structure of the hotel industry can also be done through the various classification schemes in operation. However, those schemes encompass only a small sample of the UK hotel industry (Pizam and Knowles, 1994).

The 1969 Development of Tourism Act that created the tourist boards for England, Scotland and Wales, also made provision for the statutory registration and classification of hotels and other tourist accommodation. However, and as discussed previously, this provision has never been implemented. One reason for this is that voluntary schemes have been favoured ever since by successive governments (Peisley, 1996).

None of the existing schemes have ever been considered to be fully effective by both the industry and consumers. A comprehensive review of the systems in operation started in mid-1996 and is expected to lead to radical change. The review has been carried out by the ETB - English Tourist Board with the DNH - Department of National Heritage, BTA - British Tourist Authority, and other national and regional tourist boards.

The English Tourist Board launched in 1987 the Crown scheme which classified serviced accommodation (i.e., not self-catering) according to the facilities offered. Depending on the number of facilities offered the establishment would be awarded Crowns (from one to five). The establishment that offered the least number of facilities (one Crown) meant that the accommodation was simply "listed". Table 5.5 below shows the ETB Crown scheme in England in 1993 and 1994.

Table 5.5 - ETB Crown Scheme in England in 1993 and 1994

ETB Crown Scheme in England - 1993 and 1994 (No. of Establishments)

Grading	1993	1994
Classified only	5,509	5,322
Grade not achieved	17	10
Approved	913	802
Commended	3,368	3,620
Highly Commended	1,229	1,464
De luxe	75	78
Total	11,111	11,386a

a Includes 90 lodgers.

Source: Peisley, T., in International Tourism Reports, 1996, pp. 38

The ETB from 1989 also started to grade hotel establishments by their quality. This was done by a quality inspection by ETB personnel. From 1996 this became a compulsory part of the Crown scheme in England, as research has shown that consumers want, above all, any classification or grading system to be quality-based. Having said that, the required extra grading made the system even more confused, and in effect resulted in a two-tier system which is difficult for consumers to understand and therefore more costly for hoteliers to market effectively (Peisley, 1996). Table 5.6 below shows the ETB Crown scheme classification/grading breakdown in England in 1995.

Table 5.6 : Classification/Grading Breakdown in the ETB Crown Scheme in England, 1995

ETB Crown Scheme in England - Breakdown, 1995

	No of Crowns						
	Listed	One	Two	Three	Four	Five	Total
Classified only	1,564	523	1,234	858	286	25	4,490
Approved	218	112	201	239	46	1	817
Commended	590	298	1,206	1,434	716	45	4,289
Highly Commended	159	67	603	374	408	104	1,715
De luxe	4	1	23	9	19	27	83
Total	2,535	1,001	3,267	2,914	1,475	202	11,394

Source: Peisley, T., in International Tourism Reports, 1996, pp. 38

According to data provided by Peisley (1996), there are currently in England 33,100 establishments which are classified as "serviced" and 16,400 which are classified as "non-serviced". In the ETB Crown Scheme alone there are 34 per cent of the serviced establishments (that is, 11,394). Although other well established schemes by motoring organizations such as the Automobile Association and the Royal Automobile Club have also accommodation under their own distinct systems (the AA has 7,231 accommodation establishments within its grading system; the RAC has some 5,188 accommodations under its scheme), its is argued that more accommodations should be brought into a scheme in other to maximize benefits for members and the customers.

Some attention has been given to the issue of incidence of usage of hotel grading schemes in the UK. A recent survey in the UK (Callan, 1995), on the incidence of employment of grading schemes and the perceived importance of quality grading by users in choosing their hotels, revealed interesting results. The survey showed that the use of stars and crowns is not considered to be of primary importance by customers when selecting a hotel. It was also identified that the most used schemes are those of motoring organizations, with the AA (Automobile Association) having a 62.3% usage and the RAC (Royal Automobile Club) 38.4%. Only about 25% of these users employ quality grades to assist with their selection. National Tourist Boards have 30.5% of users and of these, almost 45% make use of quality grades for selection. The Good Hotel Guide and Egon Ronay rated ahead of Michelin for hotel selection. The survey also revealed that around two-thirds of three-to-five-star hotel users employ a scheme or guide to select their hotel, but less than 15% use three or more.

5.2.3.1.2 - The UK Hotel Industry in Crisis - Major Developments

The hotel industry in the UK is emerging from what most analysts refer to as the worst period experienced by the hotel industry since World War II. A combination of events in late 1980's and early 1990's conspired to put the hotel industry to its hardest test. As a matter of illustration, this section refers to and accounts for some developments in the industry focusing on the events of the second half of 1990 and early 1991.

The hotel sector was particularly badly affected by a combination of factors in the UK such as recession, unemployment, reduction in disposable income because of the Poll Tax, mortgage interest rates, rising fuel prices, snow, increase in VAT and others. Moreover, recession in the United States of America and the outbreak of the war in the Gulf played an important role in the already decreasing business at the time. Many companies banned all but essential travel, and potential holiday makers postponed their bookings. Business travelers whose trips were deemed essential often found that their expenses had been drastically cut, prompting a search for good-value-accommodation.

Mount Charlotte Thistle Hotels marketing director at the time, Bill Bailey (in Legate, 1991) identified a general fall in business in 1990 and 1991. This company had 26 three to five-star hotels in London and this fact made it possible for Mr. Bailey to monitor the fall across the market. It was pointed out that the top end was badly hit as there were no independent business travelers after the invasion of Kuwait. Middle market hotels 'fared a little better', while the bottom end suffered badly due to the fact that coach business from Europe did not arrive as tourism stopped altogether.

Along the same lines, Pannell Kerr Forster published a report, 'London Trends 1991', where it was observed that London's luxury hotels were the first to suffer, back in the summer 1990, with occupancy declining by four percentage points and the average rate in real terms falling 5.1 per cent. Mid-market business and tourist hotels did not start to suffer until Autumn (1990), but the industry in general was not prepared for the dramatic downturn in January and February (1991), when luxury hotel occupancy fell by 20 per cent on the previous January and deluxe hotels fared even worse. Britain's top two hoteliers at the time - Forte (formerly Trust House Forte) and Mount Charlotte Hotels - made clear the impact of the recession and war on their business when they announced their figures in May (1991). Forte's pre-tax profits fell 27 per cent to £190 million for the year to end-January, while those of Mount Charlotte stayed virtually static at £47.5 million in spite of a 55 per cent increase in turnover after acquiring Thistle Hotels in 1990. Only Queens Moat Houses, the third largest UK hotel operator, appears to have done better than its rivals - its pre-tax profit figures were some 51 per cent higher at £94.09 million (May, 1991). However, this reflects the fact that some 40 per cent of its hotel stock was based on the continent where the impact of recession had been felt less (Churchill, 1991).

The war had a major impact on hotel occupancy. Just after it started, the Savoy group (which includes Claridges, Connaught, the Berkerley, Savoy, and Lygon Arms) reported a decline of 18 per cent in trade at its London hotels. In the same period, the Inn on the Park, London, also reported that occupancy level was only 60 per cent, down 20 per cent on the previous year. Most hotels identified cancellations of bookings as the United Nations deadline for Iraq to leave Kuwait approached. The Dorchester reported that only half of the hotel's 252 bedrooms in operation were occupied in the first week of the war, while Edwardian Hotels reported an 8 - 13 per cent decline in occupancy, mainly due to cancellations from American and Scandinavian visitors (Sall, 1991). According to the British Incoming Tour Operators Association (BITOA, in Sall, 1991), the incoming American market had been the hardest hit, with 90 per cent of bookings canceled. The director of management consultants Pannell Kerr Forster Associates at the time, Stan Dixon (in Sall, 1991), attributed 66 per cent of this decline to the Gulf War. Moreover, the threat of terrorist activities and the perception that commercial aircraft are particularly vulnerable had led to an influx of reservation cancellations.

Horwath Consulting carried out a survey between March 21-27 with 84 general managers of four and five star hotels throughout the hotel industry (Horwath Business Review, 1991). The majority of those questioned - 54 per cent - thought that the UK recession was the most important factor in the hotel industry's situation while 32 per cent believed that the high level of UK interest rates was the cause of the crisis. In the same survey, it was also identified that while 58 per cent of hotels had postponed plans for capital expenditure, 36 per cent had brought them forward and only 6 per cent had abandoned them altogether. The survey also showed that between November 1990 and March 1991, hotels were hit in almost every area of the market. It was observed that over 40 per cent of those questioned claimed that business, conference, food and beverage and banqueting areas were all performing worse than before November 1990. The worst hit, in the same period, was business demand which declined in 49 per cent of hotels.

Ironically, investment in the hotel industry in that period had not been affected by the recession. The main reason for that might be attributed to the long-term view of hoteliers. The English Tourist Board statistics shows that in the last six months of 1990, work started on 351 project in England - new hotels, extensions or refurbishments - only marginally down on the first half, and eighty five hotels were under construction in the same period (in Horwath Business Review, 1991).

The recession at that time was also marked by many redundancies, along with short working weeks and other emergency moves (Churchill, May 8/1991). This trend had also been identified by the Horwath consultants. Statistics revealed by the survey showed a decrease in staffing levels over the months of October 1990 to March 1991. Over three quarters of those questioned in their survey had laid off and only 2 per cent had increased staffing levels. Nine per cent forecasted that they would decrease staff numbers by the summer of 1991, but an almost equal number - 45 - 46 per cent - would be increasing staffing levels (Horwath Business Review, No. 1, Spring, 1991).

However, the recession so far in that period had also provided gains in some segments. The budget hotel sector was not as affected as the top hotels, in fact, some groups had benefited from recession-hit companies trading down. The Accor group took advantage of low construction costs and invested heavily in the UK. Of 25 Ibis projects in the UK, 15 were committed (Sonsino, 1991). Forte's division Travelodge reported 90 per cent occupancy during the Gulf War. Others such as Choice International's Sleep Inn reported winter occupancy of 90 to 100 per cent, with business traveler booking-in during the week and leisure guests at weekend (Legate, 1991, pp. 10). Within the same lines, some hotels claimed that the crisis helped to bring them and guests closer. For example, Terry Holmes (in Legate, 1991), Cunard's vice-president at the time, produced badges showing the US and British flags with the words 'A Very Special Relationship'. This was distributed in America at a time when

US media talked constantly about Britain and British troops. Mr. Holmes argued that the crisis contributed to establish a loyalty factor with its prime market, which will encourage Americans to return to Britain.

5.2.3.1.3 - The Changing Face of the Industry - Effects of Recession and Other Major Impacts

The previous section focused on the immediate period preceding and after the Gulf War. At the time, analysts predicted a long period of hardship for the industry. Some of their worst fears, unfortunately, were materialized.

A Leisure Intelligence Report (1994) concluded that the period of 1991 and 1992 were the worst years for the UK hotel industry since World War II. The main problem for the industry was the excesses of the 1980's, such as overborrowing to finance expansion in the boom years. As mentioned briefly above, the onset of the recession and the Gulf War (responsible for keeping visitors and travelers away), left the hotel industry with decreasing asset values, extremely poor revenues and a high level of debts. Not surprising, some hotel companies (and many independent hotels) had fallen into receivership. The fall in property values has left many hotel companies with a deficit in their balance (larger debts than their assets). Rising interest rates during 1991 and 1992 also meant that revenues would fall, given that consumer expenditure was reduced significantly.

The recession, the Gulf War and the fear of terrorism reduced the demand from both domestic and international guests in both the business and leisure markets. The slump in demand forced hotel companies to slash room rates and use heavy promotional techniques to stimulate the UK leisure market in an attempt to fill capacity. Even though occupancy increased, the increased revenues were not enough to meet the high yields that the industry demanded to fulfill its commitments (the main beneficiaries were the consumers). In 1993, the UK market was estimated at over 26,000 hotels, with a combined turnover of £5.9 billion. Average room occupancy was down to 50% (Leisure Intelligence Report, 1994).

In 1993 and early 1994 the picture for the UK hotel industry was still very difficult. While the recession was fading away and interest rates had fallen, constraints on consumer spending and the fear of unemployment remained. The Leisure Intelligence Report (1994) revealed that the leisure sector did not experience a significant upturn in consumer spending, and more importantly, because business activities in other sectors were reduced, companies cut back on business travel accommodation. As mentioned before, and because the business market is the most profitable for the hotel industry, the decrease in business activities led many hotels to cut prices and offer discount-led promotions in an attempt to fill capacity from the leisure market.

The effect of recession in the UK meant an increase in home holidays in the domestic market. Even though the hotel industry was at the time exercising a high level of discounting and promotion, the high cost of hotel accommodation practiced in the UK led customers to choose other means of accommodation such as holiday centres, holiday cottages, caravanning, camping, etc. Prior to the recession, the hotel industry usually used promotions for the weekend breaks, reserving the midweek availability to the business market. However, second to the Leisure Intelligence Report (1994, pp. 3),

> "since the economic slump and the decline in the numbers and spending power of business travelers, this pattern no longer applies. Hotels are now thankful for any type of customer at any time."

The year of 1995 showed improvements in the UK hotel industry. According to McGuffie (1996, pp. 37) the UK, and London in particular, "rallied strong in 1995", in relation to most hotels in northern Europe which continued to trade in markets showing minimal growth. While countries such as Austria, Germany, France, and Switzerland suffered (rising strength of their currencies which discouraged foreign visitors), the UK, Portugal and Spain benefited from the weakness in their currencies. Average room occupancy in Germany in 1994 was 58.7% while in the UK it was 64%. Average pre-tax income per room in the same year in Germany was US$1,438, while in the UK it reached US$2,104 (Horwath International - Worldwide Hotel Study, 1995, in McGuffie, 1996).

After the long period of difficult times, the hotel industry in the UK showed some signs of growth in 1995. The business sector, the most lucrative one, increased consistently in that period. A survey of business hotels by Pannell Kerr Forster Associates showed 9 per cent more overseas visitors in 1995, at 12.5 million, with business room rates up by 13 per cent on 1994, to average of £83,92, and with occupancy rates averaging 83 per cent (Peisley, 1996).

Estimates by Pannell Kerr Forster Associates for the London business hotels suggested an increase in profit of 30 per cent for 1997 (Pannell Kerr Forster Associates, however, made a provision for this estimate in case terrorist activities increases and changes their predictions). If their prediction holds, in effect, London will experience a capacity shortfall with an estimated 5,000 to 10,000 more rooms needed to deal with the increased business (Peisley, 1996).

One in four overseas visitors to the UK is for business purposes. One in eight, on domestic trips, is a business traveler. Table 5.7 below shows (in percentages) the purpose of visits of the domestic market for England and the UK in 1994.

Table 5.7 - Purpose of Visit to England and the UK, 1994 (%)

	Purpose of Visit (Domestic) England	UK	Inbound UK
Holiday	55	57	44
VFR	29	27	21
Business	12	11	24
Other	5	5	11

Source: Peisley, T., in International Tourism Reports, 1996, pp. 39

BDO Hospitality Consulting also carried out a survey around the country which showed similar results as the ones achieved in London in 1995. Their results showed that of the one hundred, 3 to 5-star hotels surveyed, 90 per cent had increased occupancy and 80 per cent had higher yields (Peisley, 1996).

5.2.4 - The Hotel Industry and Crisis Management

The previous sections are intended to put into perspective the hotel industry and some of its major characteristics during the period in which this research took place (and also the immediate period that preceded the research - the impacts of the recession and the Gulf War). It is not the intention of this research to explore in detail all of the statistics available. Given that the objective of this research is to examine the crisis preparedness of hotel organizations and stakeholder relationships in crisis situations, the analysis of the quantitative aspects of the state of the industry does not go beyond what has already been presented. Moreover, previous study, as mentioned in previous chapters and is discussed further in Chapter 6 and 7, revealed that structure, size, and other quantitative variables of organizations are not a reliable measure to crisis preparedness. In fact, Booth (1993) argues that the larger organizations become, the more they have to develop crisis management systems in order to survive. Size is no indication whatsoever of survivability.

There is no doubt that the travel and tourism industry is especially susceptible and vulnerable to crisis. The industry is very sensitive to political, social, economic or environmental change (if external factors only are examined). It has been argued that when a disaster strikes in the industry in most cases it causes irreparable harm. Given that entire companies and livelihoods depend directly or indirectly on the industry, a crisis (no matter how temporary) has the potential to disrupt and/or destroy many organizations (or sectors within the industry). Tourism is often unable to rebound as quickly as other business, since much of a destination's attraction is derived from its image (Sonmez, 1992; Kelly, 1993; Cassedy, 1992). This has been experienced in some tourist destinations, such as Rio de Janeiro (negative publicity regarding violence, crime, etc.). In this case, as Rio was the "gateway" to Brazil, all the country paid the price for over a decade. Only now is tourism returning (but not to Rio itself). The hotel industry in Rio de Janeiro sustained substantial losses over that period.

Previous chapters demonstrated that the world is becoming (at a fast pace) more crisis/disaster prone. Discussion in Chapter 2 demonstrated that crises are built into the very fabric of our time. Although this research is concerned only with man-made crises, natural disasters are nevertheless an important issue for the industry. As a matter of illustration, in the past three decades the frequency of great natural disasters has increased fivefold and the total of economic losses have tripled, according to the Office of the United Nations Disaster Coordinator (Cassedy, 1992). This trend is expected to continue due to, among other things, human interference with nature, effects of pollution, etc. The effect of natural disasters on tourism destinations or on tourism-related organizations is well documented (Durocher, 1994; Sonmez and Backman, 1992; Murphy and Bayley, 1989; Bean, 1992; Snepenger and Karahan, 1988; Janiskee, 1990; Liming, 1990; Gilbert, Ilvento, and Scavone, 1993; Milo and Yoder, 1991; Kruse, 1993; Quinn, 1993). Estimates from the insurance industry in the USA in 1992 suggested that 43 per cent of businesses struck by a serious catastrophe never resume operations, and 28 per cent of companies that do manage to reopen are so weakened by the cost of business interruption that they close within three years of the incident (Bean, 1992).

Figure 5.2 below highlights some of the most recent and well publicized crises (caused by nature or man-made crises) experienced by the tourism and hospitality industry around the world. The list of crises are divided into main areas.

Figure 5.2 - A Sample of Recent and Well Publicized Tourism and Hospitality Related Crises

Recent Tourism and Hospitality Related Crisis

- Health Related

1996 Meningitis Scare - Spain
Cancellation of thousands of holiday trips (June)
1996 BSE (mad cow disease) Scare - Europe (March)
Severe implications across the industry
1996 McDonald's sued over the "burger bug" death.
A bacteria found in a burger killed a 6 years old girl and made many more severely ill (September)

- Environment Related

1996 Oil Spill in Penbroke - Wales (February/March)
1996 Torrential rain caused sudden flooding in camp site in Biescas, Spanish Pyrenees. Over 70 people died (8/8/96)
1993 Holbeck Hall Hotel - A cliff side hotel fell into the sea (June)

- Terrorism Related

1996 IRA bombing of Hotel in Northern Ireland in the town of Enniskillen
17 injuried (July)
1996 Egypt - Terrorist attack on tourist bus
1996 Spain - ETA Bombing of airports and hotels in the Costa Dourada (July)
Basque Separatist Group planted 6 bombs in 2 days in hotels in the resort town of Salou, causing panic and terror among tourists and local residents. The bombing of Reus Airport in the same area injuried more than 60 people, including 25 British tourists
1996 Israel - Terrorist attack on tourist bus
1996 Tourist kidnappings in Peru, Sri Lanka, India, Indonesia

- Social/Civil Related

1996 Boycott on all Disney's products by the Protestant Church in the USA
The Protestant Church considered Disney Corporation's policy towards homosexuals "too liberal" (June)
1996 Sex-tourism in Asia and Latin America
Pressure by Interest Groups and Civil Liberty Groups. Legislation change in some Western countries to prosecute offenders.
1992 Los Angeles rioting (April)

- Industry Related

1996 Hostile Takeover of Forte by Granada

5.2.4.1 - Crisis Management in the Hotel Industry

5.2.4.1.1 - Hotel Environment / Stakeholders

Hotels operate in a dynamic and competitive environment. The discussion above suggests that there is a high level of interdependence between the hotel industry and its stakeholders. Almost one decade ago, Jones and Lockwood (1989) had already argued that effective management would not only respond proactively to the environmental forces that shape and influence the industry, but would also respond proactively to the potentially conflicting needs of their respective stakeholders.

Hotels today compete in a global economy for their survival, growth, and profitability. The internationalization of the hotel industry at the same time that provides more opportunities for growth also encounters new challenges due to the interactions necessary for its operations. The globalization of the industry has, in many ways, been accelerated under the pressures of advances in technology, communication and transportation, deregulation, elimination of political barriers, sociocultural changes, and global economic development, as well as growing competition in a global economy (Zhao and Merna, 1992).

Zhao and Merna (1992), provide a comprehensive review of the literature, research, definitions, etc., in the areas of environment, environmental scanning, and impact analysis. Most works on environmental scanning consider only "external" elements and how they impact and influence the organization. As hotel organizations today expand both domestically and internationally, the environmental forces becomes more complex, dynamic, uncertain and turbulent. A requisite for survival in the hotel industry, therefore, is to understand the worldwide sociocultural changes, political, economic, and technological developments, and ecological considerations which make up the general environment. This research, however, is also focusing on other "environments" apart from the "normal" forces that compose the operating environment of hotel, as it should be clear by now. The discussions on stakeholders in Chapter 4 elucidate the broad sense of environment applied in this study.

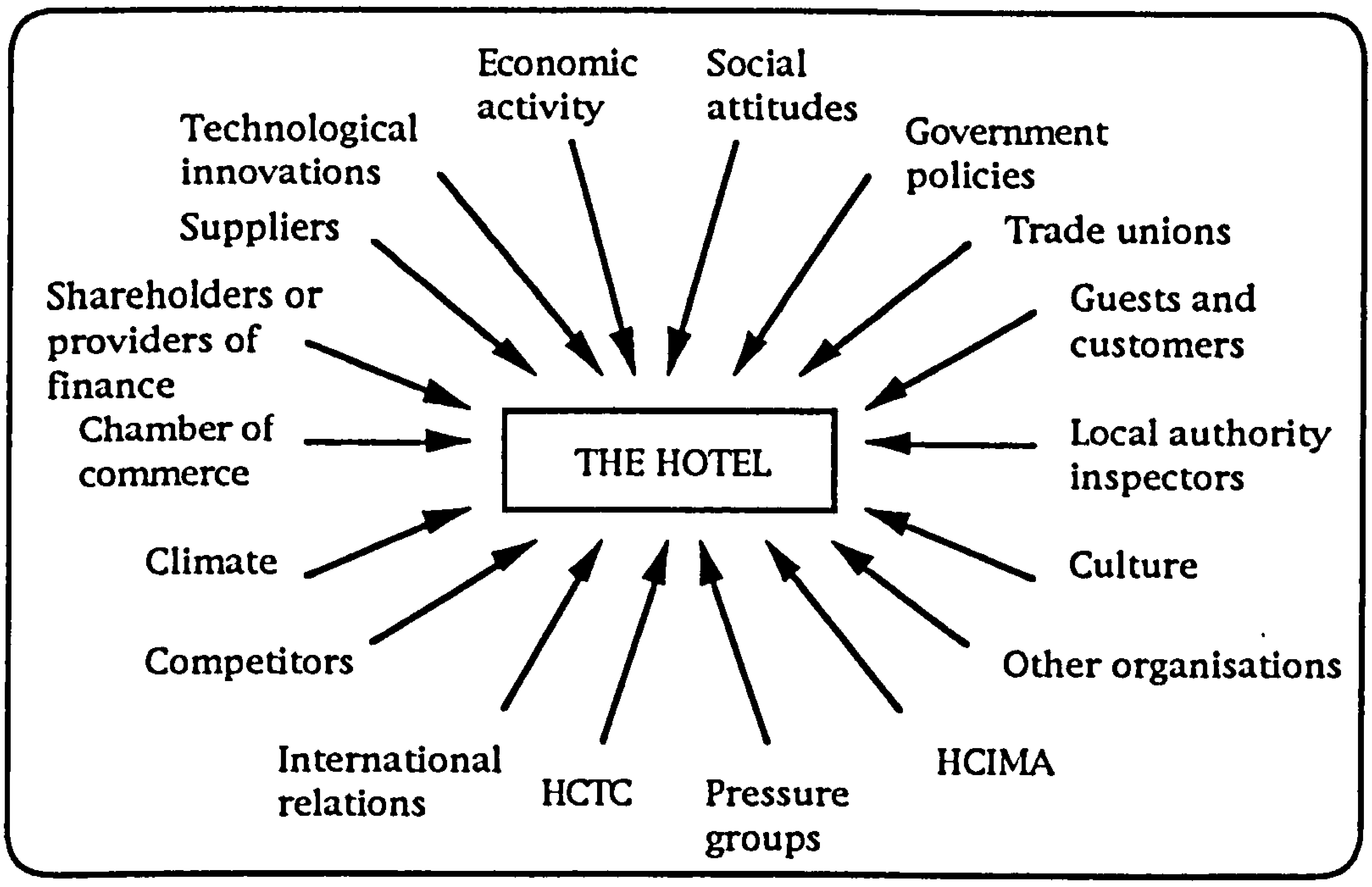
Chapter 4 provides an extensive discussion on the issue of stakeholders and stakeholder management. Following the conclusion of that discussion, in striving to achieve its strategic and other goals, a hotel cannot operate in isolation from the environment in which it operates. The hotel industry, arguably, even more than other industry (given its nature and operating structure), does not operate in a vacuum. The economic survival and performance of a hotel is directly dependent on the many activities that interplay between the hotel and its environment. The interactions between the hotel and its environment give rise to a series of broader obligations to society. As discussed in Chapter 4, those obligations are both internal and external and can be referred to as "social" or "moral" obligations or responsibilities. The range of claims that a hotel may be expected to satisfy might be very broad indeed. The most common ones are those groups that have a direct relation to a hotel (or, as termed in the previous chapter, the "primary" stakeholders). That is, those on whom the survival of the organization depends directly. Among those, the most obvious are the employees, shareholders, customers, the community, the government, the suppliers, business associates, the competitors, financial institutions, etc.

Mullins (1992, pp. 11) argues that the

> "increasing rate of change in major environmental factors (technical, economic, social and governmental) has highlighted the need to study the hotel as a total organisation and to adopt a systems approach. In addition to these major areas of change, the hotel faces a multiplicity of constantly changing environmental factors which affect its operations and performance."

Figure 5.3 below considers those major external forces.

Figure 5.3 - External Environmental Influences



Source: Mullins, L., J. - (1992), Hospitality Management - A Human Resource Approach, Pitman Publishings, London, pp. 11

As is obvious, a hotel organization has little or no control over those external forces. The effectiveness of hotel operations will be determined largely not only by internal considerations and choices, but also by the way management manages the challenges and opportunities provided by the external environment. It is then paramount that hotel organizations have a high degree of adaptability to operate successfully in the modern environment.

Tools such as environmental scanning and impact analysis can assist hotel organizations in gathering information and assessing the impact of these environmental forces on the organization. The application of these tools helps facilitate strategic planning and decision making for the organization. Swift dissemination and analysis of environmental information within the organization enhances the organization's competitive position, allows a quicker response, either defensive or offensive, and strengthens the organization's ability to change and/or control the environmental forces that are a part of the international hotel environment (Zhao and Merna, 1992).

5.2.4.1.2 - The Hotel Industry and Crises - Vulnerability and Management

The discussion above focused on the external forces (or stakeholders) that shape and affect the industry. As mentioned in the previous sections and other chapters, this research is also concerned with other stakeholders not usually discussed. Those stakeholders can be said to be an extension of the more conventional stakeholder system. They are characters derived from the sociopathic behaviour that has been directed towards organizations, such as airplane highjacks, executive kidnapping, hotel bombing, product tampering (in hotel and catering establishments), etc. As discussed in the previous chapter, the traditional view of stakeholder does not encompass the total range of stakeholders that in reality have the potential to affect the modern organization. Irrespective of the fact as to whether one agrees or not with this proposed "total" stakeholder system, these stakeholders are in effect legitimate stakeholders and cannot be neglected. Indeed, Freeman (1984, pp. 53) argues that

> "Some groups may have as an objective simply to interfere with the smooth operations of our business. For instance, some corporations must count 'terrorist groups' as stakeholders. As unsavory as it is to admit that such 'illegitimate' groups have a stake in our business, from the standpoint of strategic management, it must be done."

It can be concluded then, that the world in which business operates today has the distinct characteristics of a high level of interdependency and interconnectedness which increases significantly the vulnerability of people and institutions to affect or being affected by the behaviour and actions or inactions of themselves and/or others. The range of stakeholders that potentially affect or are affected by an organization is also wider and in principle they are in constant contact with one another.

5.2.4.1.2.1 - The Hotel Industry and Crises - Vulnerability

Tourism-related activities are not usually associated with disasters/crises. Enjoyment, pleasure, relaxation, and safety are embodied in the concept of tourism, whereas crises/disasters bring distress, fear, anxiety, trauma, and panic. Unfortunately, it is difficult to disassociate (from the management point of view, at least) crisis from the management of tourism-related organizations today. The issue of crisis is a real one in the industry and researches have shown that not only is the number of crises on the increase but also crises are becoming increasingly more complex, more difficult to anticipate and to manage effectively. As mentioned in previous chapters, as technology develops, as organizations become more sophisticated and complex, more complex are the problems they produce. Regardless of the unpleasantness of the topic, hotel management has to acknowledge that crises (brought about by nature or man-made) have been and continue to be a part of the daily operation of their business and have the potential to affect direct or indirectly all of those concerned with their operation.

The hotel industry is no exception to what has been discussed so far. On the contrary, due to its operating nature and environment, the industry is one of the most vulnerable and susceptible industries to crisis (Brewton, 1987; Webster, 1990; Barton, 1994; Bell, 1990). The hotel industry is characterized by its fragmented structure and dynamic operating environment. High levels of uncertainty in its operations and service encounters also characterize the industry. In fact, Brownell (1990) suggests that in the hospitality industry uncertainty is the norm. Brownell (1990, pp. 197) goes further to state that "few other organizations experience the same high degree of continuous uncertainty."

Given the operating nature and environment of the hotel industry and that, as argued by some authors such as Brownell (1990), the industry is characterized by a high degree of uncertainty, it would be expected that the industry would be designed to absorb uncertainties, that is, be highly adaptive to changes, and would plan continuously for the unexpected. However, previous discussion in this chapter has also emphasized that the industry is traditionally re-active and slow to adapt to changes. Moreover, the industry is also characterized by long traditions and some other features that makes adaptability to change a difficult and complex task.

The environment in which the industry operates today is, however, totally different to the one of just few years ago and a new management paradigm is (as discussed earlier) needed. For an industry long attached to tradition, the changes required in management practices to survive in the current business environment, that is, the changes required in management thinking, are not easily attainable. Management has to learn how to learn, as discussed in a previous chapter. After that, management must acquire the ability to anticipate changes and make the right decisions. It must become competent at handling the speed of change and develop strategies that will guide the company into the near and distant future. Management has to be able to succeed in an environment where the only tradition that is valued is the one that provides the organization with sustainable competitive growth. While this does not happen, the industry at large will still be vulnerable to the external and internal rapid-pace changes that characterize the world today.

Chapter 3 dedicates a whole section to the hospitality industry's ability to adapt to changes in the environment and the many implications of the main characteristics of the industry to this process. To achieve this new management paradigm, it calls for strategic change what requires a fundamental rethinking of the beliefs by which organizations define and carry out their businesses. As discussed in Chapter 3, any proposed change in organization will have to be "approved" by the system of assumptions currently held at a given time. Basic underlying assumptions, are an evolutionary learning process over the shared experiences of a group of people. They are, as observed, extremely difficult to change. Discussion in Chapter 3 also suggested that organizational culture significantly influences an organization's ability to move through transition processes. In fact, the culture of an organization not only determines and influences the design of strategies, but also determines the success of its implementation. The culture of an organization must also be supportive of change. If not, the failure of strategic change attempts is certain, generating anxiety and confusion in the organization.

Given that the industry is characterized by well-established history and traditions, it is not surprising that many difficulties in implementing change are encountered. First, planned strategic change is bound to find a certain degree of resistence from organizational members. The most commonly found types of resistance to change are ignorance about the implications of the change, ignorance in relation to the urgency of the proposed change, ignorance about the role one will play after the change; fear of losing privileges, status; general misunderstanding of the change or not understanding the necessity for the change. The reasons may vary but they have the same effect of hindering or making difficult the transition process. Considering that the hotel industry has a high level of turnover and part-time employment (the workforce in general envisage few, if any, long-term career opportunities) resistance to change is even stronger, since members cannot see themselves "benefiting" from changes.

The industry also has some additional features that contribute to the difficulties in implementing changes. Brownell (1990) suggests that other factors that function as a barrier to change in the hospitality industry should also be considered, as for example the customer as partial employee, the increasing diversity of the workforce, and the rapid pace of innovation and subsequent uncertainty. Those issues have already been addressed in Chapter 3. Having said that, it can be concluded that the nature of hotel operations, the uncertainties that surround their operations, the ever changing environment, the many distinct characteristics of the industry, the long established management thinking and practices in the industry, all hinder management's ability to anticipate and adapt to new realities and contribute significantly to the vulnerability of the industry to crises.

Although this research has no intention of identifying and specifying individual crises that the hotel industry is vulnerable to, it can be said that the range of crisis the industry is susceptible/vulnerable to is very large indeed. In fact, most of the crisis types presented in Chapter 2 can be applied to the industry.

Crisis in the hospitality industry can take many shapes and forms - from a jumbo jet crashing on a hotel to a stock market crisis to rape or sexual harassment. In a study conducted by Barton (1993), of some 802 business disasters from 1980 to 1991, nearly 8 percent occurred in the hospitality industry. Some of those crises received world media coverage, highlighting the vulnerability of the industry. Among the crises events which captured world media attention were the fire of the MGM's Grand Hotel - 85 people were killed (Las Vegas, 1980); the Bombing of the Grand Hotel (Brighton, UK, 1984); the collapse of two skywalk bridges in the Hyatt Regency Hotel in Kansas City (1981) - 114 deaths and more than 200 injured; the lethal outbreak of "Legionnaires' Disease" at the Philadelphia's Bellevue Stratford Hotel (1976); the murder of 23 people at Luby's Restaurant in Killeen, Texas (1991); a US$ 1 million ransom paid to the kidnappers of a daughter of a Las Vegas hotel-casino owner (1993); the terrorist bombing of the New York's World Trade Center which made significant structural damage to the New York Vista Hotel (1993); and the list goes on and on. In Europe, more recently, the BSE food scare ("mad cow disease") affected all involved in the industry.

The issue of violence in the kitchen of hotels and restaurants in the UK, specially in five stars establishments, has been under scrutiny after a television documentary which showed the level of violence top chefs subject their apprentices and inferiors (The Big Story, A Carlton Programme for ITV, 10, October, 1995).

Guest and employee injury in hotels is costing the industry US$ millions every year in compensations paid to guests and employees and expensive lawsuits. No figures or calculations in the literature could be found regarding the costs to image, reputation, etc., for the hotel industry, although this is a cost that should also be considered from the standpoint of crisis management. Guest injury is a very serious matter and can lead to a serious crisis. In the United States of America, in 1988 alone, more than 12,000 people died as a result of falls, according to the National Safety Council (Bean, 1992). Most of those slips and falls occurred in public places such as hotels and motels.

In the UK the topic of racism in the hospitality industry has been brought to the fore after some high profile cases. Although it is difficult to establish whether there is any more or less racism in the hotel and restaurant industry, the problem in the industry is said to be widespread (Tinworth, 1995). The industry's record has not been good regarding racism. According to Tinworth (1995) there were four cases brought to the attention of the Commission for Racial Equality from April to October 1995 alone. Of those, three went to tribunals, of which two of the cases were won by the applicants. From 1990 to 1995 there were, on average, six or seven cases a year brought to tribunals.

The hotel industry's practices in recruiting and promoting minorities were criticized by the Commission for Racial Equality (in Tinworth, 1995) on a report into racism in the hotel industry published in 1991. The Commission found that racism was the main cause of lack of success of minorities in the industry. It also identified that there is indeed a "glass ceiling" in the industry, preventing people not only from succeeding in their career but also in not attracting talented people from minorities. Among the reasons for lack of success, was the image of "establishment" of the industry. This was reinforced by the promotional literature of hotels which invariably stereotyped people from minorities in menial jobs. Recruiting practices were also criticized by the report in that it utilizes mainly the trade press. The Commission reasoned that by placing job advertising in the trade press the industry was in effect preventing the idea of working in the industry coming to the attention of those from ethnic background.

Few of the recommendations made the Commission were acted upon. Tinworth (1995, pp. 12) argues that

> "The biggest three hotel chains, Forte, Thistle & Mount Charlotte Hotels and Whitbread Hotels were unable to provide any statistics on ethnic minority recruitment or the number of people from ethnic minorities in high level jobs."

Sexual harassment and gender discrimination are, unfortunately, "common practice" in the hospitality industry and the level of claims against employers have risen considerably in the last few years. Although it primary affects women, men are also subject to sexual harassment (Woods and Kavanaugh, 1994; Anders, 1993). In a study with hospitality-industry managers, conducted by Woods and Kavanaugh (1994), more than 80 per cent of the men and women surveyed perceived gender discrimination and sex harassment in the workplace as an ongoing problem. Although males and females disagree on how sexual discrimination and sex harassment are manifested, they agree that both are common practice. Woods and Kavanaugh (1994) research also revealed that both male and female managers believe that sexual discrimination is pervasive in hospitality.

A crises impact survey in 1990 in the hotel industry (carried out in the USA) revealed the following about crises: 72% escalated in intensity; 72% were subject to close media scrutiny; 55% interfered with normal business relations; 52% damaged the company's profitability; 35% damaged the company's public image; 32% were subject to close government scrutiny; and 14% damaged personal reputation (Webster, 1990). Although no specific data of that sort for the hotel industry in the UK (crisis impact survey for specific regions or country) could be found in the literature, it is believed that the pattern of crisis (in terms of nature and numbers) in the industry in the UK is not different from other places. Moreover, it is believed that crime in the industry not only increased but became more sophisticated. Looking at the broader picture of the tourism industry (not only hotels), it is argued that tourist activities provide a front for criminal activities (Ryan, 1993). This issue is further developed in the next section.

In the UK, apart from other types of crisis, the hospitality industry also experienced a crisis of confidence in the early 1990s after numerous hostile corporate takeovers, near collapses, and malpractices. Companies that promised much at their launch and gained the confidence of the financial markets and independent investors failed to fulfill expectations which had serious consequences for both investors and consumers. Among the troubled companies were Brent Walker, Kennedy Brookes, Pavilion Leisure, Baron Hotels, Penguin Hotels, and Leading Leisure. Other heavily publicized cases were the suspension of shares of the Queens Moat Houses and Resort Hotels, the takeover of Mecca Leisure by Rank, and more recently, the hostile takeover of Forte by Granada.

People travel (and stay in hotels) for many different reasons. Regardless of their purpose of travel, their decisions to travel are based on several psychological traits, such as desire for adventure, peace/tranquillity, comfort, education/experience, etc. However, none of those desires have the capacity to overrule one of the most basic human desires (or needs) - safety. It is important to emphasize that safety in this case is not only the real, factual safety, but most importantly, the perceived one. A study of three national tourism offices in dealing with major crises affecting their destinations (Hong Kong, after the Tiananmen Square student massacre in China; Fiji, after a bloodless military coup in 1987; San Francisco, after the Loma Prieta earthquake in 1989) revealed that a crisis can very quickly cripple the travel and tourism industry (Cassedy, 1992). In those cases the crises were crises of perception and it was observed that they can be just as devastating, if not more so, than crises that actually cause physical damage. In each of the cases, the crises were the perception of stability and danger by the traveling public. The industry suffered because people lost confidence in the destinations as an attractive and safe place to visit and stay. Similar findings were identified by Brayshaw (1995) in a study on crime, public safety and public perception for Florida, USA. The study revealed that the real risks were substantially smaller than public perception would suggest. It is argued that this "misperception" about Florida was the result of extensive and distorted media coverage. A study showed that the media grossly distorted the incidence of crimes against tourists (in Florida) and overestimated the real risk of victimization (Crystal, 1993). Despite the arguments, Florida experienced a real crisis in which the hotel industry was strongly affected.

Given that tourism activities are interrelated and there is a great deal of dependence on transportation, exchange rates, political and social structure of both destination and origin, weather, and so forth, the tourism industry (and most important for this discussion, the hotel industry), is highly vulnerable to variations in any, or, in a combination of those factors.

5.2.4.1.2.1.1 - The Hotel Industry and Crime

Previous chapters, specially Chapters 2 and 3, highlighted both types and consequences of crises. The range of crisis that a business is vulnerable to today is greater than ever, and unfortunately is on the increase. This study has no intention of delineating specific or all the crises that the hotel industry is vulnerable to or discussing how to prevent or manage them. As mentioned in Chapter 2, crises are by nature unstructured situations and never happen as expected. Nevertheless, the hotel industry, by its operating nature, provides the set for some crises that other business do not experience, at least in the same frequency. For example, it is not uncommon for suicides to take place in hotels (people do not normally go to theaters or banks to commit suicide), acts of violence (murder, etc.), rape, robberies, and so on. Those are only a few examples of the types of episodes that have the potential to disrupt or threaten a business. Inevitably, they call for media attention, police and other governmental services scrutiny, and at the very least affect employee morale and have an impact on the image of the business, if not on revenues.

Although this study has no intention of focusing on specific crises, societies all around the world are experiencing a rise in crime. This section, then, puts the hotel industry into this context. It is important to emphasize, however, that tourist crime victimization data are, if produced at all, closely guarded by many tourism-reliant destinations (Ambinder, 1992).

The security and safety of travelers have been brought into focus in recent years in many destinations. The escalation of crime in tourism destinations is a serious threat to all of those involved in the industry. Many destinations, after acquiring an undesirable reputation of crime or related activities, have suffered irreparable damage. Rio de Janeiro, Miami, New York, Rome, Chicago, and others, have been victims of such images. Those places suffered from adverse international publicity after, among other things, a series of attacks, often fatal, by criminals on tourists and travelers. The tourism industry is the first one to pay the price, specially the hotel industry. Invariably, demand declines.

Highly publicized crimes against tourists have long been known to cause major shifts in travelers' destinations choices (Edgell, 1990). In Florida, an outbreak of crimes against tourists in 1993 (at least 12 tourists were killed during the calendar year), caused a decline of 11% in the number of overseas tourists and a 16% decline in the number of Canadian tourists, in the first seven months of 1994. The number of European visitors declined nearly 20% - from 1.3 million to 10.5 million. Tourism from Great Britain and Germany, the top European markets for Florida and the two countries that had a number of their citizens who visited Florida attacked or murdered, declined by 22% (Pizam, 1995).

Internationally, terrorism, and particularly the kind that is specifically aimed at tourists, has caused the world tourism industry billions of dollars in lost revenues. For example, following the 1992-93 terrorist attacks against international tourists in Egypt, the country's tourism industry lost more than US$1 billion in tourism revenue (Associated Press, 1993). Tourists and tourism facilities are preferred targets for terrorists because of several reasons. Among them:

- They afford good opportunities,
- Are relatively safe,
- Have significant economic ramifications in destinations dependent on tourism,
- Can be used as a form of punishment for foreign policy decisions or military actions, and
- Enable terrorists to publicize their causes, because of its high international visibility.

Armed political conflicts, such as in Northern Ireland, have disastrous impact on the industry and convey the image that hotels or tourist facilities are not safe. Only recently (July, 1996) a hotel in Enniskillen, Northern Ireland, was blown up by the Irish Republican Army, injuring 17 people. In Spain in 1986 ETA-Militar (a Basque Separatist Group) placed bombs at a number of hotels including the Las Garzas, Benidorm (June), Atalaya Park, Estepona (June) and the Don Carlos, Marbella (July), as well as on beaches. Security and safety in the past ten years seem not to have improved dramatically. In July 1996 ETA bombed airports and hotels in the Costa Dourada. The bomb attack on Reus Airport injured more than 60 people, including 25 British tourists. The town of Salou had more than six bombs planted in hotels in that resort area, causing panic and terror among tourists and residents.

Tourists fall foul of criminal activities by chance in some countries while in others they are deliberately targeted for a variety of reasons (Brayshaw, 1995). Ryan (1993) classified the relationship between crime and tourism. It is argued that this relationship ranges from the committing of a crime where the tourist setting is incidental, to a situation where tourists and tourism facilities are deliberately targeted as objects of terrorism action. Figure 5.4 below shows Ryan's (1993) five types of relationships:

Figure 5.4 - Classification of Types of Relationship Between Crime and Tourism

- Type one: Tourist are incidental victims of criminal activity which is *independent* of the nature of the tourist destination. In this case most crime is directed against the indigenous population, and is of a nature consistent with that found in non-tourist locations.
- Type two: A venue which is used by criminals because of the *nature of the tourist location*, but the victims are not specifically tourists.
- Type three: A location which attracts criminal activity because *tourists are easy victims* . A subset of this stage is the case where tourists are not only victims but also aggressors. In both cases, however, crime is comparatively unorganized; that is, most crime is committed by individuals or small groups, is opportunistic and primarily motivated by acquisition of property.
- Type four: Criminal activity becomes organized *to meet certain types of tourist demand*.
- Type five: Organized criminal and terrorist groups commit *specific violent actions against tourists* and tourist facilities.

Source: Ryan, C. - (1993), Crime, Violence, Terrorism and Tourism - An Accidental or Intrinsic Relationship?, Tourism Management, V. 14 (3), pp. 173 - 174

The question as to whether there is a relationship between crime and tourism has been addressed for many years by researchers (Pizam, 1982; Chesney-Lind and Lind, 1986; McPheters and Strong, 1974, among others). Pizam (1982) used data from 50 USA states and examined various crime categories such as violent crime, property crime, manslaughter, homicide, rape, robbery, aggravated assault, burglary, larceny, and motor theft. It was found that nationally, tourism as measured by expenditures, does not constitute a meaningful determinant of crime. The variable that most contributed to crime was the proportion of minorities. Temperature, income, and median size family contributed to violent crime. Chesney-Lind and Lind (1986) analyzed police records for the city and county of Honolulu and found that the average annual crime rates for robbery, burglary, larceny and crimes against property were all significantly higher in the tourist areas for either the rest of Honolulu, Hawaii or the remainder of the USA. Destinations' seasonality is another factor that influences crime. McPheters and Strong (1974) in a study of Miami, Florida, observed that property crimes increased with the influx of visitors, but not violent crimes.

Ryan (1993) concludes that the question of this relationship may be a false one. It is further argued that both tourism and crime are reflections of more fundamental social forces to be found in an increasingly urban lifestyle. The social and psychological motivations for crime and tourism contain within them responses to the complex network of work, family, and peer groups. Finally, Ryan (1993, pp. 181 - 182) argues that

> "The concept of a relationship between crime and tourism must recognize that both are derived patterns of action formulated by the social mores, cultures and economic systems that generate demands for escape from current reality. From one perspective, both tourism and crime are mechanisms of escape from a status quo. The difference may be within the social acceptability of the behaviour patterns evinced by each, yet both have their continua of varying degrees of tolerance by the wider society."

Regardless of crime typologies and as to the extent that this relationship exists, the fact is that crime, factual or perceived, is a major factor in visitors' considerations in choosing a destination. As mentioned before, safety and security are paramount for tourism development and security. It is important to emphasize that "cosmetic" measures are not effective and do not lure the tourists back to a destination. Some researchers conclude that the introduction of additional security personnel in an area without the simultaneous reduction in the number of motivated offenders will not reduce the level of crimes (Pizam, 1995). In 1994, the Brazilian government in an attempt to restore "normal life" and the image of Rio de Janeiro, put the army on the streets. Although crime reduced substantially, and local residents applauded the measures, tourists were skeptical of visiting a city guarded by the army. Moreover, when the army returned to their barricades crime restarted. The government's measures were not only flawed but also extremely expensive to the tax payers. After the terrorism attacks on tourists in Egypt the same kind of attitude was taken by the authorities in that country (excursion buses were escorted by the army). The fact is that the real problem remains latent and the real threat to tourists is never eliminated. In fact, this kind of measure serves only to reinforce the perceived image that the place is not safe.

Invariably, the hotel industry is one of the first to suffer. Jones (1993) identified that one year after the Los Angeles riots tourism was still far from the levels achieved prior to the riots. It was also observed that hotel occupancy rates were 12% lower than the previous year's rates. Moreover, compared to natural disasters, and as discussed in this and previous chapters, man-made crises deter tourists for longer periods.

The tourism industry (not only hotels) provides a front for criminal activities (Ryan, 1993). Ryan (1993) cites the example that the Mafia boss, Francisco Di Carlo, ran a series of businesses including hotels, bureau de change, travel agencies and a wine bar in the south of England as a front for drug trafficking. Hotel rooms provide privacy for both legal and illegal activities. Hotel conference facilities are sometimes openly used for terrorist organizations meetings, etc.

The hotel industry has recently been associated with organized crime with respect to credit card frauds. Hobson and Ko (1995) argue that although credit card fraud is a serious and increasingly worldwide problem, hotel industry procedures in many cases facilitate that crime. In 1992, credit card losses from criminal activity amounted to around US$1300 million worldwide. Over 60% of that loss was through the use of counterfeit credit cards and about 70% of the information used in credit card fraud was illegally obtained by criminals from hotel employees. While the tourism industry is dependent on having a secure and guaranteed form of payment for its services and goods, hotel operators need to recognize and prevent the opportunities for fraud that seemingly harmless procedures present to criminals and dishonest employees.

Although no precise figure is available, it is estimated that the annual cost of fraud to hoteliers in the UK is in the millions. Fraud in the hospitality industry ranges from the straight "walk-out", where a guest simply leaves without paying the bill, credit card fraud, theft by guests, theft by staff, etc., to more sophisticated corporate white-collar crime (Harris, 1994).

Hotel crimes are also costing hotels millions in security lawsuits. Troy (1994) argues that after the industry's "wake-up-call" in terms of legal liability (the

1974 rape of singer/actress Connie Francis in a Westbury, New York, hotel, which resulted in a much-publicized trial culminating in a multimillion-dollar verdict against the hotel) hoteliers should be aware of the extent that crime can take their organizations. Nearly two decades after the Francis case, a US$10 million lawsuit levied against Dallas-based Motel 6 reached the front page of the Wall Street Journal in July 1992. Although there is no data on out of court settlements on security lawsuits, it is estimated that the numbers and the values of settlements are on the increase. Hotels are paying a high price to keep their names out of the news media.

Hotel crime in the USA reached such a rate (and publicity) that the industry had to take drastic measures to protect itself and its customers. The American Hotel & Motel Association with the American Automobile Association and the American Society of Travel Agents (endorsed by other organizations) developed a programme, called "National Traveler Safety Campaign", which among other things provides a list of 10 safety tips which are given out to guests at check-in, and a 90-second video on in-room television (Bobbitt, 1994). Although those almost "educational" efforts are not enough to prevent all crimes, it is a step in the right direction. It is known that people behave differently when away from home. For example, while one would not open one's door to a stranger at home, this behaviour does not apply in a hotel. However, although measures such as this one are welcome, the problem of crime is far more complex to solve. Hotels must look at the long term and strive to achieve long-term sustainable solutions. As mentioned in previous sections, crime is not an isolated issue and cannot be prevented or resolved by isolated action. Only a concerted effort by business, community, interest groups, victims, and so forth, can result in a long term sustainable answer.

Hotels are by nature "open spaces". Safety and good hospitality are attributes highly rated by travelers. If hotels are turned into fortresses they will surely lose their appeal and characteristics. The challenge then is for management to find solutions (provide safe environments for guests and employees) that do not compromise the "spirit" of hotels.

5.2.4.1.2.2 - The Hotel Industry and Crises - Management

Discussions in previous chapters have emphasized the fact that good crisis management is first and foremost a concerted attempt to, in the first place, prevent crises. Since not all crises can be averted (crises are inevitable), crisis management also comprises a series of coordinated management tools and efforts to manage crisis in all its phases (for detailed analysis on the management of crisis and their phases, refer to Chapter 2).

Considering that the hotel industry is of increasing importance not only to the economy and the community where it is located but also to the network and interrelationships (stakeholders) that the total travel and tourism industry represents, the importance of having a crisis management plan is paramount for the responsible business practices of today. As discussed in the previous chapter, only with proper advance planning can there be a positive side to a crisis. Moreover, from the stakeholder theory standpoint, survival is not enough. Management must also increase and deliver value to those that have a claim in their business.

Second to Lewis (1994), the hotel and catering industry accounted for a large proportion of business failures in Britain in the period 1983 - 1991. In 1991, there were 2229 business failures in the hotel and catering industry, an increase of 372 per cent on 1983 levels. Lewis's (1994) survey of business failure in the hotel and catering industry also revealed that the level of business failures in the hotel and catering industry during the "boom" years did not fall below 1983 levels (contrary to what happened across other industries and sectors). It was also observed that the rate of acceleration of business failures in the hotel and catering industry was much higher than elsewhere.

Having said that, the number of tourism-related organizations that include the possibility of disasters in their strategic planning is negligible. A study on the preparedness of the travel and tourism industry to crisis conducted by Cassedy (1992) concluded that, overall, the industry's awareness of the importance of crisis management planning is minimal. The study also revealed that, in contrast with what other sectors of the economy and corporations have done, instead of incorporating strategic crisis management planning into their businesses, many travel segment organizations continue to operate as "mom and pop" businesses, even on an NTO (National Tourism Office) level.

A survey on the effect of the recession on corporate hotels in London (Santana, 1991) revealed similar (and distressing) results. Even though the economy is cyclical (and recessions are a natural part of the economic course of events), it was observed that most hotels had no plans (of any kind) for this inevitable economic cycle. The survey also revealed that not one of the hotels surveyed had any set of strategies for crisis periods. Hotel executives had no idea of what crisis management meant or was about.

Webster (1990) suggested that the term crisis management was an unfamiliar one to hoteliers in the UK. This fact, unfortunately, has not changed in practice, as the next chapters will reveal.

As already mentioned, only with advance planning can there be a positive side to a crisis. The element of luck plays a minimal role in what crisis management is concerned with. It is virtually impossible to invent solutions in the heat of a crisis. The stress unleashed by a major crisis impairs management's ability to function and respond in a rational way to the demands of a crisis situation. It has been argued that in principle most crisis can be avoided. Cassedy's survey (Cassedy, 1992) showed that most of the downturn caused by the Gulf War in the Pacific Asia area could have been avoided. Because hoteliers and other organizations in the travel sector were not prepared for crisis, they resorted to inefficient and ineffective short-term solutions.

Lack of crisis preparedness has been identified in all levels of the tourism sector. Cassedy's (1992) study on the three national tourism offices facing a destination crisis mentioned earlier (Hong Kong, after the Tiananmen Square student massacre in China; Fiji, after a bloodless militar coup in 1987; San Francisco, after the Loma Prieta earthquake in 1989) revealed that not one of the destinations had a crisis management plan to serve as a basis for taking proactive actions. Therefore, they had no alternative but to act in a reactive manner. It can be argued that the NTO in each case could not have averted the crises. However, they could at least have identified the potential threats in the "warning-sign" phase of the crises and plan for the potential effect of the crises in each phase of the crisis cycle.

As mentioned above, crises are on the increase and not, unfortunately, on the decrease. Despite this evidence, the hotel industry is far behind, with regard to crisis management, in comparison to other industries. Having said that, hotel organizations need to be prepared for crisis. By planning and training for crisis in advance, the negative effects of crisis on the organization, on the people inside the organization, and on the stakeholders, can be greatly reduced. How well hotel organizations respond to a crisis and how quickly they recover from setbacks will have long-term effects on visitors' perceptions of the organization.

Crisis management is still a recent field. This is specially true for the travel and tourism industry. According to Lehrman (1986), although 1985 was a record-breaking year for international tourism, it was also a year during which terrorist activities, civil disturbances, airline crashes, and natural disasters repeatedly took centre stage. Although crisis always existed in the industry, 1985 was the year in which crisis began to be associated with the travel and tourism industry. Lehrman (1986) argues that in prior years crises tended to be isolated occurences because they were separated by large gaps of time and distance. However, 1985 and early 1996 saw a series of bombings, highjackings, and murders directed at American citizens and businesses abroad. Those events put the industry into the fore and indicated that travel, specially international travel was, not safe. From that period on, crisis has been increasing dramatically. Most of the development in crisis management to date has been in the area of communication (Public Relations). It is important to emphasize that no bad news can be converted into good news. Unfortunately, in the travel and tourism sector crisis management is often associated with crisis communication.

5.2.4.1.2.2.1 - The Hotel Industry and Crises - Management - A Stakeholder Approach

Having said all that, the world of business today is highly interconnected and interdependent. The action or inaction of any one player in the total system has the inherent potential to affect any and/or all other players in the system. The hotel industry, as has any other part of the stakeholder system, also has the potential to affect other stakeholders. This is specially true in situations of crisis. As discussed in previous sections, the hotel industry represents many benefits to local, regional, and national economies and societies. The nature of hotel operations imply a direct interaction with local community, governments, interest groups, suppliers, customers, etc. Whenever a crisis occurs, potentially all those stakeholders can be affected to a varying degree. Where a local economy depends heavily on the tourism industry, as is the case in many parts of the world, this issue is even more relevant and takes on another dimension. Therefore, hotel organizations cannot consider in isolation their own crisis interests. In fact, Mitroff and Pearson (1993a) argue that

> "Organizations that are well prepared recognize that a crisis has the potential to affect not only themselves, but also the broadest array of stakeholders: consumers, competitors, suppliers, and the members of the general environment."

Given the interconnectedness and interdependence of the operating system in which hotels operate, failure to manage stakeholders relationships can have a devastating effect on both the organization and stakeholders. Mullins (1992, pp. 11) already called attention to the fact that hotels should be studied as a "total organisation" and that a system approach should be adopted.

The hotel industry is considered to be "the business of people", for obvious reasons. Given that the great majority of industrial and commercial crises in the past two decades were "caused" by humans (as previous chapters illustrated), the hotel industry cannot afford to be indifferent to the issue of crisis and crisis management. Traditionally, when the issue of crisis and stakeholders are put together, stakeholders are often seen in the position of "victims" (or potential victims) of actions or inactions of organizations (that is, affected by). However, the previous chapter also revealed that stakeholders can be both the element that contributes actively towards crisis escalation and/or the element that contributes towards crisis prevention. Stakeholder management is a key element in crisis prevention and crisis management.

A hotel's operation has a number of potentially damaging "side-effects" on its stakeholders and on the environment. The effect of industrial or commercial crises on its stakeholders is of a very different nature than the effects of natural disaster. While natural disasters are usually localized to a specific geographical region, the impacts and effects of an industrial or commercial crisis can easily transcend geographical boundaries and can even have transgenerational effects (as in the effect of the Chernobyl Nuclear Power Accident discussed in previous chapters). A natural disaster is a single event that no human being has control over. However, man-made crisis is a complex system of interdependent events and involves multiple, conflicting stakeholders (Shrivastava, 1992). Crises inevitably extend beyond the organization of origin to encompass a broad range of economic, social and political agents and forces. It is important to remember that while no control can be exercised over natural disaster, man-made crises are in principle preventable. Therefore, management often receives severe condemnations. The issue of crisis and stakeholders, as well as the role stakeholders play in either contributing to the escalation or the prevention and management of crises, is discussed in detail in Chapter 4.

The impacts/effects of tourism and hotel development are well documented. Tourism activities and hotel developments, are often held responsible for pollution (visual, noise, increased traffic, increased number of visitors, etc.), environmental impact and other impacts, increases in the price of houses, cultural imperialism, of causing pressure on services such as water, electricity, and other municipal services, etc. However, the hotel literature has negligible evidence on crisis management and/or stakeholder relationships in crisis situations.

Stakeholder management is becoming a critical issue in the successful operation of business, as discussed previously. Tourism development (and for that matter, hotel development and management) that excludes local citizens from planning and decision making and deprives them of land and precious resources can result, among other things, in resentment, xenophobia and ultimately lead to protests and violent acts against tourists and tourism enterprises. Such was the case in the Solomon Islands and Fiji, where citizens protested by blocking roads, burning tires and closing resort hotels (Pizam, 1995). This kind of attitude also "legitimizes" attacks on tourists or tourist enterprises. Some nationalistic groups, for example, justified attacks on tourists and/or tourism facilities, on the ground that tourism threats a valued pattern of life; or because they do not approve of the source of the fundings (it being an institution, or country, etc., that such groups disapprove of) (Ryan, 1993).

Stakeholders has been the topic of some work in the tourism industry, particularly tourism planning. However, Robson and Robson (1996) argue that work covering the broad area of tourism planning fails to consider the role of stakeholder management or that of environmental issues. It is also argued that where environmental issues are mentioned they are set within the context of growth objectives and aggressive marketing. Although tourism activities are largely or entirely an environmental-based (physically) activity, Baum (in Robson and Robson, 1996) found, in an international tourism policy research, that just over half of respondents were concerned with the potential effects of tourism on the environment.

Even though the topic of stakeholder management has been discussed in the context of the tourism industry, Robson and Robson (1996) argue that the concept has been introduced from a practical perspective, without outlining some of the critical issues surrounding its conception and implementation. It is further argued that the concept as abstract or philosophical contributions to the subject are valuable in themselves, "but academics and practitioners need to address the practical aspects of implementation" (Robson and Robson, 1996, pp. 537).

5.3 - Summary

The hotel industry is characterized by the high level of uncertainty in which it operates. This uncertainty is mainly derived from the dynamism of the hotel operating environment and the intrinsic characteristics of hotel operations and management practices. The hotel industry is also characterized by a long established history and tradition. Having said that, hotel operations depend directly on a web of relationships that can range from the whole structure of international markets to the more mundane local supply of labour and goods.

The nature of hotel operations, the environment in which it operates, and the long established traditions that reflect on management practices discussed in previous sections, combine to make the industry one of the most vulnerable to crisis. The range of crisis that the hotel industry is vulnerable to is very comprehensive. Given the fast pace of organizational and technological development, crises are becoming not only more frequent and severe but also more complex to solve. It is important to emphasize that this research is mainly concerned with man-made crisis. By that, the importance of natural crisis/disasters is not diminished. Hotels are (for the majority) resource-based enterprises and depend a great deal on the environment, weather, etc., for their successful operation.

The industry as a whole (globally) has undergone dramatic changes during the past ten years. Global recession, wars, environmental disasters, changes in demographics, exchange rate fluctuations, mergers, takeovers, shifts in business demand, resource scarcity, terrorist attack, technological innovations, etc., have all impacted the industry in a major way. In Europe, the industry has been suffering from a prolonged recession.

Some practical and fundamental issues, such as what constitutes a hotel (definition) impair a comprehensive and accurate analysis of the industry. Comparisons are flawed and methodologies are confused. Most data needs to be handled and interpreted with caution. The problem of analyzing the hotel industry (profile of destinations, growth patterns, performance, etc.) is more evident in Europe, where the industry is composed of a large variety of types of properties and where different governments and other bodies assign different categories, grades, etc., to different properties. A methodology that measures in a systematic manner the performance of hotel portfolios was developed recently by Kleinwort Benson Securities Limited UK. However, it has only been applied to quoted hotels. To validate the success and applicability of such tools more research is needed, encompassing the whole hotel industry and having then a wider representation of the industry.

In the UK, the problem of industry analysis is marked by difficulties. For example, definitions and methods of data collection vary significantly between the UK's national tourism boards. The problem of grading and classification is a matter of confusion for analysts, consumers, and practitioners in the UK. Although the UK government had made provision for the statutory registration and classification of hotels and other establishments, this provision has never been implemented. There are many voluntary schemes but none has been fully accepted and effective. The incidence of use of grading schemes in the UK has been studied recently (Callan, 1995). The survey revealed that the perceived importance and applicability of grading schemes (stars and crowns) by customers in choosing a hotel is not significant. That is, hotel customers do not consider stars and crowns to be of primary importance in making their choices.

As mentioned throughout this chapter, the effects of recession and the Gulf War were quite severe on the hotel industry in Europe, and specially in the UK. Only now is the industry beginning to emerge from what analysts regard as the most difficult period for the industry since World War II. As the industry is driven mainly by economic factors, the last few years provided an environment of consolidation, restructuring, and rationalization in the industry. This trend is expected to continue. This chapter dedicated a section accounting some major relevant issues and developments in the UK hotel industry during the worst period of the recession and the Gulf War.

There is no doubt that the hotel industry has a predominant position of importance in local, regional, and national development. Hotels are providers of employment, contribute to tax, local economy (they are a major buyer of goods and services), and represent (in most cases) a considerable capital investment, among others. A recent study by the International Hotel Association revealed that for each hotel room available in the world there is a person employed in the hotel industry. Globally, more than 11.1 million people are employed by the industry, which represents about 5% of the total global work force. In 1995 the hotel industry generated an estimated US$253 billion in revenues worldwide. As mentioned previously, Europe has the biggest concentration of hotels. Europe, in term of revenue, accounted for the biggest share in 1995 (43 per cent).

The numbers relating to the industry illustrate the relevance of the industry to societies and economies around the world. This is specially true for regions where the tourism industry is the main source of income and contributor to the national balance of payments. Having said that, the hotel industry has a great social responsibility in that many companies, suppliers, livelihoods, etc., (stakeholders) depend directly or indirectly on its success and operations. However, the environment in which the industry operates is a very dynamic one. The discussion in this chapter suggests that there is a great deal of interdependency and interconnectedness between the hotel industry and its stakeholders. The hotel industry is, as discussed before, very sensitive to changes in the external environment. This level of "sensitivity", and the uncertainty that surrounds the external environment, makes the industry vulnerable to crisis. Changes in the external and internal environment may trigger a crisis in the industry, as many examples in this chapter illustrate.

This chapter elucidated how vulnerable the travel and tourism industry is to crisis. It has been argued that when a crisis strikes the industry, in most cases, it causes irreparable harm. Although this study is concerned with man-made crisis, natural disasters are nevertheless an important issue in hotel management, for obvious reasons. Previous researches have also pointed out that the tourism industry is often unable to rebound, if at all, as quickly as other business because much of a destination's attraction is derived from its image.

The discussion in this and previous chapters suggests that the world is becoming increasingly more crisis prone. The range of crisis that can strike an organization is greater then ever. The range of stakeholders that can affect and be affected by organizational behaviour (crisis policies) are wider than ever. Due to the operational nature of the hotel industry, and its operating environment, the hotel industry is one of the most vulnerable to crisis. It has been argued that in the hospitality industry uncertainty is the norm, and that few other organizations experience such a high level of uncertainty (Brownell, 1990). The range of crises that the hotel industry is susceptible/vulnerable to is very large indeed. Although there has been no attempt in this chapter to enumerate or specify all crises that the hotel industry is vulnerable to (or to account for specific ways of preventing and managing them), the discussion in previous sections provides many examples of the types of crisis that can affect the industry. Crisis can range from sex harassment to executive fraud and from guest/employee injury to major stock market crashes.

A special section on crime was developed given the prominent issue of safety in the industry. Safety and hospitality are perceived fundamental attributes of the hotel industry. The hotel industry, given its nature, is very vulnerable to crime (both from external and internal intervention). In fact, it has been suggested that the travel and tourism industry provides the "right" environment for criminal activities to take place. Terrorism has taken a heavy toll on the industry worldwide. The hotel industry is an easy target for terrorists given that it provides the "platform" for their objectives.

A review of the literature on the relationship between crime and the tourism industry suggests that there is indeed a correlation between tourism development and activities and criminal activities. Regardless of the discussion as to the extent that this relationship exists, there is, as mentioned above, a real problem facing the industry since its success depends mainly on its image. It is important to emphasize that crime, perceived or factual, is a major element in travelers' decision making process. Where destinations have acquired an undesirable image, the hotel industry was invariably one of the first to suffer.

As mentioned previously (not only in this chapter), crises are on the increase and not, unfortunately, on the decrease. Lewis (1994) found that the hotel and catering industry accounted for a large proportion of business failure in Britain between 1983 - 1991. Lewis's study also revealed that the rate of acceleration of business failures in the hotel and catering industry was higher than in other sectors. Despite this and other evidence discussed so far in this study, the hospitality industry is far behind, with regard to crisis management, in comparison with other industries such as airlines. Cassedy's (1992) study on the crisis preparedness of tourism-related organizations revealed that the number of tourism-related organizations that include the possibility of disasters in their strategic planning is negligible. Awareness of the importance of crime management planning was found to be minimal.

Due to lack of preparation (researchers have found that in general, managers do not possess the emotional strength necessary to deal with the pressure of crisis situations, as discussed in previous chapters) whenever a crisis strikes in the industry, hotel management resorts to short-term quick-fix solutions that are invariably ineffective (and in most cases serve to aggravate rather than mitigate the problem). Given that the environmental system in which hotels operate is very interconnected and interdependent, failure to prevent and/or manage crisis effectively can have a devastating effect not only on the host organization but also on the entire stakeholder system. As mentioned on previous occasions, while natural disasters have the distinct characteristics of being timely and localized, commercial and industrial disasters/crisis have no boundaries. It can easily (and most often does) transcend geographical boundaries and affect distant stakeholders. That is, crises never happen in isolation. They not only have the potential to set off a chain of other crises within the organization but also to affect and involve and encompass a range of economic, social and political agents and forces. As research by Shrivastava (1992) revealed, a man-made crisis is a complex system of interdependent events and involves multiple, conflicting stakeholders.

Crisis management is a very recent field. There is negligible evidence of work (literature) in the fields of crisis management and stakeholder in the tourism industry. This is even more scarce when the hotel industry is concerned. For tourism-related organizations, apart from the works of Barton (1994), Brewton (1987), Cassedy (1992) and a few others, very little has been done. The researcher agrees with Robson and Robson (1996), regarding works on stakeholder theory in the tourism industry, and extends it to the field of crisis management in the industry, that although there is some evidence of work in those fields, they have been done from the practical point of view and failed to consider the fundamental issues of conception and implementation.

Having said all that, the hotel industry needs to be more proactive and prepare for crisis. Only with proper advance planning there can be a positive side to a crisis. By planning and training for crisis in advance, the negative effects of crisis on the organization, on the people inside the organization, and on the stakeholders can be reduced dramatically. How well an organization responds to crisis depends on the level of preparation. The hotel industry needs to develop a systematic and concerted approach to deal with crisis. Without understanding crisis (its origin, nature, phases, dynamics, impacts, etc.) the management of such inevitable business realities is virtually impossible. Quick-fix solutions to complex problems serve only to exacerbate the problem.

METHODOLOGY

6.1 - Introduction

It is not a simple task to advance new fields of research. As has already been mentioned, crisis management is in its infancy. Not much has been researched in this area, and consequently not much written material and research approaches to the many questions have been developed. Crisis management research is further complicated due to the fact that it embraces a diverse number of distinct disciplines. Most of the effort put into research in crisis management has been towards a single method of study: the case study (Turner, 1976; Reilly, 1993; Nystrom and Starbuck, 1984). Although case studies provide substantial depth of analysis, they can be difficult to compare (Booth, 1993; Reilly, 1993). A reduced number of researchers have compared the impact of a single crisis across multiple organizations (Shrivastava, 1992; Marcus and Goodman, 1989; Billings, Milburn and Schaalman, 1980). More recently, research has begun to explore crisis issues across large samples of individuals and organizations (Mitroff et al, 1989; Smith, 1990). As discussed in Chapter 2, there is also the problem of construct ambiguity. The literature provides no generally accepted definition of crisis, and attempts to categorize types or forms of crises have been sparse.

Crises and crisis management are directly related to organizational culture. In fact, some authors argue that the culture of an organization can be its own worst enemy in creating crises. Given this evidence, and building upon previous research in the area of organizational culture, the present research investigates the relationship between organizational culture and crisis preparedness in hotel organizations in the UK. Organizational culture has been the topic of many studies. The difficulty of studying and understanding organizational culture is obvious since one is trying to unveil the mainly unconscious non-obvious/hidden factors of an organization. In many cases even the people who form and compose the organization are unaware of those forces.

As has been emphasized throughout this study, a crisis never happens to one organization alone. It does not happen in isolation. A crisis invariably has dramatic consequences for stakeholders and can change forever the way business stakeholders operate. Since the world is a system of interdependent relationships, the issue of stakeholders is a fundamental one for any business topic under investigation. However, as with crisis management, this field has still not been explored very much and research in this area is very fragmented. The present research is further complicated since it tries to establish the outcome of the interaction and relationship between organizational culture and crisis management in the hotel industry and stakeholders in crisis situations. That is, the research explores and attempts to establish a relationship between crisis preparedness and stakeholders' relationships in crisis situations.

Not many organizations are aware of crisis management as a business function. In fact, it represents a "counter-culture". It seems that the world is obsessed with the positive side of management, emphasizing the sole importance of production, technological progress, breakthrough, etc. To all that, there is, as there is in nature, the other side of those forces: the destruction potential of the very success they claim. Research on crisis management has been largely overlooked in comparison to other issues that promote "success". Managers are educated and trained to think success. That has been the focus of Business Schools. The net result of such emphasis is that managers are not prepared technically, psychologically, and emotionally to deal with crisis (even though crisis is a common feature in business today). Managers are often seen as unconfident, pessimistic, etc., when contemplating a downturn in their business. They are not "allowed" to consider a downside in their business. Indeed, Pauchant and Douville (1993, pp. 60) argue that, given the current culture of obsession with "progress", one

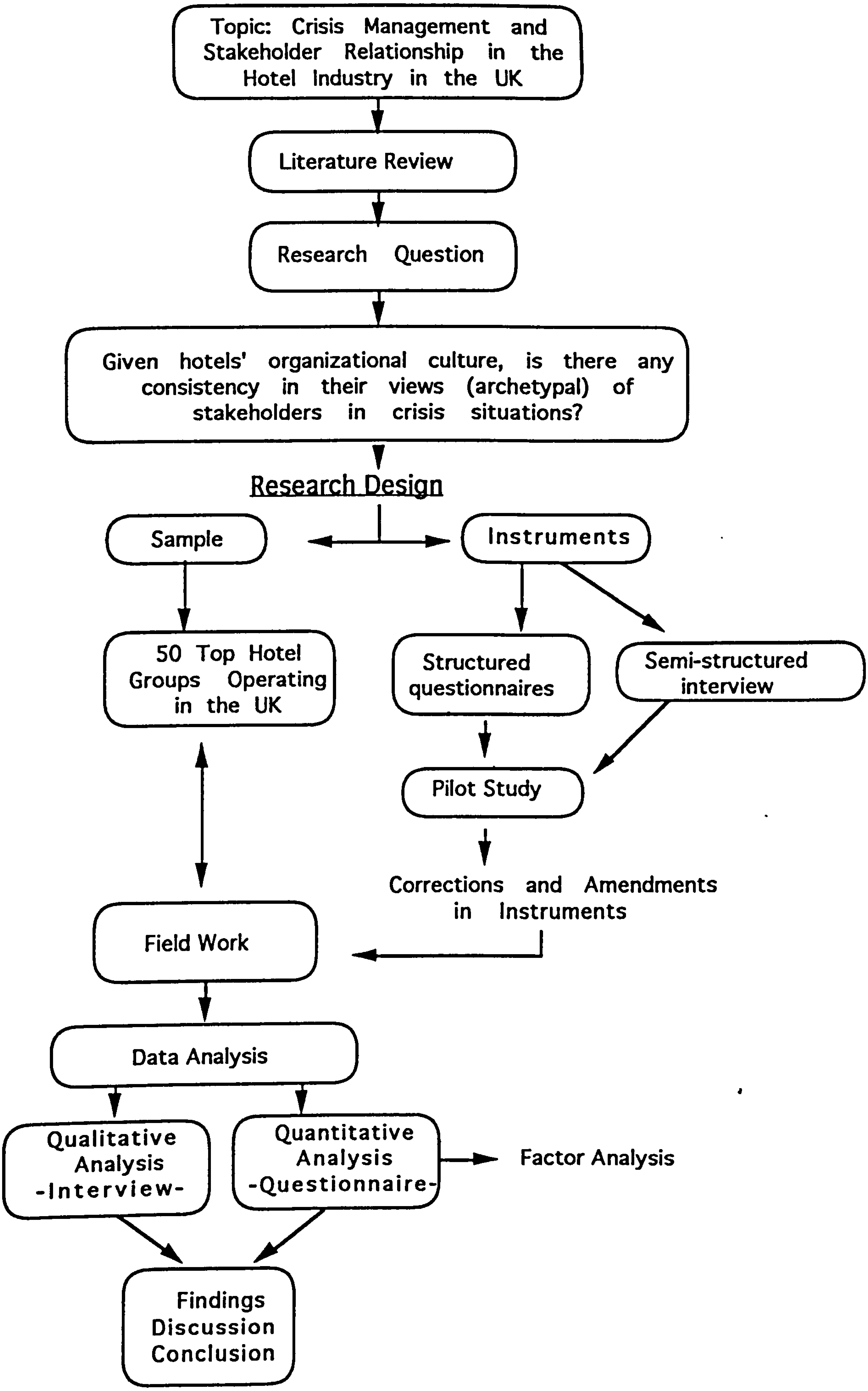
> "would without question find it necessary for a business school to support departments or interest groups focusing on 'managerial problem-solving' or 'production management'; however, a business school or an organization would look rather suspect (to put it mildly), if they had departments or interest groups addressing the issues of 'managerial problem-spreading' or of 'destruction management'."

That is, the field of crisis management goes against the normal cultural norms of our society.

Recent history reveals that crises are an integral part of business today. Indeed, some authors argue that crises are built into the very fabric of our times. No single sector in the economic system is immune to crisis. While crisis management has been developed and implemented in some sectors (such as in the chemical and oil industries), crisis management is still non-existent in others. The hotel industry is among those that are not benefiting from this business function, even though it is a sector that is highly susceptible and vulnerable to crisis.

This chapter will discuss the methodological issues applied in this study. However, in addition to the problems associated with the points mentioned above, the shortcomings of the literature and secondary data in the topics under investigation (or rather, the lack of it; specifically in the hospitality industry) are very significant indeed. As also mentioned in previous chapters, most of the development in the area of crisis management has been done in the "hard" (manufacturing) industry, and research in the issue of stakeholders is also scarce and fragmented. Nevertheless, this very lack of resources and lack of integration in all fields has led to the research question. Below are the steps and methodology applied to satisfy the objectives of this study.

6.2 - **Procedure Flow of the Research** - Figure 6.1


Topic: Crisis Management and Stakeholder Relationship in the Hotel Industry in the UK
Literature Review
Research Question
Given hotels' organizational culture, is there any consistency in their views (archetypal) of stakeholders in crisis situations?
Research Design
Sample
Instruments
50 Top Hotel Groups Operating in the UK
Structured questionnaires
Semi-structured interview
Pilot Study
Corrections and Amendments in Instruments
Field Work
Data Analysis
Qualitative Analysis -Interview-
Quantitative Analysis -Questionnaire-
Factor Analysis
Findings Discussion Conclusion

6.3 - Research Design

Although there are various opinions about how to design and conduct research, Oppenheim (1992) outlines fourteen steps a researcher should follow. Oppenheim's logical fourteen steps research outline is very clear and straightforward. It is essential for any researcher to have those outlines in mind while designing a plan of work. They are as follows:

(1) Setting a research aim
(2) Literature review
(3) Conceptualization with exploratory interviews
(4) Deciding on a design of study
(5) Setting a hypothesis (research questions)
(6) Designing research instruments
(7) Pilot work
(8) Designing sample
(9) Drawing samples
(10) Field work
(11) Processing data
(12) Statistical analysis
(13) Testing hypotheses (questions)
(14) Research report

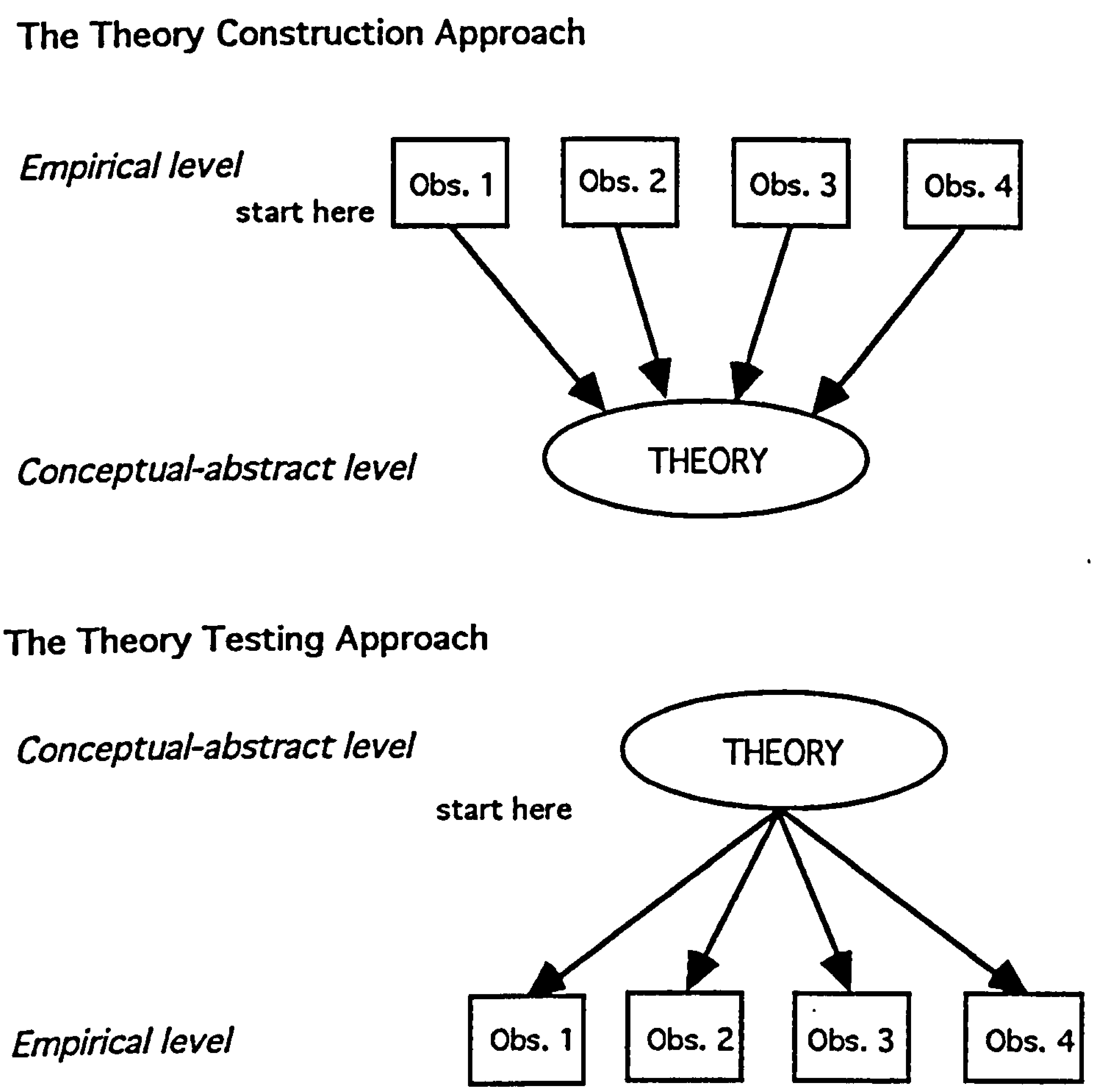
It is possible to group the fourteen steps Oppenheim describes into four major stages of research: the preparation stage (steps 1 to 5), the design stage (steps 6 to 9), the data collection stage (step 10) and the processing stage (steps 11 to 14). In this chapter, up to step 12 will be discussed, although not strictly in the same order/sequence as above, but very consistent to the stages to follow (for details refer to Figure 6.1)

6.3.1 - Theory and Hypothesis

When the design of the study has been decided, analytic rational or other, the area of interest or domain facet of the research and background facet will then be decided accordingly (Donald, 1995).

In social research there are two approaches to interaction between research and theory: Theory-building and theory-testing - Figure 6.2.

Figure 6.2 - Theory-construction and Theory-testing Approaches



obs. = observation

(Source: de Vaus, 1986)

Theories are basically sets of what might be called "relational rules". The relational rule specifies how variation in one theoretical construct is related to variation in one or more others.

Mechanistic or process explanation accounts for phenomena which are its precursors. It is usually in the form: if A and B occur, then C will follow.

Functional explanation accounts for a phenomenon in terms of the consequences it has. It is usually in the form: A occurs in order that B will follow. The functional explanation assumes that the phenomenon to be explained is purposive or intentional (occurs to achieve some goal).

Just as mechanistic and functional explanations are not simple enough to keep apart, the distinction between theories built from induction and theories developed through deduction is not easy to maintain in practice. Induction entails inferring a general law from particular instances. Deduction entails drawing from the general an inference to the particular. In practice, theory-building is a messy, interactive process. Relational rules that seem to be valid are usually crafted by successive approximation. This process of approximation will involve both deductive and inductive reasoning. Essentially, the process of induction allows one to produce theoretical generalizations; the process of deduction allows one to derive specific propositions from those generalizations. Deduction is as important as induction in theory-building because a theory can only be tested by examining whether the specific propositions that have been derived from it can be supported empirically.

Research designed to test a theory will be organized so as to show whether a proposition deduced from that theory is wrong. If one fails to disprove the proposition, the theory survives to face another test. Research can never prove a theory, it can merely accumulate examples of where the theory has not been disproved (Breakwell, 1995). In practice, many studies suggest that there is no pure theory testing or theory construction but an interplay of both (de Vaus, 1986; Breakwell, 1995). Thus, both processes affect the course of research.

Hypothesis, on the other hand, is a formal statement of predictions derived from theory, previous researches or even hunch (Davies, 1995). A series of research questions may be identified instead of hypotheses depending on the research methods. The formulation of a hypothesis or research questions at the onset of research design is essential in order to identify operational definitions and variables, feasibility, and testability of the research as well as to ensure that the collected data will address the research aims (Barrett, 1995).

In this research, the research question and research proposition were derived from previous pieces of research as well as from theory. It is not the aim of the research to test a hypothesis or to form new theory but it will address the topics in a new way and from a new perspective given that research in this area, as mentioned in the "introduction" to this chapter and in previous chapters, is not only in its infancy, but is also fragmented. As will become clear, specifically in the hotel industry, the topics raised here have been largely overlooked. The first part of this research (establishment of organizational crisis preparedness) is partially inspired by the work of Mitroff, Pauchant, Finney, and Pearson (1989). Mitroff and his colleagues were some of the first scholars to link and systematically observe the relationship between organizational culture and crisis preparedness. Their work provided the basis for the researcher to start exploring the possibilities of unveiling the cultural profile of hotel organizations in relation to crisis and crisis management.

6.3.2 - The Process of Research Problem Development

The hotel industry is well known for being very slow to adapt to changes (Bell, 1990; Webster, 1990; Brewton, 1987; Gilbert, and Kapur, 1990). It is primarily a "reactive" and not a "proactive" industry in comparison with others in the service sector. However, and as mentioned in many occasions before, crises are inevitable; they happen to all kinds of industries and to all kinds of management styles and philosophy. The research problem was developed from the following evidence and observations:

- The hotel industry is one of the most susceptible/vulnerable industries to crises due to its operating and market environment nature. However, very little has been done to counteract the negative effects of a crisis (and for that matter, to understand the dynamics of crises), and worse, to capitalize on the opportunities provided by a crisis.

- Most of the developments in crisis management have been in the "manufacturing sector". The service sector is extremely dynamic and constant changes in the internal and external operating and working environments have brought uncertainties which require special attention (i.e., alternative ways to deal with uncertainties and the consequences of those uncertainties - planning).

- Previous studies revealed that organizational culture is the decisive element as to whether an organization is able (or not) to face the challenges posed by an impending crisis.

- The relationship between organizations and its stakeholders has been largely overlooked in the hotel industry, specially in a crisis period/situation.

- In a crisis situation, hotel "customers" cease to be the direct buyers of hotel products/services and become the whole society, if not the world, depending on the nature of the crisis (i.e., Hyatt Regency disaster, Kansas City, when 114 people died, 1981). Customers are more and more knowledgeable and increasingly demand responsible actions and attitudes from corporate executives and their companies - specially in a crisis situation. For example, a study conducted in America revealed that 77% of Americans consider a company's environmental reputation when buying things (Small, William J.; Exxon Valdez: How to Spend Billions and Still Get a Black Eye, Public Relations Review, V. 17(1), pp. 9 - 25, Spring 1991. Also, Smith, D.; Beyond Contingency Planning: Towards a model of Crisis Management, Industrial Crisis Quarterly, V. 4, pp. 263 - 275, 1990). This trend is not exclusive to the manufacturing sector. The hotel industry has been under pressure for a long time to act in relation to the environment and other pressing social issues. Indeed, pressure from clients, special interest groups, and from sectors within the industry have resulted in the development of many measures. Apart from that, regulatory bodies have sprung up both in the public and in the private sector, such as the Green Globe (WTTC - World Travel and Tourism Council), to give guidance, assistance, and technical support to hotels, and to penalize those that neglect the environment.

6.3.2.1 - The Problem: Given that business operations and management are characterized by high levels of interdependence and interconnectedness, it is no longer enough for any organization to consider merely its own crisis interest in isolation from the environment. Organizations need to acknowledge that a crisis has the inherent potential to affect not only themselves, but also the broad array of stakeholders that comprise their operating system.

Given the above, there is a clear need to understand and establish the position of the hotel industry in the UK in relation to the issues of crisis, crisis management, and stakeholders' relationships in crisis situations. The evidence and observations provided above have led to the topic being investigated and to the research question and research proposition.

6.3.3 - Research Question

This research aims to elicit the organizational culture differences, if any, in attitudes towards crisis and crisis management, as well as organizations' attitudes towards their stakeholders during crisis periods. As extensively discussed in Chapters 2, 3, and 4, the culture of an organization is the most decisive element in determining and shaping the actions and attitudes of an organization towards all aspects of organizational matters. The behaviour of an organization (attitudes and actions) is unlikely to have no repercussion for their stakeholders. That is, any action or policy adopted by an organization is very likely to affect and influence the actions and attitudes of other organizations and players in their operating environment. This evidence led to the research question: Given hotels' organizational cultures, is there any consistency in their views (archetypal images) of stakeholders in crisis situations?

The research question, in turn, led to the research proposition.

6.3.4 - Research Proposition

The higher the readiness/preparedness of organizations for crisis, the higher the consistency of those organizations in viewing the behaviour and role of its functional stakeholders in crisis situations.

6.3.5 - Operational Definitions

Before going into detail of the research survey method applied, the operational definiton of the key elements of the research is presented below:

A - "READINESS/PREPAREDNESS FOR CRISIS" - Readiness/ preparedness for crisis is measured by the extent to which the culture of an organization is favourable to crisis management.

B - "CONSISTENCY OF ORGANIZATIONS IN VIEWING THE BEHAVIOUR OF FUNCTIONAL STAKEHOLDERS" - When organizations conform to a regular pattern of opinion with regard to a functional stakeholder.

C - "FUNCTIONAL STAKEHOLDERS" - Are all those vested interest groups, parties, associations, institutions, and individuals who exert a hold and a claim on organizations. Functional stakeholders are all those who either affect or who are affected by an organization and its policies (i.e. its behaviour).

6.3.6 - Research Objectives

The general purpose of this research is to examine and analyze crisis preparedness in the hotel industry and to explore stakeholders' relationships in crisis situations. This general purpose led to the formulation of more specific objectives:

1 - To examine and describe the organizational cultures of hotel organizations in relation to crisis and crisis management - Crisis preparedness of hotel organizations.

The objective of this first part of the research is to establish the cultural profiles of hotel organization in relation to crisis and crisis management. That is, to observe whether the organizational culture of an organization makes it "crisis prepared" or "crisis not prepared".

The results of this investigation resulted in a framework of "Prepared" Vs "Not Prepared" organizations that in turn provided the basis for the second stage of the research.

2 - To measure the perceived differences (views/opinions) that hotel organizations ("Prepared" Vs "Not Prepared") have of their "functional stakeholders" in distinct crisis situations.

The objective of the second stage of the research is to measure whether the image (archetypal image) perceived by "prepared" organizations of its "functional stakeholders" - and their role - in crisis situations is more consistent than that of those that are "not prepared".

3 - To develop a crisis management model that would embrace and reflect all major relevant concepts to the topic of crisis management.

Having said that, the following is the step-by-step approach required to conduct this research.

6.4 - Measuring Culture

For over 5,000 years, managers have relied largely on intuition to assess the readiness of their employees to perform assigned responsibilities and to link an organization's culture to its outputs. However, even in the absence of any systematic means to actually measure organizational culture, it is known that the Egyptian managers were able to classify pyramid workers with labels such as "happy team" and the "vigorous team", reflecting the unique spirit displayed by different groups of workers (Wilkerson and Kellogg, 1992/93, pp. 413).

The objective of this research concerning organizational culture is to establish whether the culture of a particular subject (hotel organization - corporate level) is "crisis-prone" or "crisis-prepared". Previous methods of measuring and classifying organizational culture were developed by many scholars and practitioners. A few examples of some of those methods are summarized here:

• The Deal and Kennedy Model

Their model focuses on two main variables: amount of risk and speed of feedback. It basically considers, for example, how big a risk a company must take and how fast the feedback comes to determine whether that risk has paid off (Deal, T.; Kennedy, A., 1982).

• The Harrison and Handy Model

Their model addresses more complex cultural issues but are similar enough to be considered together. They look at levels of formalization and centralization in organizations (Source: Desmond Graves, *Corporate Culture: Diagnosis and Change*, New York, St. Martin's Press, 1986).

• The Hampden-Turner Model

Hampden-Turner model assumes that organizations are driven by dilemmas. Indeed, he argues that the everyday issues arising within a corporation take the form of dilemmas, and therefore, the whole area of corporate culture is constructed entirely of such dilemmas. He also suggests that "ideally, the culture should reconcile the dilemma" (Hampden-Turner, 1990, pp. 17).

• The Wilkerson and Kellogg Model

Their model looks at how management can quantify and control cultural change in organizations. They focus on measurement techniques and argue that measuring organizational culture also depends largely on the ability to capture and record the opinions of the workforce (Wilkerson, D., and Kellogg, J., 1992/1993).

• The Cooke and Rousseau Model

Cooke and his colleagues (Cooke and Lafferty, 1986; Cooke and Rousseau, 1988; Cooke and Szumal, 1993), approach organizational culture by looking at shared norms and beliefs and behaviour. They conceptualized a framework for measuring organizational culture through normative beliefs and shared behavioural expectations. The model holds that culture reflects two fundamental dimensions: tasks versus people, and lower order (security) versus higher-order (satisfaction) needs. The model resulted in the Organizational Culture Inventory which measures 12 sets of normative beliefs and behavioural expectations (cultural "styles") reflecting, to varying degrees, these two fundamental distinctions (Klein, et al, 1995; Sparrowe, 1995). The 12 sets of normative beliefs and shared expectations are related/associated to three general types of cultures, "Constructive", "Passive-Defensive", and "Aggressive-Defensive" (Cooke and Szumal, 1993).

• The Life Style Inventory (Lafferty, 1973; Cooke and Rousseu, 1983)

The Life Style Inventory was developed prior to the Organizational Culture Inventory (which is complimentary to the Life Style Inventory). While the Organizational Culture Inventory measures culture by assessing the ways in which organizational members are expected to think and behave in relation to both their tasks and to other people (Cooke and Rousseu, 1988), the The Life Style Inventory measures the self-perceptions of individuals with respect to 12 thinking styles that are causally related to such outcomes as managerial effectiveness, quality of interpersonal relations, and individual well-being (Cooke and Rousseu, 1983).

• The Bennett III, R.; Fadil, P.; and Greenwood, R. Model

This model addresses the issue of strategic fit. The model recognizes the impact organizational culture has on strategic implementation and assumes that alignment of culture to strategy is essential for overall organizational effectiveness. Their resulting model is specific enough to provide a directional framework for initiating cultural change, yet, the model is general enough to incorporate the idiosyncrasies that each organizational setting presents (Bennett III et al, 1994).

Although the models above are important for classifying organization culture, they try to relate organizational culture to productivity/performance, level of risks, resolution of organizational dilemmas, cultural change, etc. For the purpose of the present research a new approach is needed: one that measures some other aspects that reveal how the culture of an organization is related to and/or influences crisis management.

As noted in Chapter 3, there are still controversies surrounding the issues of organizational culture concept, definition, and operationalization. As also emphasized on previous occasions, organizational culture is a relatively new field, and much of the confusion about organizational culture is the result of the use of different concepts and definitions of organizational culture. Organizational culture as a concept is an area of long-standing dispute between well established fields of research such as anthropology, archeology, and cultural anthropology (Ott, 1989; Schein, 1990a; Cooke and Rousseau, 1988). Ott (1989) provides a compendium of organizational culture definitions from fifty-eight books and articles on organizational culture or related topics. This serves as an illustration of the complexity of the topic.

The emergence of culture as a concept relevant to organizations and their effectiveness has generated many as yet unresolved issues concerning the design, development, and study of organizations (Cooke and Rousseau, 1988). The issue of organizational culture is particularly divided in relation to the use of survey instruments and cross-sectional designs in the study of organizational culture. For example, the use of survey instruments was questioned by Schein (1990b) as to whether this method would be capable of capturing the complexities of organizational culture. However, quantitative research has begun to investigate the outcomes of culture so richly described in case studies (Klein et al, 1995; Cooke and Rousseau, 1988; O'Reilly, Chatman, and Caldwell, 1991; Rousseau, 1990). This stream of research has been furthered by the development of instruments measuring cultural or culture-related phenomena, such as normative beliefs and shared behavioural expectations (Cooke and Lafferty, 1986, Cooke and Rousseu, 1988, Klein et al, 1995), values (O'Reilly, Chatman, and Caldwell, 1991), and value congruity (Enz, 1986). The advantages of quantitative methods include the ease of cross-sectional assessments and comparisons (across individuals, organizations, or subunits), the replicability of assessment in different units and by other researchers or organizational development professionals, and a common articulated frame of reference for interpreting the data (Cooke and Rousseu, 1988).

The present research follows the quantitative stream of research on culture. Organizational culture is operationalized in terms of "rationalizations" (Chanlat and Bédart, 1990; Moscovici, 1984 - in Pauchant and Mitroff, 1992, pp. 84). A thorough discussion of the issues surrounding the measurement of organizational culture may be found in Cooke and Szumal (1993); Schein (1990a, 1990b); and Ott (1989). For the purpose of this part of the study (establishment of organizational culture), it is sufficient to offer two observations. First, by operationalizing culture in terms of rationalizations, culture is not being reduced to this phenomenon. Rather, rationalization represents one dimension through which organizational culture is manifested, and thus influences individuals and groups and behaviour. Second, with respect to the issue of using survey instruments and quantitative techniques to understand culture, it must be noted that the questions posed in this study demand a quantitative approach to the measurement of culture. As noted by Sparrowe (1995), quantitative measures and analytic methods are able to assess the effects of culture while controlling other factors statistically, whereas qualitative approaches are hard pressed to do so. The above issues are furthered and individually developed later in this chapter.

6.4.1 - Level of Formalization

The level of formalization of organizations will not be fully evaluated since previous research has shown that formalization is not necessarily the most important factor an organization should consider in the area of crisis management (Mitroff et al, 1989). The research revealed that the formal plans and procedures an organization undertook as well as the formal reasons it gave for its actions were not sufficient to explain what it did. It was also revealed that many organizations surveyed wanted to routinize crisis management. That is, they wanted to reduce crisis management to a set of preset formulas and procedures. However, Mitroff et al (1989, pp. 271) argue that

> "organizations often believe, erroneously, that they are sufficiently prepared if they have a formal set of crisis plans and procedures that they could 'pull off the shelf' during the heat of a crisis."

As already seen in Chapter 2, a crisis does never happens as it was planned for (Fink, 1986; Mitroff and Kilmann, 1984; Mitroff and Pauchant, 1990).

Although structure and formalization are important factors in organizational behaviour, they do not necessarily provide answers as to whether an organization acts or unacts in the area of crisis management. By that, the importance of formalization and structure are not diminished, but as organizations have learned in the area of strategic planning, the importance lies in the process, not in the results (plans) themselves. That is, the process of thinking, the act of learning, is the true important end. It is here that organizational culture is decisive (Mitroff et al, 1989). Some previous studies on crisis readiness/preparedness have revealed that issues such as organizational size and past crisis experience are not reliable or a good measure of crisis preparedness. For instance, some research suggests that increasing size may be associated with decreasing crisis readiness. Large organizations may suffer from cumulative control loss (Williamson, 1975), which restricts their communication and information dissemination ability, while resource access may become highly centralized and restricted in large firms (Kanter, 1983). Hannan and Freeman (1977) argue that large organizations are more likely than smaller ones to exhibit structural inertia; hence, compared to small firms, big companies could be less able to respond quickly to crisis situations. Big companies in the life cycle stage of bureaucratic decline may respond to potential crises with formally rather than substantively rational behaviour programmes (Reilly, 1987). In Starbuck's (1983) terms, they may act as bureaucratic action generators, responding with an unreflective, inappropriate approach to a potential crisis. In the same way, some research suggests that past experience with crisis may yield some organizational behaviour which makes the company less ready/prepared to cope with future crises. For example, a prior crisis may have strengthened defensive routines (Argyris and Schön, 1978) or conflict (Milburn et al, 1983) within the organization, or engendered the threat-rigidity effects noted by Staw, Sanderlands, and Dutton (1981), all of which could lower the firm's quick response ability as well as restrict information dissemination and resource access. In contrast, several researchers have argued that organizational actions are characterized by rigid underlying assumptions which are difficult to change, that is, organizational culture (Schein, 1990a; Ott, 1989; Kekäle and Kekäle, 1995; Bass and Avolio, 1994; Klein et al, 1995; Allcorn, 1995; Cooke and Rousseu, 1988; Weick, 1987, 1988; Mitroff, 1988a; Shrivastava, 1992; Smith, 1990; Pauchant and Mitroff, 1988; Smith and Sipika, 1993; Booth, 1993; Mitroff and Pearson, 1993a; Starbuck, 1983; Mitroff et al, 1989; Miller, 1988; Fink, 1986; Pheysey, 1993; Mitroff and Kilmann, 1984). Such assumptions, for example, "any effort in relation to crisis before it happens - such as prevention - is a waste of time and money", may persist despite strong historical evidence to the contrary (e.g., poor performance in prior crises), keeping the organization's crisis preparedness low. Therefore, culture is the fundamental issue that determines what an organization really does (if anything) in relation to crisis management. (Chapter 3 presents a review of the literature in and a discussion of the issue of organizational culture in relation to crisis management.) This set of less observable, largely unconscious factors exerts a strong, if not decisive, effect on the behaviour of all organizations. The aim of the first phase of the research is to deliberately explore the effects of organizational culture on crisis management.

The first part of this research (establishment of crisis-prone organizations and crisis-prepared organizations) is partially inspired on the research by Mitroff, Pauchant, Finney and Pearson (1989). In this sense, the researcher will be looking for displayed behaviour (or rationalization) executives make in relation to crisis management. The displayed behaviour determines how prone or prepared an organization is for crisis. The first part also looks at cultural systems in relation to crisis management. In cultural systems, issues such as internal flow of communication, decision-making and reward systems are addressed.

6.5 - Research Instruments

Having identified the specific research question and research proposition, having established adequate operational definitions of the concepts, and having decided on the research method (survey, as discussed previously), the researcher is now in a position to select possible research designs and methods of data collection which can be used to obtain the data for addressing the research question and research proposition.

The research objectives imply that the present research has two separate stages. The first is the identification of organizational culture in relation to crisis management. This phase provides a framework of organizations that are crisis-prone and organizations that are crisis-prepared. The second stage of the research investigates the expected relationship between host organizations and its stakeholders given distinct crisis situations (one in which the host organization is "guilty" of a crisis, and the other in which the host organization is the "victim" of a crisis).

6.5.1 - First Stage - Establishing Organizational Culture in Relation to Crisis Management: "Crisis Prepared" vs "Crisis Not Prepared" Organizations

Organizational culture is mainly manifested, and therefore can be best identified, through symbolic language and rituals as well as through the unwritten rules, assumptions, values and beliefs of an organization (Mitroff et al, 1989; Smith, 1992; Wilkerson and Kellogg, 1992/93, Hampden-Turner, 1990). For that, semi-standardised interview and questionnaires are used in this research. The former is applied to identify elements concerned with the "formalization" of the organization in relation to crisis management, such as whether the organization has an established organizational structure for crisis management, as well as for identifying some aspects of organizational culture. The latter (questionnaires) are applied to identify the culture of the organizations in relation to crisis management through rationalizations (or displayed behaviour) that executives make in relation to crisis management and other important issues in crisis management such as decision-making, internal flow of communication, and reward systems.

It was anticipated that not all (if any) organization in the sample of this research would have established crisis management programmes or plans as a business function. Moreover, and as argued by Mitroff et al (1988b), crisis management possesses no single clear line of authority or responsibility within organizations. In one organization, crisis management may fall under the environmental health and safety; in another, security; while in others, public relations, public affairs, corporate communications, legal, engineering, or any one of a number of specialities. Therefore, the researcher expected to encounter a diverse understanding of the topic, both within a particular organization as well as among different organizations.

The decision to use a semi-standardised interview gave the interviewer freedom to adapt the research instrument to the level of comprehension and articulateness of the respondents. Indeed, Fielding (1993) suggests that in using semi-standardised instruments, the interviewer, while asking certain major questions the same way each time, is free to alter their sequence and to probe for more information. Thus, the interviewer was able to adapt the research instrument in accordance to the respondent's comprehension and articulateness, and to handle the fact that in responding to a certain question, respondents also provided answers to questions that would be asked later. For the interview refer to Appendix 2.

Although the use of a non-standardised interview could be also considered for the purpose of uncovering some aspects of organizational culture, it would have required an extensive and comprehensive relationship between the researcher and the subjects (organizations) in the form of observation (at least observation). However this is not the case in the present research. The non-standardized instrument allows interaction and free conversation between interviewer and respondent which permits the former to guide the conversation and to probe (Fielding, 1993; Burgess, 1982). As mentioned previously, most of what constitutes an organization's culture is unconscious. Probing is one way of improving the interviewer's chance of best achieving its objectives (follow-up questioning to get fuller response; verbally or non-verbally). However, probing can also be used in semi-standardised interviews and indeed produced the results needed for the proposed research.

Given the nature of the instruments, the interviews were tape-recorded. For accuracy of analysis and validity of data, it was imperative that all interviews were tape-recorded. Moreover, recording conveys the impression that responses are taken seriously, which made respondents more interested and involved in the interview. However, the researcher was well aware of the sensibility of asking respondents' permission to tape-record interviews. For that, requests to tape-record interviews were made explicit and in advance, confidentiality was offered, and respondents had the choice of having the original tapes after the research was concluded, or to have a copy of the tape, or still, a transcript in order to check its accuracy. Not one organization asked for the tapes or transcripts, however, all organizations asked for a copy or a summary of the results of the research, which will be provided after completion.

The culture of an organization is often held as being of critical importance to corporate strategic decision making, particularly in terms of its ability to respond to a crisis event. As discussed in Chapter 3, there are many observable factors that guide the behaviour of management and employees in organizations, such as the environment in which a company competes, the structure of its industry, its financial status, its capital and plant requirements. However, it is known that other less observable factors exert a strong efluence on the way people behave in organizations. These factors are collectively referred to as the culture of an organization. These less visible factors are the basic assumptions held by the members of an organization about themselves and their organization, their environment, or the nature of people or life in general. As also mentioned in Chapter 3, these beliefs are largely unconscious and rarely articulated. In effect, culture is the set of unwritten rules that govern acceptable behaviour within an organization.

A basic notion of organizational culture is that it has an *existential function* in organizations. One of the fundamental functions of organizations is to produce goods and services; indeed, an organization is often defined as a grouping of individuals who cooperate with each other with the common purpose or the politically defined goal of accomplishing something that they could not do individually. However, allowing individuals to produce some goods and services is not the only function of organizations. Another is providing people with an escape from their anxiety. This existential function explains why some people will embrace and protect the norms developed in an organization, even if they lead to crises. In crisis-prone organizations managers and employees are very skilled at developing rationalizations that will validate their day-to-day actions, disregarding the fact that these actions can lead, after a while, to crises (Pauchant and Mitroff, 1992, pp. 82). Thus, what holds these organizations together, what forms the culture of such organizations, what is at the basis of decisions and actions, is the set of sometimes faulty assumptions or rationalizations that the members of the organization have developed.

It is evident that the culture of an organization is more than a set of rationalizations. In order to obtain a complete picture, a great number of variables should be carefully studied, such as myths and stories developed in the company, the kinds of ceremonies or ritualized events individuals subscribe to, the anecdotes and jokes passed around in the organization, the political games played, the motivations behind reward and punishment, and so forth. Still, studying the rationalizations expressed by managers, and their mindset, captures a significant part of corporate culture (Chanlat and Bédart, 1990; Moscovici, 1984 - in Pauchant and Mitroff, 1992). By operationalizing culture in terms of rationalizations, culture is not being reduced to this phenomenon. Rather, rationalization represents one dimension through which organizational culture is manifested, and thus influences individuals and groups and behaviour. This part of organizational culture (expressed rationalizations) is under investigation in the present research. By investigating it, the level of an organization's readiness for crises can be identified and a set of prepared and not prepared organizations can be determined.

The primary aim of this first stage is to explore the effects of organizational culture on crisis management, that is, to establish the crisis preparedness (or the favourability of organizational culture to crisis management) of different organizations. The cultural element of "favourability" to crisis management measured here are the "rationalizations" managers make in relation to crisis and crisis management. For that, an index of rationalizations - with 30 variables - executives make in relation to crisis and crisis management were used in the form of a questionnaire for each executive to subscribe to. The rationalizations are measured in an ordinal scale of 1 to 7. The seven-digit scale was adopted so that subjects could have more scope to express their choices. Specifically in the case of the present research, a scale of less than seven-digits (say, 1 to 5) would not be satisfactory because it would limit respondents' ability to place their right choices. Moreover, what is being investigated here is the proneness and preparedness of organizations in relation to crisis. The researcher believes that there is no such thing as a one hundred percent prone organization nor a one hundred percent prepared organization. Thus, the use of a broader scale (1 to 7) gives respondents a more realistic option for positioning themselves.

The sum of the scores of this index comprises the favourability of the culture of a particular organization to crisis management, that is, whether the culture of an organization makes it "prepared" or "not prepared" for crisis.

6.5.1.1 - Pilot Study - First Stage

A pilot study was carried out with the objective of validating the data collection techniques and to see whether the data to be collected would give the researcher the information needed to achieve the objectives of the research.

With respect to the first stage of data collection (the objective of that stage was to establish which organizations are prone to and which organizations are prepared for crisis) the researcher developed a questionnaire with thirty two (32) rationalizations (or statements) management makes about crisis and crisis management. This questionnaire is mainly concerned with organizational culture. Another questionnaire relating to cultural systems was also developed and tested. The latter refers to the more practical affairs in the daily life of a business organization, such as internal flow of communication, decision-making, reward system, etc. This questionnaire has 13 (thirteen) questions. Although the researcher included some questions related to reward system and decision-making, these questions to some extent reflect the issue of communication. As discussed in Chapter 2, communication (both internal and external) is one of the most important tools in crisis preparedness and crisis management (Reilly, 1993). Restriction (of any kind) in communication and information dissemination processes, as well as content, can endanger an organization's crisis readiness (Mirvis and Marks, 1986; Staw et al, 1981). Moreover, and as noted by Turner (1976), if management and other key employees have limited knowledge of the resources and tools allocated for crisis response, they cannot be ready to deal with the occurrence of unanticipated threats. The effort of managers and employees to respond to a crisis situation can be short-circuited by the unavailability of necessary information, which can be as basic as the home telephone numbers of key managers or legal counsel. The researcher in this part (questionnaire 2) observes the attitudes of managers, concerning the internal communication issue, in general and in relation to crisis and crisis management. It is important to note that although the issues in questionnaire 2 are of a more practical nature, the present research is looking beyond the formal levels of crisis management structure in organizations; in another words, the main interest is in the cultural aspects of organizations in relation to crisis and crisis management.

One of the objectives of the pilot regarding this first stage (the two questionnaires mentioned above) was to validate the statements and more importantly to validate the scale "translation" from "Very True" to "Prone", and from "Not True at All" to "Prepared" in the first questionnaire. The second questionnaire follows the same logic but in this case the "translation" was from "Never" to "Prone", and from "Always" to "Prepared".

The pilot was undertaken with ten subjects: nine academic staff and one researcher.

The approach adopted was to ask the pilot subjects to analyze each individual statement. The first questionnaire carried the following instruction: *"If an individual said each of the following statements were* ***"Very True"****, would he/she be working for an organization that is crisis prone or crisis prepared?"* The scale ranged from "Prone" to "Prepared". As mentioned previously, a seven-digit scale was adopted so that subjects could have more scope for making their choices. The researcher piloted a five-digit scale and a seven-digit scale for the questionnaires and asked respondents to indicate which one of the scales represented more realistically their choices. The unanimous choice was the seven digit one. Respondents felt more comfortable with a scale that provided them with a broader scope in which they could position themselves more realistically.

The second questionnaire carried the following instruction to the pilot subjects: *"If an individual answered* ***"NEVER"*** *to each of the following questions, would he/she be working for an organization that is crisis prone or crisis prepared?"*

This first part of the research relates to organizational culture and cultural systems in relation to crisis management. Below are the pilot questionnaires. It is important to emphasize here that the revised questionnaire for the main study would carry different instructions and measurement (data analysis technique). The revised questionnaire can be seen in Appendix 3. The objective here (pilot) was to validate the statements and scale "translation".

• Questionnaire 1

If an individual said each of the following statements were **"Very True"**, would he/she be working for an organization that is crisis prone or crisis prepared?

	Prone			Neither Prone nor Prepared			Prepared
1 - The bigger the organization, the less vulnerable it is to crises.	1	2	3	4	5	6	7
2 - Any accident is regarded as part of the nature of our operations.	1	2	3	4	5	6	7
3 - We just consider something to be a crisis if it happens to or hurts us.	1	2	3	4	5	6	7
4 - We do not have to be preocupied with crisis management. It is somebody else's responsibility.	1	2	3	4	5	6	7
5 - Only organizations that are badly managed have crises.	1	2	3	4	5	6	7
6 - The locations of our hotels make them immune to crises.	1	2	3	4	5	6	7
7 - Crises do not happen in our organization.	1	2	3	4	5	6	7
8 - If a crisis should occur, we have laid out emergency procedures. We need only to refer to it.	1	2	3	4	5	6	7
9 - Past experiences has shown us that with time most crises resolve themselves.	1	2	3	4	5	6	7
10 - If a crisis occurs, our management and technical people can fix it. Nothing special is required.	1	2	3	4	5	6	7
11 - In the end, most crises turn out not to be very important.	1	2	3	4	5	6	7
12 - Any effort in relation to crisis before it happens (such as prevention) is a waste of time and money.	1	2	3	4	5	6	7
13 - Whenever a major crisis occur, there will be always people that will rescue us.	1	2	3	4	5	6	7
14 - We fully trust our employees.	1	2	3	4	5	6	7
15 - The range of crisis is so vast that it makes it impossible to make preparations.	1	2	3	4	5	6	7
16 - There is nothing to do in relation to crises before it happens.	1	2	3	4	5	6	7
17 - Most of the crises have a technical solution.	1	2	3	4	5	6	7
18 - Whenever a crisis strikes, the application of technical and financial quick-fixes would resolve it.	1	2	3	4	5	6	7
19 - We do not regard the media as an important issue. It is easy to manipulate it.	1	2	3	4	5	6	7
20 - In our organization we all work in a rational and objective way, therefore, we can handle any crises.	1	2	3	4	5	6	7
21 - Crises are isolated.	1	2	3	4	5	6	7
22 - There is no need to involve employees and the community in the crisis planning of our organization.	1	2	3	4	5	6	7

	Prone		Neither Prone nor Prepared				Prepared
23 - Only top management should be involved in decision-making.	1	2	3	4	5	6	7
24 - There is no need to worry about morale around here. In our organization it is always high.	1	2	3	4	5	6	7
25 - Communication is not an important issue here. We understand each other.	1	2	3	4	5	6	7
26 - Safety is the responsibility of top management, not of individual employees.	1	2	3	4	5	6	7
27 - The establishment of relationship with interest-groups is a futile effort. They do not understand our business.	1	2	3	4	5	6	7
28 - What happens in other industries does not teach us anything.	1	2	3	4	5	6	7
29 - Environmental issue is a matter for politicians. We do not have to worry about it.	1	2	3	4	5	6	7
30 - There is no need to change if nothing makes us do so.	1	2	3	4	5	6	7
31 - Security is an issue that concerns security personnel alone.	1	2	3	4	5	6	7
32 - Our clients are always very understanding.	1	2	3	4	5	6	7

• Questionnaire 2

If an individual answered **"NEVER"** to each of the following questions, would he/she be working for an organization that is crisis prone or crisis prepared?

	Prone		Neither Prone nor Prepared				Prepared
1 - Do people at the top get important information from lower levels?	1	2	3	4	5	6	7
2 - Do people on the lower levels understand communication that comes from the top?	1	2	3	4	5	6	7
3 - Do people that have different responsibilities talk to each other?	1	2	3	4	5	6	7
4 - Is the subject "crises" a welcome subject for discussion?	1	2	3	4	5	6	7
5 - Do people feel free to talk about "bad things" in your organization?	1	2	3	4	5	6	7
6 - Do you reward people who bring bad news to you?	1	2	3	4	5	6	7
7 - Do you encourage people to look for danger?	1	2	3	4	5	6	7
8 - Do you encourage people to evaluate the risks involved in any aspect of the business?	1	2	3	4	5	6	7
9 - Are people rewarded when something potentially dangerous to the organization is spotted?	1	2	3	4	5	6	7
10 - Do you encourage new ideas in your organization?	1	2	3	4	5	6	7
11 - Do you encourage employees to innovate in your organization?	1	2	3	4	5	6	7
12 - Do you compensate employees to innovate, even if the innovation is not successful?	1	2	3	4	5	6	7
13 - Do you encourage debate and discussion in decision-making?	1	2	3	4	5	6	7

6.5.1.1.1 - Pilot Results - First Stage

The objectives of the pilot were to validate both the statements (in the first questionnaire), the questions (in the second questionnaire), and more specifically the scale "translation" from "Very True" to "Prone" in the first questionnaire, and from "Never" to "Prone" in the second questionnaire. The question posed to the researcher was: Can one say that if an individual answers "Very True" (in the first questionnaire) or "Never" (in the second questionnaire), he/she is working for an organization that is crisis prone? The pilot was then designed to test these assumptions and to validate the statements.

Prone						Prepared
1	2	3	4	5	6	7
Very True			Neither True nor False			Not True at All

The approach adopted to accept or reject a statement was as follows: For a statement to be considered valid, it had to have at least 50% of respondents answering positively. Number four (4) in the scale was assigned the value zero. To its left the values were positive: 1, 2, and 3. To its right, the values were negative: -1, -2, and -3. Thus, if at least 50% of respondents placed their answers to the left of zero (four in the scale), the statement was considered valid. In other words, if someone answered "Very True" to a statements he/she would be working for an organization that is crisis prone. It is important to emphasize that the pilot subjects were asked to analyze each individual statement.

The result of the analysis of the pilot study revealed that apart from two statements (statements number 8 and 14 in the first questionnaire) which were rejected, all the others in the first questionnaire were considered valid, as well as all the questions in the cultural system questionnaire (second questionnaire). Both revised questionnaires can be seen in Appendix 3.

6.5.2 - Second Stage

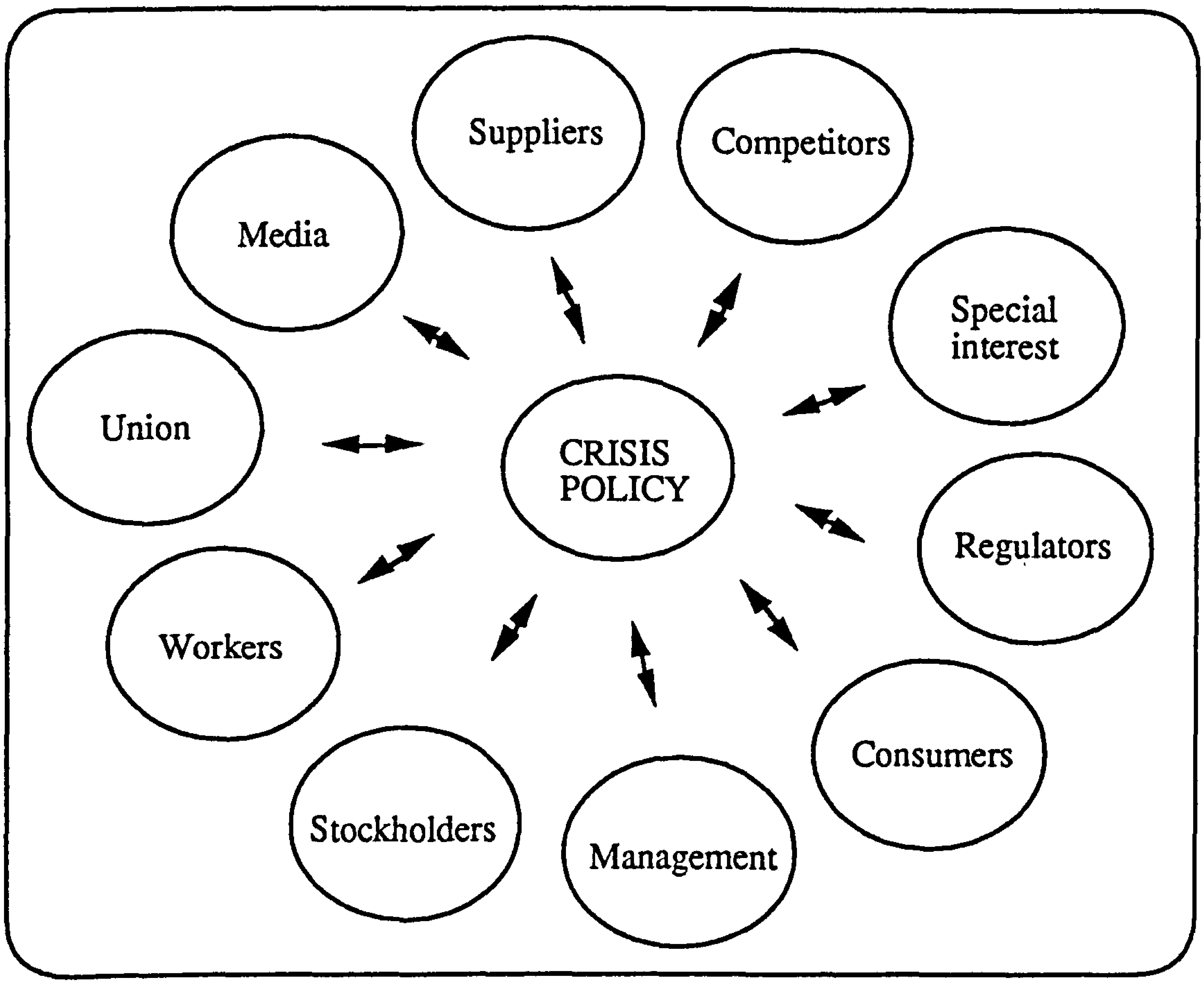
As the objective of this stage was to explore the expected relationship between the host organization and its stakeholders during a crisis situation, two approaches were required: one that would give the subjects two distinct crisis situations, and another that would present the subjects with a set of "functional stakeholders" and a set of "archetypal stakeholders" so that respondents could relate them given different crisis status.

The main objective of this stage, and for that matter the objective of the present research, was to measure whether there is any consistency in hotel organizations' view of stakeholders (archetypal image) during crisis (that is, against their organizational culture - "prepared" vs "not prepared"). In other words, to see whether the image perceived by "crisis-prepared" organizations of its stakeholders (archetypal image) - and their role - in crisis situations is more consistent than those organizations that are "not prepared". For that, two distinct crisis situations were created: one in which the host organization was the "victim" of a crisis; and the other where the host organization was "guilty" of a crisis.

After each individual single crisis situation was presented to a subject, a set of "Functional Organizational Stakeholders" as well as a set of "Archetypal Organizational Stakeholders" were presented to subjects. The sets of "Functional" and "Archetypal Stakeholders" were presented in the form of a questionnaire matrix so that respondent could relate/rate functional stakeholders to archetypal stakeholders (given distinct crisis situations).

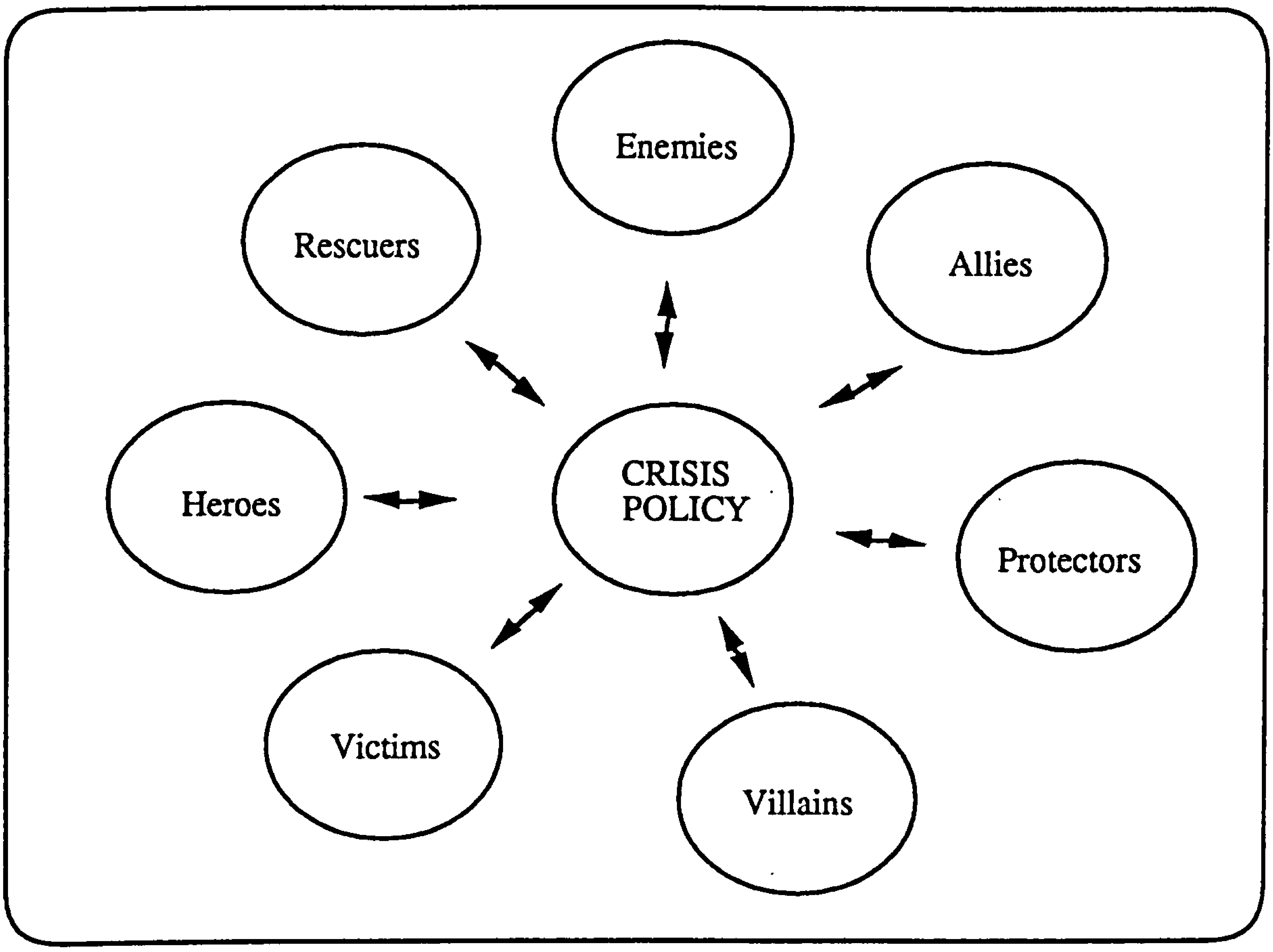
The researcher adopted two stakeholder sets (functional and archetypal) developed by Mitroff and Pearson (1993a) as parameters of this study. However, since the stakeholders that comprise both sets may not necessarily be the ones that the subjects consider to be relevant, a pilot study was carried out so that a more relevant set of stakeholders could be developed. The pilot study and results for this second stage of the research are discussed below in this section. Figures 6.3 and 6.4 represent the "Functional" and "Archetypal" Stakeholders sets developed by Mitroff and Pearson (1993a).

Figure 6.3 - Functional Organizational Stakeholders



Adapted from: MITROFF, IAN, I.; PEARSON, C., M. - (1993), From Crisis-Prone to Crisis Prepared: A Framework for Crisis Management, Academy of Management Executive, V. 7 (1), pp. 48 - 59

Figure 6.4 - Archetypal Organizational Stakeholders



Adapted from: MITROFF, IAN, I.; PEARSON, C., M. - (1993), From Crisis-Prone to Crisis Prepared: A Framework for Crisis Management, Academy of Management Executive, V. 7 (1), pp. 48 - 59

It is important to re-emphasize here (as it has already been mentioned in Chapter 3) that the use of archetypal images in this research is purely instrumental. It is beyond the scope of this research to investigate the symbolic nature of organizations, or the effects of it. The meaning of archetypal stakeholders (heroes, victims, villains, etc.) used here are assumed to be common sense in the context of the industry and, to some extent, to the culture of the nation at large. The researcher believes that this study, as it is proposed here, could not be carried out between industries and also between countries, even if the industry concerned is the same industry to be analyzed between countries. One major reason for that, is that in different cultures (nations) the meaning of such stakeholders (archetypal) may be viewed with some degree of difference. Moreover, and as mentioned in Chapter 2, defining crisis alone can be an example of the difficulties that would be encountered. That is, what may be considered a crisis in the United Kingdom, may not be considered a crisis in, say, Spain, where management is more tolerant. Cross-industry analyses may also prove to pose the same problem. Structure of industry, market conditions, technological aspects, etc., all may contribute to complicate and compromise the results if caution is not taken.

6.5.2.1 - Pilot Study - Second Stage

The main concern of this research is to investigate organizational views (from top executives in hotel organizations) of their main stakeholders in distinct crisis situations. To do this, two distinct crisis situations were developed: one in which the organization is "Guilty" of a crisis, and the other where the organization is the "Victim" of a crisis.

A number of crisis types were piloted with the same pilot subjects. Crisis types such as health related crisis, security and safety crisis, executive crimes, plant defects, information related crisis, terrorism, and fire, were presented to the pilot subjects. The objective was to identify what type of crisis would be more easily understood by the main subjects, given the context of each distinct crisis situation of "Guilty" and "Victim". In other words, which type of crisis could the main subjects grasp more easily (given situations) and see it in the context of the present research. All pilot subjects agreed that the type of crisis more appropriate for the situation "Guilty" would be the type "FIRE". They all also agreed that the most appropriate crisis type to illustrate the situation "Victim" would be the type "TERRORISM". With the results in hand two distinct crisis situations were developed and also tested. Below are the two situations.

"Guilty" Situation - The first crisis situation is one in which the host organization is in the "Guilty" category.

Crisis Situation 1 - "GUILTY"

SITUATION: **Fire in a Prestigious Property of the Group**

There has been a major fire in one of your most prestigious hotels. The fire resulted in five deaths, many injuries and considerable damage to the property. Among the dead were four guests and one employee. The injuries were among guests, employees, members of the fire brigade, a member of the public who tried to help guests to escape the "inferno", and some members of a conference group that were having a dinner party in one of the hotels' function rooms.

The findings of the investigation into the hotel fire have established that most of the fire exits were blocked. The main fire exit was blocked by trolleys on the fourth floor, where the fire started, and where all the casualties occurred. The ground floor fire exit was blocked by tables and chairs from the restaurant, which was undergoing a one-day minor refurbishment on the day of the fire. Other objects (including an employee's motorcycle) also blocked the exit. Most of the injuries happened in this fire exit, where people were trapped and panicked. Other fire exits were found not to be in accordance with specific requirements.

With this scenario in mind, please state how you would see your main stakeholders. In each row, please indicate your prime preference by ticking <u>one</u> of the boxes.

Crisis Situation 1 - "GUILTY"

Instruction: **Please tick one box of your preference in each row.**

Stakeholders	Victims	Heroes	Rescuers	Enemies	Allies	Protectors	Villains
Management	☐	☐	☐	☐	☐	☐	☐
Stockholders	☐	☐	☐	☐	☐	☐	☐
Workers	☐	☐	☐	☐	☐	☐	☐
Union	☐	☐	☐	☐	☐	☐	☐
Media	☐	☐	☐	☐	☐	☐	☐
Suppliers	☐	☐	☐	☐	☐	☐	☐
Competitors	☐	☐	☐	☐	☐	☐	☐
Special Interest Groups	☐	☐	☐	☐	☐	☐	☐
Regulators (official bodies)	☐	☐	☐	☐	☐	☐	☐
Consumers	☐	☐	☐	☐	☐	☐	☐
Financial Institutions	☐	☐	☐	☐	☐	☐	☐
Insurance Companies	☐	☐	☐	☐	☐	☐	☐
Local Community	☐	☐	☐	☐	☐	☐	☐
Nation (wider community)	☐	☐	☐	☐	☐	☐	☐

"Victim" Situation - The second crisis situation is one in which the host organization is in the "Victim" category.

Crisis Situation 2 - "VICTIM"

SITUATION: **Terrorist Bomb Attack in one of the most Prestigious Property of the Group**

A massive explosion has occurred in the flagship hotel of the group. The explosion, caused by a well planned terrorist attack, was one of the most vicious in recent history. The hotel group had nothing to do with the motives of the terrorist group. The hotel was the target, apparently, to expose the objective of the terrorists, which was to destroy the most important symbols of the country.

The bomb caused the deaths of many innocent people among employees, guests, and some members of the three small conferences that were going on at the time of the explosion. Injuries were wide-spread. No one present in the hotel at the time of the explosion could escape without injuries.

With this scenario in mind, please state how you would see your main stakeholders. In each row, please indicate your prime preference by ticking one of the boxes.

Crisis Situation 2 - "VICTIM"

Instruction: **Please tick one box of your preference in each row.**

Stakeholders	Victims	Heroes	Rescuers	Enemies	Allies	Protectors	Villains
Management	☐	☐	☐	☐	☐	☐	☐
Stockholders	☐	☐	☐	☐	☐	☐	☐
Workers	☐	☐	☐	☐	☐	☐	☐
Union	☐	☐	☐	☐	☐	☐	☐
Media	☐	☐	☐	☐	☐	☐	☐
Suppliers	☐	☐	☐	☐	☐	☐	☐
Competitors	☐	☐	☐	☐	☐	☐	☐
Special Interest Groups	☐	☐	☐	☐	☐	☐	☐
Regulators (official bodies)	☐	☐	☐	☐	☐	☐	☐
Consumers	☐	☐	☐	☐	☐	☐	☐
Financial Institutions	☐	☐	☐	☐	☐	☐	☐
Insurance Companies	☐	☐	☐	☐	☐	☐	☐
Local Community	☐	☐	☐	☐	☐	☐	☐
Nation (wider community)	☐	☐	☐	☐	☐	☐	☐

6.5.2.1.1 - Pilot Results - Second Stage

The set of "Functional Organizational Stakeholders" was also piloted. The researcher presented the pilot subjects with a set of stakeholders (taken from Mitroff and Pearson, 1993a, plus five new ones which the researcher considered to be important to the hotel industry) and asked whether those stakeholders were relevant to the operations of hotel organizations in the context of the intended sample. One stakeholder was rejected (International Community); however, four new functional stakeholders were added to the Mitroff and Pearson (1993a) list (Financial Institutions, Insurance Companies, Local Community, National - wider community) as a result of the pilot study.

The set of "Archetypal Organizational Stakeholders" was also piloted. The objective here was to see whether there was any kind of disagreement or discrepancy among responses in relation to the images or meanings conveyed by the archetypes. All respondents agreed on the intended meaning of the archetypal images. That is, in the context of this culture (UK), and for that matter in the context of the intended sample, the respondents agreed on the message conveyed by the archetypal stakeholders.

6.6 - The Sample

Previous research on the subject of crisis management revealed that during crises it is more common to identify the main decisions (strategic) to be taken by the top executives (i.e., managing directors, marketing directors, financial directors, etc.) or by other top designated executives (individual directly concerned with overseeing crisis management or similar function), than by unit managers (Janis, 1989; Mitroff and Pauchant, 1990; Barton, 1993; Shrivastava, 1992; Nystrom and Starbuck, 1984; Fink, 1986). Indeed, in many instances crisis management decisions and control is a matter for head office. Of course, a great effort (human and material resources) is directed to the units and their management and employees, as well as, in some cases, towards the community (in terms of education - relating to the business activities and potential effects, etc.), or/and towards other interested parties. In addition to the reasons for interviewing only top executives above, other researchers have provided evidence to support this choice (top executives rather than unit managers and employees). Studies by Hambrick (1981) and Hambrick and Mason (1984) of the effects of top management characteristics on organizational outcome have shown that job level can affect an executive's perceptions about his organization as a whole. Moreover, and as observed by Tushman and Romanelli (1985), higher level executives are an important component of an organization's preparedness to crisis because they are critical actors in any organizational change situation. Compared to lower level managers, upper level executives tend to have longer tenure with their firms, and longer tenure has been related to greater commitment (Salancik, 1977). Finally, the higher an executive is in the organization, the more likely she/he is to know about and have access to any crisis preparedness resources the company has in place (Kiesler and Sproull, 1982).

Given this evidence, the researcher approached top executives of the fifty (50) top hotel organizations operating in the United Kingdom. The source of these organizations was "The Hospitality Yearbook", 1995 edition (HCIMA - Hotel Catering & Institutional Management Association, "The Hospitality Yearbook", 1995 edition). The 50 top hotel groups are quite representative of the range of products in the market. They range from 5 star luxury city centre hotels to budget hotels in motorways and in the country. Many of the groups have a large international operation, while others are mainly British and operate exclusively in the UK. Some others have few large hotels concentrated in big urban centres, while others have a large number of medium and small hotels spread out in the country and/or the world.

Given that the top executives of those groups are used to dealing with all the issues related to their different mix of business (from the small to the top of the range hotel), and in many cases international operations, which bring cultural differences and exposition to a whole range of different issues, much more information (also in terms of the quality of the information) could be gained from their opinion. Most of the hotel groups have their shares in stock markets in many places of the globe, which again gives them another dimension and concept of their business. If the researcher had approached the managers of the traditional small privately owned hotels much of the information required for the research would not be available. The top hotel groups are also leaders in management innovation.

An attempt to interview at least two executives in each individual organization was made, but in many cases with no success. Given that in a serious crisis (as mentioned above) decision-making would be done at the highest level, those executives holding key positions were approached. That is, the top executives (Managing Director, Chief Executive Officer, President, and Vice-President), as well as the Marketing Director, since marketing (specially communication and Public Relations) is an integral part of any crisis management exercise. However, in some cases the researcher was advised that the person responsible for crisis management, or similar function, had a different profile, like for example the Security Officer, or the Financial Director. This fact reinforces the findings of Mitroff et al (1988b), where they found that crisis management falls under a diverse set of responsibilities. This fact might also explain the difficulty in finding a clear or coherent definition of "crisis" by hotel executives. They all regard and define "crisis" from their own perspective and past experience. More details about the profile of interviewees and their organizations can be seen later in this section. This matter is also further discussed in Chapter 7.

In this present research, job level was operationalized as a continuous variable with three levels. First, the top executive of the organization (CEO, Managing Director, President, Vice-President, etc.), secondly, the top marketing executive of the organization (Marketing Director, Marketing President, Director of Marketing and Sales, etc.), and finally, what the researcher has generalized as "operations" (this includes the positions that are more related to the operation of the business and less with the strategic side of the organization (e.g., Human Resource Director, Finance Director, and so forth).

6.6.1 - Approaching Hotel Group Executives

Although at least two executives were approached in each organization, some organizations, due to their internal policies, did not participate in this research. However, there were cases where more than two executives in an organization were interviewed.

A letter was sent to all 50 hotel groups explaining the research objectives and emphasizing that a telephone contact to the executive concerned would be made a week later to find a suitable date for the interview. Attached to this letter were a presentation letter from the co-supervisor, Dr. David Gilbert, and a brief description of what crisis management is. The decision to include the latter, was taken after the pilot results and individual contact with the industry revealed that crisis management is still a not well known subject, let alone practiced in the hotel industry.

A telephone contact with each targeted executive was made and an interview time and date was arranged with those that agreed to collaborate with the research. It has to be emphasized here that even though all the executives made a great effort to meet the researcher in person, in many cases, due to the nature of their responsibility, schedule, and so forth, a face-to-face meeting proved impossible. In those cases, the research material (questionnaires and the crisis situations, with appropriate instructions on how to proceed, specially the sequencing for answering the questions) was mailed and upon receiving that material some of those subjects were interviewed by telephone. However, not all of the executives were available for a telephone interview.

The researcher estimated, after the first contact, that the data collection time would take place between February and April 1995. For many different reasons some executives had to postpone the meeting and therefore the data gathering period was extended until August 1995.

Although some organizations did not participate at all in the research, others, in contrast, not only were very helpful (suggesting other executives within their organizations to be interviewed, for instance), but also in one case, an organization in fact offered their business (all their hotels worldwide) to be studied and was even willing to finance some aspects of the study. Overall, the response was very positive and the executives were very collaborative. This fact was reflected in the quality of the data gathered. Only in two instances, with posted questionnaires, the respondents failed to answer the "Crisis Situations" questionnaires. Having said that, the quality of the data was constrained by the "normal" limitations of the methods used. That is, in the case of the questionnaires, without open-ended questions the questionnaires lost flexibility and consequently lost the wealth of information. Similarly, with the semi-structured interviews, while it provided the researcher and interviewees the guidelines for the conversation and minimum diversion, and also kept the duration of the interview as short as possible, it also in some instances affected the amount of obtained information. Having said that, overall, the quality of the data obtained was very good and satisfied the research objectives.

6.6.2 - Response Rate

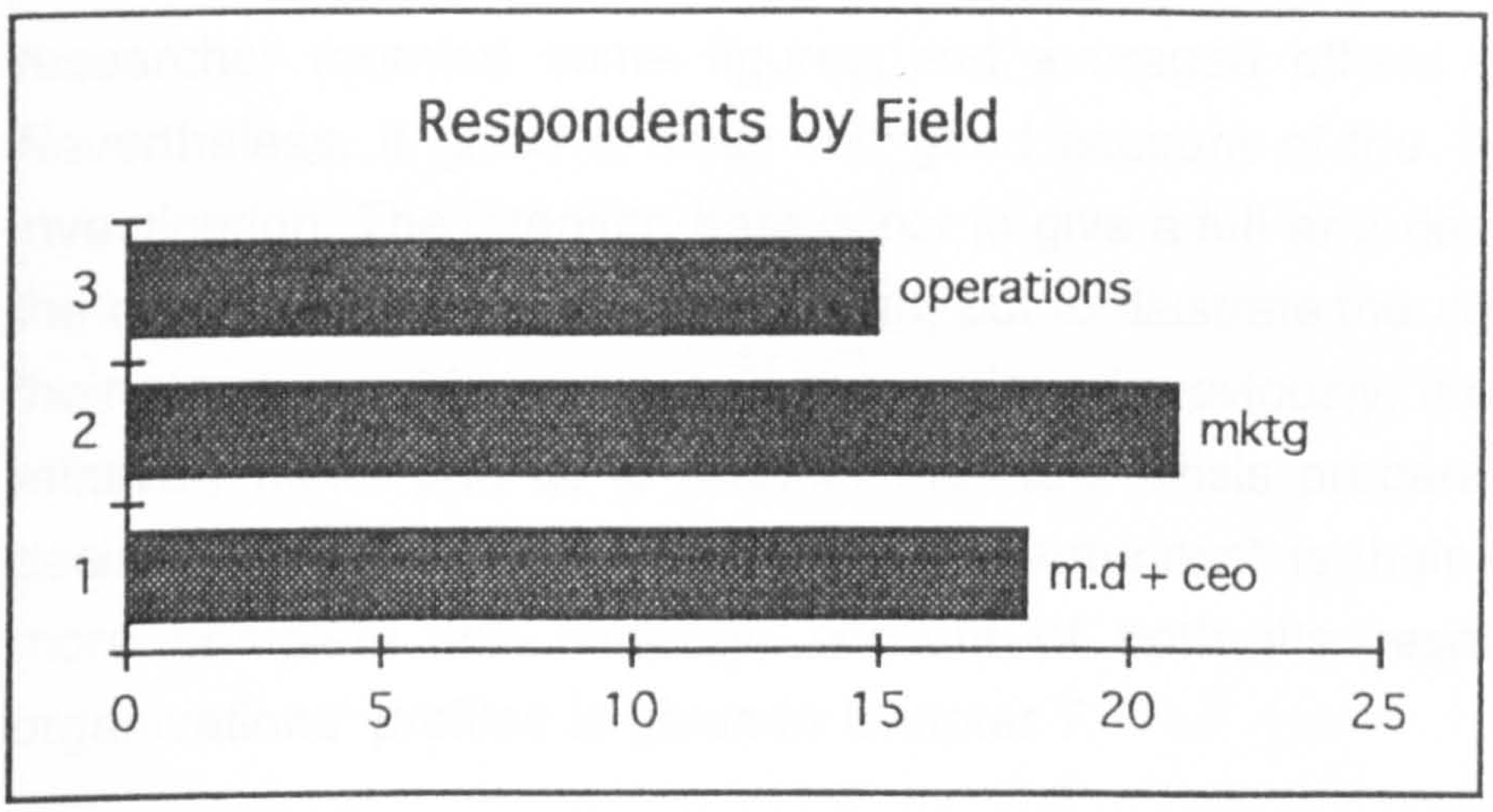
The response rate was surprisingly high for this kind of research:

- Of the 50 hotel groups approached, 33 hotel groups participated in the research: 66%.
- 30 interviews were conducted. In the cases where interviews were conducted, questionnaires were also answered.
- 24 questionnaires were received by post (in the cases where interviews proved impossible).
- A total of 54 questionnaires completed.
- Of the post response, only two (2) crisis situation questionnaires were not answered.
- An average of 1.63 executives (for each of the 33 hotel groups) participated in the research.

6.6.3 - Sample Profile - Executives by Field

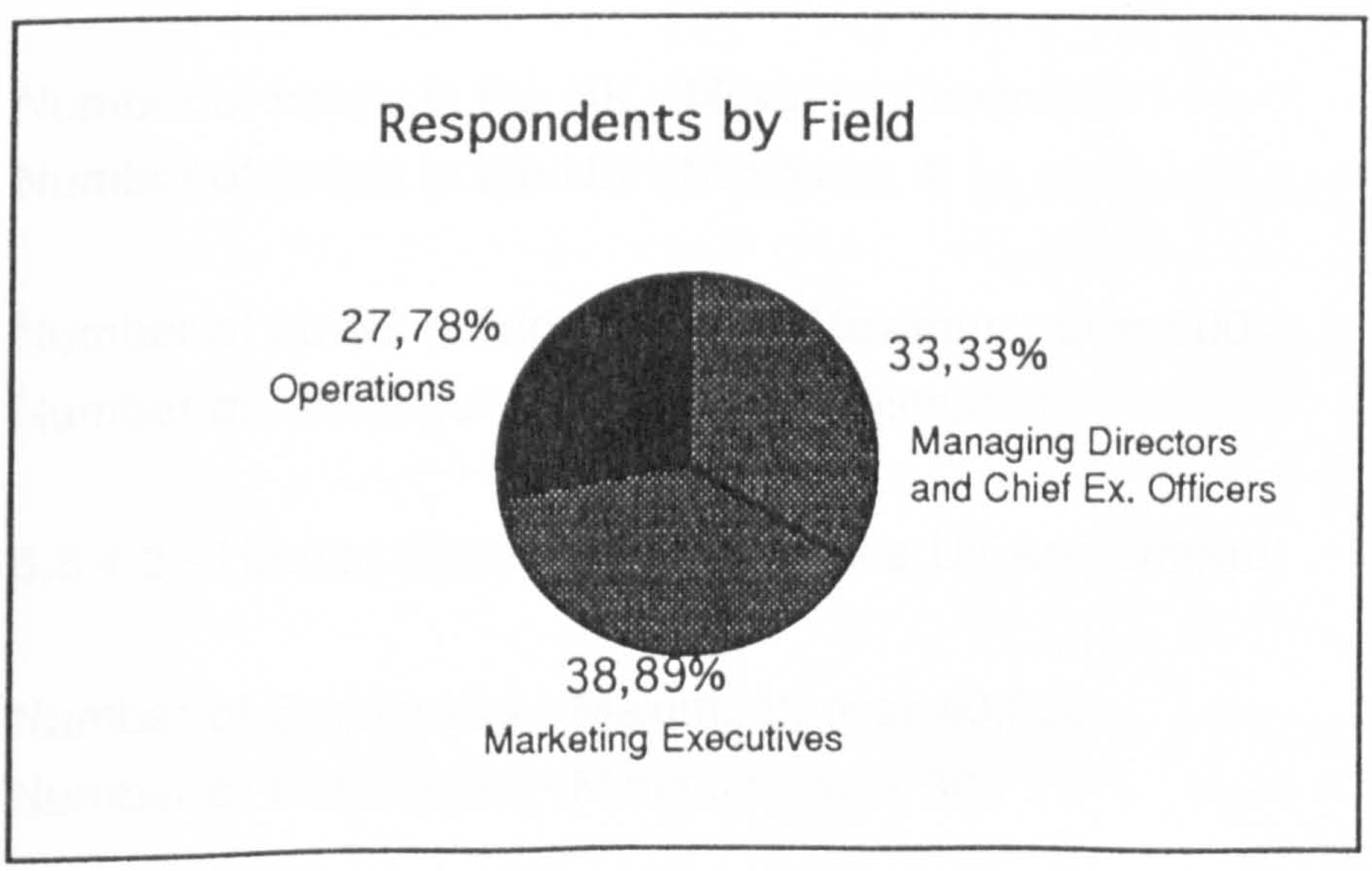
The figures below represent the number and percentage of respondents by their title and position within their organization. Of the 54 respondents, 18 were classified under "Managing Directors and Chief Executive Officers", 21 held a "Marketing" position in their organizations, and 15 were classified under the "Operations" category.

Figure 6.5 - Respondents by Field



1 - m.d. + ceo = Managing Directors and Chief Executive Officers
2 - mktg = Marketing Executives
3 - operations = Operations

Figure 6.6 - Respondents by Field - Percentage



6.6.4 - Sample Profile - Hotel Groups

One explanation for the high response rate obtained in this study can be attributed to the confidentiality offered by the researcher to respondents. It was evident that crisis management is a matter of "secrecy" and most organizations were concerned as to the use of the information and asked for assurance. As mentioned before in this chapter, the researcher offered respondents to return the tapes or transcripts as soon as the research is completed. Any direct information that could lead to the identification of any particular organization is avoided here. Therefore, for these reasons, the researcher rounded some figures, and averaged others to present it here. Nevertheless, it gives a clear and good account of the hotel groups under investigation. The intention here is not to give a full and descriptive account of the organizations under investigation, but to illustrate the contrasting nature of their structures. Moreover, and as mentioned previously, their structure plays a relatively minor part as to whether they are "crisis prepared" or not. What is decisive and does determine their "preparedness" is their culture. For that, a more complete and thorough account of both the respondents and their organizations' profiles is given in Chapter 7.

Having said that, below are some examples of the contrasting structures of hotel groups under investigation in terms of size (number of hotels in the UK and abroad), number of employees, annual revenue, and the age of the company.

6.6.4.1 - Size of Companies

Number of hotels in the UK - Maximum: over 340
Number of hotels in the UK - Minimum: 4

Number of hotels outside the UK - Maximum: over 600
Number of hotels outside the UK - Minimum: 0

6.6.4.2 - Human Resources (both in the UK and abroad)

Number of Employees - Maximum: over 40,000
Number of Employees - Minimum: over 300

6.6.4.3 - Revenue (Group Revenue, includes revenue from hotels outside the UK)

Annual Sales - Maximum: over £2 billion
Annual Sales - Minimum: over £5 million

6.6.4.4 - Age of Companies:

Oldest: over 250 years ("in the business")
Youngest: over 5 years old

6.6.5 - The Interview and Questionnaire Application

Not all interviews took place in the working place of the executives. In most cases the researcher visited the executives in their normal working hours and in their usual working place. However, given the schedule and time availability of these top executives, in some instances the researcher met the interviewees in a totally different setting. On two occasions the interviews took place during an arranged breakfast, and in three other occasions in the lobby of a hotel away from their head offices. These different occasions provided the researcher with interesting findings. The researcher expected that those interviewed outside their working environment would behave differently, in relation to their approachability and involvement in the interview, to those interviewed in their normal working environment. Some reasons for this assumption were that they might be free of constant telephone calls, the secretary coming through the doors, and the usual line of people waiting to see the executives outside their door, among other duties of top executives. There seemed to be no correlation (at least in this study) between executives' involvement and interest in the interview and the setting where the interviews took place. Most executives took great interest in the subject, asked questions, and discussed in detail the open-ended questions. One reason for that might be that crisis management was a new subject for most of the executives and there was a visible interest in the subject in general and in the possible applicability of crisis management to their own operations.

6.6.6 - The Sequencing of the Data Gathering Instruments

The researcher was aware of the importance of not creating biases in any step of the research. As the research required more than one instrument, and since some instruments reflected and provided some information about crisis management, the sequencing of the application of those instruments became an important issue. It is important to note that right from the first approach to hotel organizations it was clear that not all executives (and for that matter hotel organizations) were aware of the subject in question. The idea of providing the executives with a formal definition of crisis management before the interviews was raised and tested in the pilot study. This idea was rejected for two main reasons: first, it was identified that if a definition was presented it would inevitably lead to a past experience of the executive of some type of crisis and therefore create biases. The researcher was not interested directly in crisis typology. The idea was not to talk about any kind of crisis (specified or experienced), instead it was to concentrate on the cultural aspects of the organizations in relation to crisis and crisis management. Second, if a definition was provided it would not only limit the respondents' ability to express their views, but it would also allow no room for the respondents to define "crisis". The definition of "crisis" is an important part of this research. One of the most important findings of the whole study is the perception of what a "crisis" is, and how "crisis" is defined by top hotel executives. This issue also goes back to the level of understanding of respondents discussed in Chapter 2 and earlier in this chapter. As crisis management falls under different responsibilities, depending on the nature of the operation or business objectives, and since different executives (holding different positions and responsibilities) would be interviewed, the issue of providing a definition was rejected.

Having said that, the sequencing of the research instruments became very important. Since the objective of the first stage was to identify the "favourability" of organizational culture to crisis management, it was important to have executives without preconceived ideas of crisis and crisis management to answer the first and second questionnaires. This would allow the respondents to answer the statements (rationalizations) without relating them to the issue of crisis (or a specific definition of crisis, or crisis typology). After the questionnaires were answered, the researcher presented the respondents with the crisis situations and only then the interview took place. The researcher believes that this order was the most logical one. If the crisis situations and/or interview took place prior to the questionnaires, the executives' responses to the questionnaires would be greatly influenced by the crisis situations (types of crisis and stakeholder relationship) and/or by the knowledge and thinking behind the questions and answers of the interview.

The crisis situations were presented in a different sequence to see whether there would be any implications in the results. Half of the respondents were given crisis situation 1 ("Guilty") first and then crisis situation 2 ("Victim"). The reverse was done with the other half of the respondents. There was no perceived difference or evidence to suggest that this has influenced their answering pattern.

6.7 - Data Analysis

6.7.1 - Factor Analysis

Having collected the data, the data was carefully inputted into the SPSS programme and an accuracy check was carried out both at the time of the input as well as after all data was inputted. Some corrections eventually had to be made as double checks proved it was necessary. After the amendments, the data was again checked to make sure that it had been inputted into the programme according to respondents' answers.

Prior to the factor analysis, the researcher put the data in a spreadsheet (Excel Version 3.0) with the intention of exploring it without a preconceived idea of the likely outcome. Different approaches to data was applied in the spreadsheet. The results provided no satisfactory answer (as expected with a spreadsheet) to the need of the study. However, it gave the researcher some insights as to the next logical step in addressing the data. It was clear, then, that a more powerful, comprehensive and sophisticated method would be necessary. The data was inputted into SPSS (Version 6.0) to be explored. As a first step, a frequency analysis was done on the data of the first and second questionnaires. The objective of using frequency analysis was purely to see whether there were any significant patterns in the data so that the researcher could identify, from the information obtained, other relevant statistical methods to apply. The frequency of the data revealed an interesting pattern of response, however, it was still not enough to explain whether an organization had a culture favourable or not to crisis management, and a more sophisticated method was needed. Cross tabulation was also applied but resulted only in the relationship between respondents and their choices. No real explanation for what was needed at this stage was found. It became clear that data summarization would be the ideal application because it would provide a more clear and understandable pattern of the issues being investigated. Factor analysis was chosen to accomplish this part and was a very successful approach to the data. Factor analysis, its relevance, implications, and applicability to the research objectives is developed further in this section.

Factor analysis is a branch of multivariate analysis that is concerned with the internal relationships of a set of variables. It was initially developed by psychologists and was primarily concerned with hypotheses about the organization of mental ability suggested by the examination of correlation or covariance matrices for sets of cognitive test variates (Lawley and Maxwell, 1971).

The central aim of factor analysis is the "orderly simplification" of a number of interrelated measures. Factor analysis seeks to do precisely what humans have been engaged in throughout history, that is to make order out of the apparent chaos of the environment (Child, 1990). If one was unable to organize experiences in such a complex environment, the assimilation and communication of knowledge would be a most arduous, if not impossible, task. The work of developmental psychologists in the formation of concepts has adequately described this process. At an early stage of development, children gradually learn the characteristics which differentiate one object from another by observing and manipulating them in a variety of situations. This cataloguing of similarities and differences has much in common with factor analysis.

Traditionally, factor analysis has been used to explore the possible underlying structure in a set of interrelated variables without imposing any preconceived structure on the outcome. At its crudest, no thought might be given to the selection of variables; rather, the data, because they happen to be reasonably numerous as with questionnaires or attitude scale items, are submitted for analysis in a "let's see what happens" spirit. However, it is not common to encounter social scientists research that started in such a manner. In most cases, the analysis is preceded by a "hunch" as to the factors which might emerge. In having an idea and selecting test materials in the first place it must have occurred to the researcher that the tests have something in common or that some are attempting to detect markedly different things. This systematic use of the technique in exploring and classifying data is much more prevalent.

6.7.1.1 - Defining Factor Analysis

Factor analysis is a generic name given to a class of multivariate statistical methods whose primary purpose is data reduction and summarization. In a more general sense, it addresses the problem of analyzing the interrelationships among a large number of variables (e.g., test scores, test items, questionnaire responses) and then explaining these variables in terms of their common underlying dimensions (factors).

Factor analysis (unlike multiple regression, discriminant analysis, or canonical correlation, in which one or more variables is explicitly considered the criterion, or dependent variable, and all others the predictor, or independent variables) is an interdependence technique in which all variables are simultaneously considered. In a sense, each of the observed (original) variables is considered as a dependent variable that is a function of some underlying, latent, and hypothetical set of factors (dimensions). Conversely, one can look at each factor as a dependent variable that is a function of the originally observed variables (Hair et al, 1987).

Factor analysis assumes that the observed variables are linear combinations of some underlying (unobservable) factors. Some of these factors are assumed to be unique to each variable. Therefore, factor analysis starts with a set of observations obtained from a given sample by means of such a priori measures. Factor analysis then analyzes this set of observations from their intercorrelations to determine whether the variations represented can be accounted for adequately by a number of basic categories smaller than that with which the investigation was started (Kim, 1978b). Thus, data obtained with a large number of a priori measures may be explained in terms of a smaller number of reference variables (Fruchter, 1954).

The general purpose of factor analytic technique, then, is to find a way of condensing (summarizing) the information contained in a number of original variables into a smaller set of new composite dimensions (factors) with a minimum loss of information; that is, to search for and define the fundamental constructs or dimensions assumed to underlie the original variables (Hair, 1987). In other words, when a group of variables has, for some reason, a great deal in common a factor may be said to exist. These related variables are discovered using the technique of correlation. Child (1990) gives an example of how this correlation works: if one took a group of people and correlated the lengths of their arms, legs and bodies one would probably find a marked relationship between all three measures. Thus, tall men would tend to have long arms and long legs and vice versa for short men. This interconnection constitutes a factor - a factor of linear size. If, however, eye colour or left-handedness had been correlated along with the other variables, they would have been unlikely to have shown any relationship with the other three variables and consequently would not appear in the same factor of linear size.

Therefore, and as defined by Norusis (1993, pp. 47), factor analysis is "a statistical technique used to identify a relatively small number of factors that can be used to represent relationships among sets of many interrelated variables." Factor analysis helps to identify these underlying, not-directly-observable constructs. It can then be said that the basic assumption of factor analysis is that underlying dimensions, or factors, can be used to explain complex phenomena. Observed correlations between variables result from their sharing these factors. The goal of factor analysis is to identify the not-directly-observable factors based on a set of observable variables.

6.7.1.2 - Characteristics of a Successful Factor Analysis

One of the objectives of factor analysis is to represent relationships among sets of variables parsimoniously. That is, one would like to explain the observed correlations using as few factors as possible. If many factors are needed, little simplification or summarization occurs. Factors should also be meaningful. A good factor solution is both simple and interpretable. When factors can be interpreted, new insights are possible.

Broadly, according to Hair et al (1987), factor analysis technique can perform four functions:

1 - Identify a set of dimensions that are latent (not easily observed) in a large set of variables; this is also referred to as *R factor analysis*.

2 - Devise a method of combining or condensing large number of people into distinctly different groups within a larger population; this is also referred to as *Q factor analysis*.

3 - Identify appropriate variables for subsequent regression, correlation or discriminant analysis from a much larger set of variables.

4 - Create an entirely new set of a smaller number of variables to partially or completely replace the original set of variables for inclusion in subsequent regression, correlation or discriminant analysis.

Approaches 1 and 2 above take the identification of the underlying dimensions or factors as ends in themselves; the estimates of factor loadings are all that is required for the analysis. Method 3 also relies on the factor loadings but uses them as a basis for identifying variables for subsequent analysis with other techniques. Method 4 requires that estimates of the factors themselves (factor scores) be obtained; then the factor scores are used as independent variables in a regression, discriminant or correlation analysis.

For the purpose of this research, approach 1 above was adopted to identify the dimensions within a large number of variables related to crisis and crisis management.

6.7.1.3 - Why Factor Analysis

As mentioned previously in this chapter, more than one research technique was required to achieve the objectives of this research. The first part of the research is concerned with organizational culture in relation to crisis management. Organizational culture, as defined in Chapter 3, is a set of less observable, largely unconscious factors that exert a decisive effect on the behaviour of all organizations. The primary aim of this first stage is to explore the effects of organizational culture on crisis management, that is, to establish the crisis preparedness (or the favourability of organizational culture to crisis management) of different organizations. The cultural element of "favourability" to crisis management measured here are the "rationalizations" managers make in relation to crisis and crisis management. Rationalizations are the basic assumptions developed and held by members of an organization about themselves, their organizations, and their environment. By investigating the expressed rationalizations managers and executives make about crisis and crisis management, the level of organization readiness to crises can be identified and a framework of "crisis-prepared" and "crisis not prepared" organizations can be developed. It is evident that the culture of an organization is more than a set of rationalizations. In order to obtain a complete picture, a great number of variables should be carefully studied, such as myths and stories developed in the company, the kinds of ceremonies or ritualized events individuals subscribe to, the anecdotes and jokes passed around in the organization, the political games played, the motivations behind reward and punishment, and so forth. Still, and as argued by Chanlat and Bédart (1990) and Moscovici (1984) (in Pauchant and Mitroff, 1992), studying the rationalizations expressed by managers, and their mindset, captures a significant part of corporate culture.

For that, an index of rationalizations - with 30 variables - that executives make in relation to crisis and crisis management were used in the form of a questionnaire for each executive to subscribe to. The rationalizations are measured in an ordinal scale of 1 to 7, as described earlier in this chapter.

Given that the number of rationalizations (variables) were considerable and also that an underlying dimension of those variables was desirable (so that individual organizations could be assessed through a new perspective) factor analysis was chosen.

The sum of the scores of the index of rationalizations (using the extracted factors) comprises the favourability of the culture of a particular organization to crisis management, that is, whether the culture of an organization makes it "prepared" or "not prepared" for crisis.

6.7.1.4 - Applicability

This section intends to explore the suitability of the questionnaire data for factor analysis and the appropriateness of the method to the research purpose.

6.7.1.4.1 - Interdependence Technique

As factor analysis is an interdependence technique it allows all variables to be considered simultaneously. Thus, each of the observed (original) variables is considered as a dependent variable that is a function of some underlying, latent, and hypothetical set of factors (dimensions). The fact that factor analysis is an interdependence technique is very relevant to this study since all variables (rationalizations) are equally important and reflect the "mindset" of the organization under investigation.

6.7.1.4.2 - Design Measurement

The designed questionnaire is of metric measurement - ordinal scales.

6.7.1.4.3 - Sample Size

Sample size is of key importance in the application of factor analysis since it is directly related to the reliability of the results (factors). From the literature on factor analysis, specially Child (1990) and Hair et al (1987), it is not uncommon to fact analyze a sample smaller than 100, provided certain precautions are taken. The factor loading is an important and directly related issue regarding the number of cases one wants to analyze. Most analysts use a rule of thumb: factor loading of ± 0.30. The literature indicates that any loading above ± 0.30 is significant or salient. This criteria is said to be quite a rigorous one. However, with a sample smaller than 100, factor loading has to be at least ± 0.30. For this research, a loading of 0.50 was adopted. The larger the absolute size of the factor loading, the more significant the loading is in interpreting the factor matrix. Thus, a loading of 0.50 ensures a more significant level.

6.7.1.4.4 - Calculation of the Correlation Matrix

Factor analysis offers the analyst two alternatives in calculating the correlation matrix: the analyst can either examine the correlations between the variables or the correlations between the respondents. Given the objective of the present research, the best alternative is to examine the correlations between variables. Hair et al (1987) argue that this is the most common type of factor analysis. Factor analysis may also be applied for a correlation matrix of the individual respondents. However, this approach is not utilized very frequently because of computational difficulties. Instead, most analysts utilize some type of cluster analysis or hierarchical grouping technique to group individual respondents.

6.7.1.4.5 - Extraction/Factor Model

Numerous variations of the general factor model are available. The most frequently employed factor analytic approaches are component analysis (or principal component analysis) and common factor analysis (or principal-axis factoring). In general, the component model is used when the objective is to summarize most of the original information (variance) in a minimum number of factors for prediction purposes. In contrast, common factor analysis is used primarily to identify underlying factors or dimensions not easily recognized.

The selection of the appropriate model requires an understanding of the types of variance. Child (1990) argues that many of the fundamental ideas in factor analysis derive from the concept of variance. Variance is a statistical term which provides an index of the dispersion of scores and is defined as the square of the standard deviation (Child, 1990; Kim, 1978a). For the purpose of factor analysis, total variance consists of three kinds: (1) common, (2) specific (or unique), and (3) error. *Common variance* is defined as that variance in a variable that is shared with all other variables in the analysis. *Specific variance* is that variance associated with only a specific variable. *Error variance* is that due to unreliability in the data-gathering process or a random component in the measured phenomenon. When using component analysis, the total variance is considered and hybrid factors are derived that contain small proportions of unique and in some instances error variance, but not enough in the first few factors to distort the overall factor structure. Specifically, with component analysis, unities are inserted in the diagonal of the correlation matrix. Conversely, with common factor analysis, communalities are inserted in the diagonal, and the factors are derived based only on the common variance. From a variance point of view, there is a big difference between inserting unity in the diagonal and using communality estimates. With unity in the diagonal, the full variance is brought into the factor matrix. Common factor analysis substitutes communality estimates in the diagonal, and the resulting factor solution is based only on common variance (Hair et al, 1987; Norusis, 1993; Harman, 1967).

That is, principal-axis factoring (or common factor analysis) proceeds much the same as principal component analysis, except that the diagonals of the correlation matrix are replaced by estimates of the communalities. At the first step, squared multiple correlation coefficients can be used as initial estimates of the communalities. Based on these, the requisite number of factors is extracted. The communalities are reestimated from the factor loadings, and factors are again extracted with new communality estimates replacing the old. This continues until negligible change occurs in the communality estimates (Norusis, 1993; Hair et al, 1987; Kim, 1978b).

Given that the primary objective of this part of the research is to identify the latent dimensions or constructs represented in the original variables, and that the researcher has little knowledge about the amount of unique or error variance and therefore wishes to eliminate this variance, the appropriate model for the present research is the common factor model.

Other variations of the general factor model available are the Maximum Likelihood and Alpha Factoring. Maximum likelihood method produces parameter estimates that are the most likely to have produced the observed correlation matrix if the sample is from a multivariate normal distribution (Norusis, 1993; Kim, 1978b). The alpha factoring method considers the variables in a particular analysis to be a sample from the universe of potential variables (in contrast with maximum likelihood which assumes that the variables one considers constitute the universe, and that the only sampling involved is the sampling of individuals - Kim, 1978b). The alpha factoring method maximizes the alpha reliability of the factors. This differs from the previous described methods, which consider the cases to be a sample from some population and the variables to be fixed. With alpha factor extraction, the eigenvalues can no longer be obtained as the sum of the squared factor loadings, and the communalities for each variable are not the sum of the squared loadings on the individual factors. The alpha factoring method and the maximum likelihood method do not fulfill the requirements of the present research. The subject of factor models is further discussed in the "Findings" chapter (Chapter 7).

6.7.1.4.6 - The Rotation of Factors

An important concept in factor analysis is the rotation of factors. Although the factor matrix obtained in the extraction phase indicates the relationship between the factors and the individual variables, it is usually difficult to identify meaningful factors based on this matrix. Often the variables and factors do not appear correlated in any interpretable pattern. Most factors are correlated with many variables. The initial unrotated factor matrix is computed to assist in obtaining a preliminary indication of the number of factors to extract (Hair et al, 1987). Hair et al (1987) argue further that in computing the unrotated factor matrix, the analyst is simply interested in the best linear combination of variables - best in the sense that the particular combination of original variables would account for more of the variance in the data as a whole than any other linear combination of variables. Therefore, the first factor may be viewed as the single best summary of linear relationships exhibited in the data. The second factor is defined as the second best linear combination of the variables subject to the constraint that it is orthogonal to the first factor. To be orthogonal to the first factor, the second factor must be derived from the proportion of the variance remaining after the first factor has been extracted. Thus, the second factor may be defined as the linear combination of variables that accounts for the most residual variance after the effect of the first factor is removed from the data. Subsequent factors are defined similarly until all the variance in the data is exhausted (Hair et al, 1987; Kim, 1978a; Norusis, 1993). Indeed, Child (1990, pp. 27) argues that

> "the techniques for extracting the factors generally endeavour to take as much common variance as possible in the first factor. Subsequent factors are, in turn, intended to account for the maximum amount of the remaining variance until, hopefully, no common variance remains."

Although the unrotated factor solutions may achieve the objective of data reduction (it may also fulfill desirable mathematical requirements), unrotated factor solutions may not provide information that offers the most adequate interpretation of the variables under investigation. Since one of the goals of factor analysis is to identify factors that are substantively meaningful (in the sense that they summarize sets of closely related variables), the rotation phase of factor analysis attempts to transform the initial matrix into one that is easier to interpret (Norusis, 1993; Kim, 1978b). Rotation of factors also improves the interpretation by reducing some of the ambiguities that often accompany initial unrotated factor solutions. While in the unrotated factor solutions each factor after the first factor (which tends to be a general factor with almost every variable loading significantly and accounts for the largest amount of variance) accounts for smaller portions of variance, when the factor matrix is rotated this trend is modified. The ultimate effect of rotating the factor matrix is to redistribute the variance from earlier factors to later ones to achieve a simpler, theoretically more meaningful, factor pattern.

The term "rotation" in factor analysis means exactly what it implies. Two main options are available: orthogonal factors and oblique factors. In an orthogonal solution, which is the simplest case, the factors are extracted in such a way that the factor axes are maintained at 90 degrees, meaning that each factor is independent of all other factors. Therefore, the correlation between factors is arbitrarily determined to be zero (Hair et al, 1987). An oblique factor solution is more complex than an orthogonal one. While in the orthogonal rotation the axes are maintained at 90 degrees, in the oblique rotation the axes are rotated and the 90 degree angle between the reference axes is not retained. However, an entirely satisfactory analytic procedure has not been devised for oblique solutions. They are still the subject of considerable experimentation and controversy. As the term oblique implies, the factor solution is computed so that the extracted factors are correlated. Oblique solutions assume that the original variables or characteristics are correlated to some extent; therefore, the underlying factors must be similarly correlated (Hair et al, 1987).

Given that the objective of the researcher is to reduce the number of original variables to a smaller and more significant set of dimensions (factors), and that the oblique solution is still a subject of controversy and experimentation, the orthogonal solution has been chosen. Furthermore, Hair et al (1987) argue that although there are several approaches available for performing either orthogonal or oblique rotation, only a limited number of oblique rotational procedures are available and often the analyst is forced to accept the one that is accessible. In addition, to date, none of the oblique solutions have been demonstrated to be analytically superior. It is, however, worth mentioning that both factor rotation models have been tested and analyzed. Always using a factor loading of 0.50, the results between the different models revealed some significant differences in the first rotated factor but the subsequent factors were similar, although in different order, in both rotational models. More details on oblique rotation can be found in Appendix 4. Orthogonal rotations are discussed in the following section.

The purpose of rotation is to achieve a simple structure. Norusis (1993), explains "simple structure" as the desirability to have each factor having non-zero loadings for only some of the variables. This will greatly facilitate the interpretation of factors. In addition, it is also desirable that each variable have non-zero loadings for only a few factors, preferably one. This permits the factors to be differentiated from each other. If several factors have high loadings on the same variables, it is difficult to ascertain how the factors differ.

The objective of all methods of rotation, in practice, is to simplify the rows and/or columns of the factor matrix to facilitate interpretation. "Simplifying the rows" means making as many values in each row as close to zero as possible. "Simplifying the columns" means making as many values in each column as close to zero as possible.

6.7.1.4.7 - Orthogonal Rotation Methods

A variety of algorithms is used for orthogonal rotation to a simple structure. Three major orthogonal rotation approaches have been developed. They are *Quartimax*, *Varimax*, and *Equimax*.

The most commonly used method is the *varimax* method, which attempts to minimize the number of variables that have high loadings on a factor. This should enhance the interpretability of the factors (Norusis,1993, pp. 65).

The ultimate goal of *quartimax* rotation is to simplify the rows of a factor matrix. That is, it focuses on rotating the initial factor so that a variable loads high on one factor and as low as possible on all other factors. In contrast to *quartimax*, the *varimax* criterion centres on simplifying the columns of the factor matrix. It is important to notice that in *quartimax* approaches many variables can load high or near high on the same factor because the technique centres on simplifying the rows. In other words, the *quartimax* method emphasizes simple interpretation of variables, since the solution minimizes the number of factors needed to explain a variable. A *quartimax* rotation often results in a general factor with high-to-moderate loadings on most variables. This is one of the main shortcomings of the *quartimax* method. With the *varimax* rotational approach, the maximum possible simplification is reached if there are only 1's and 0's in a single column (Norusis, 1993; Hair et al, 1987; Kim, 1978b).

The *equimax* approach is a compromise between the *quartimax* method (which simplifies variables) and *varimax* method (which simplifies the factors). Rather than concentrating either on simplification of rows (variables) or on simplification of the columns (factors), it tries to accomplish some of each.

The *quartimax* method has not proved very successful in producing simpler structure. Its difficulty is that it tends to produce a general factor in the rotations. Hair et al (1987) argue further that "regardless of one's concept of 'simpler' structure, inevitably it involves dealing with clusters of variables; a method that tends to create a large general factor (i.e., *quartimax*) is not in line with the goals of rotation."

Varimax criterion, in contrast to *quartimax*, centres on simplifying the columns of the factor matrix. In other words, the *varimax* method maximizes the sum of variances of required loadings of the factor matrix. With the *varimax* rotation approach, there tend to be some high loadings (i.e., close to - 1 or +1) and some loadings near 0 (zero) in each column of the matrix. The logic is that interpretation is easiest when the variable-factor correlations are either close to + 1 or - 1, thus indicating a clear association between the variable and the factor, or close to 0, indicating a clear lack of association. This indicates the fundamental aspect of a simple structure (Hair et al, 1987).

The *varimax* method has proved very successful as an analytic approach to obtaining an orthogonal rotation of factors. Even in those cases where the results do not meet the analyst's concept of a simple structure, the solution is close enough to reduce greatly the labour of finding a satisfactory rotation (Child, 1990; Norusis, 1993; Hair et al, 1987).

Considering the above, for the present research orthogonal solution and *varimax* rotation have been chosen since they offer the best fit for the accomplishment of the research objectives. Chapter 7 provides a discussion on all tried rotations for this research. Rotation results on the specific rotations mentioned above can be found in Appendix 7 (*Varimax*), Appendix 12 (*Quartimax*), and in Appendix 13 (*Equimax*).

As the objective to use factor analysis is to identify logical combinations of variables, the use of factor analysis stops at this stage, leaving the researcher to interpret the factors. If however, the objective was to identify appropriate variables for subsequent application to other statistical techniques, the researcher would carry on examining the factor matrix and selecting the variables with highest loading as a surrogate representative for a particular factor dimension.

6.7.1.4.8 - Criteria for the Number of Factors to be Extracted

When a large number of variables is factored, the analysis will extract the largest and best combinations of variables first, and then proceed to smaller, less understandable combinations. The decision as to when to stop factoring (that is, how many factors to extract) generally begins with some predetermined criterion, such as the *a priori* or the *latent root criterion* (also referred to as the eigenvalue), to arrive at a specific number of factors to extract. An exact quantitative basis for deciding the number of factors to extract has not been developed (Hair et al, 1987).

After the initial solution has been derived, the analyst usually makes several additional trial rotations, and on the basis of information contained in the results of these several trial analyses, the factor matrices will be examined and the best representation of the data will be used to assist in determining the number of factors to extract.

The eigenvalue criterion is the most commonly used technique. However, although the rule is very simple to apply, it does differ depending on whether component analysis or common factor analysis has been chosen as the basic model. It is important to recall that in component analysis 1's are inserted in the diagonal of the correlation matrix and the entire variance is considered in the analysis. In component analysis only the factors having eigenvalues (latent roots) greater than 1 are considered significant; all factors with eigenvalues less than 1 are considered insignificant and disregarded (Hair et al, 1987; Kim, 1978b).

Eigenvalue is defined by Kim (1978a, pp. 76) as

> "a mathematical property of a matrix; used in relation to the decomposition of a covariance matrix, both as a criterion of determining the number of factors to be extracted and a measure of variance accounted for by a given dimension."

That is, eigenvalue represents the amount of variance accounted for by a factor.

When the common factor model is selected, the eigenvalue 1 criterion should be adjusted slightly downwards. With the common factor model, the eigenvalue cutoff level should be lower and approximate either the estimate for a common variance of the set of variables or the average of the communality estimates for all variables.

The rationale for the eigenvalue criterion is that any individual factor should account for at least the variance of a single variable if it is to be retained for interpretation. The eigenvalue approach is probably most reliable when the number of variables is between 20 and 50 (in the case of the present research, 30 variables). In instances where the number of variables is less than 20, there is somewhat of a tendency for this method to extract a conservative number of factors. When more than 50 variables are involved, however, it is not uncommon for too many factors to be extracted.

The other method is the *a priori* criterion. The *a priori* is a simple yet reasonable criterion under certain circumstances. It is most applied when the analyst already knows the number of factors to extract before undertaking the factor analysis. The analyst simply instructs the computer to stop the analysis when the desired number of factors has been extracted. This approach is useful when the analyst is testing a theory or hypothesis about the number of factors to be extracted. It also can be justified in instances where the analyst is attempting to replicate another researcher's work and extract exactly the same number of factors that was previously found.

As observed before in this chapter, component analysis factor model has the drawback of containing 'hybrid' factors (factors containing both common and unique variance), specially the later factors. That is, while all factors contain at least some unique variance, the proportion of unique variance in later factors is substantially higher than in earlier factors. Indeed, Child (1990, pp. 38) argues that "some unique variance creeps into *all* factors and that the proportion in later factors to be extracted is so great as to swamp the common variance". Therefore, it is necessary to identify the optimum number of factors which can be taken out before the intrusion of non-common variance (unique variance) becomes serious (i.e., before the amount of unique variance begins to dominate the common variance structure). The *scree test* is a method designed to perform this function. The *scree test* is derived by plotting the latent roots (eigenvalues) against the number of factors in their order of extraction, and the shape of the resulting curve is used to evaluate the cutoff point. Starting at the highest eigenvalue (latent root) the plot is curved (usually) at first and then develops into a linear relationship (becomes an approximately horizontal line). The point at which the curve straightens out is taken as the maximum number to be extracted (Child, 1990; Kim, 1978b). After that point, too great a proportion of unique variance would be included; thus these factors would not be acceptable. As a general rule, when using the *scree test*, it will result in at least one and sometimes two or more factors being considered as significant than will the latent root criterion (Hair et al, 1987).

Some studies indicated that this method is often superior to others where there are minor factors and the interest is in locating only major common factors (Kim, 1978b, pp. 45). However, Kaiser (1970, in Kim, 1978b) argues that this criterion is often very subjective because it is not uncommon to find more than one major break in the root-graph and there is no unambiguous rule to use.

Having said all that, however, in practice, a single criterion is seldom used to determine how many factors to extract. Instead, usually a criterion such as the eigenvalue criterion is applied as a guideline for the first rotation. Then several additional trial rotations are undertaken, and by considering the initial criterion and comparing the factor interpretations for several different trial rotations, the number of factors to be extracted can be selected based upon the initial criterion and the factor structure that best represents the underlying relationship of the variables. In short, the ability to assign some meaning to the factors, or to interpret the nature of the variables, becomes an extremely important consideration in determining the number of factors to extract (Hair et al, 1987). Considering that the *a priori* criterion does not apply to the present research, that the factor model chosen for the research is the common factor analysis (i.e., the latent root criterion is particularly suitable for component analysis), and that the *scree test* criterion is not without controversy and ambiguity, for the present research the cutoff point was determined by the level of interpretability of the factors (since the researcher was looking for meaningful dimensions). It is important to note that all methods mentioned here have been explored and are discussed in Chapter 7.

6.7.1.4.9 - Criteria for the Significance of Factor Loadings

The process of factor interpretation requires decisions regarding which factor loadings are worth considering and which are not. Factor loadings is defined as

> "the correlation between the original variables and the factors, and the key to understanding the nature of a particular factor. *Squared factor loadings* indicate what percentage of the variance in an original variable is explained by a factor." (Hair et al, 1987, pp. 234).

Below are 3 common criteria used to assist in that decision:

1 - The first criteria is not based on any mathematical proposition. It is in fact a rule of thumb that has been used frequently by factor analysts in which loadings having values of ± .30 or greater are taken as significant. Loadings ± .40 are considered more important, and if the loadings are ± .50 or greater, they are considered very significant. Thus, the larger the absolute size of the factor loading, the more significant the loading is in interpreting the factor matrix. These guidelines are considered useful when the sample size is 50 or larger. This approach may appear too simplistic, yet compared with other criteria it is quite rigorous and acceptable.

2 - A factor loading represents the correlation between an original variable and its factor, as mentioned previously. In determining a significance level for interpretation of loadings, an approach could be used that is similar to that of interpreting correlation coefficients. Specifically, loadings of at least ± .19 and ± .26 are recommended for the 5 and 1 percent levels, respectively, when the sample size is 100. When the sample size is over 200, ±.14 and ± .18 are recommended for the 5 and 1 percent levels of significance. Finally, when the sample size is at least 300, loadings of ± .11 and ± .15 are recommended for the 5 and 1 percent levels, respectively. Since it is difficult to assess the amount of error involved in factor analytic studies, it is probably safer to adopt the 1 percent level as the criterion for significance.

3 - A disadvantage of methods 1 and 2 is that the number of variables being analyzed and the specific factor being examined are not considered. It has been explained previously that as the analyst moves from the first factor to later factors, the acceptable level for a loading to be judged significant should increase. The fact that unique variance and error variance begin to enter in later factors means that some upward adjustment in the level of significance

should be included. The number of variables being analyzed is also important in deciding which loadings are significant. As the number of variables being analyzed increases, the acceptable level for considering a loading significant decreases. Adjustment for the number of variables is particularly true as one moves from the first factor extracted to later factors (Hair et al, 1987; Child, 1990).

Considering the objectives of the research, that the sample size is 54, and that ± .50 is a very rigorous and acceptable factor loading (.50 is considered very significant), the first criteria above was adopted. For the results and comparison with other factor loadings also applied, refer to Chapter 7.

6.7.1.4.10 - Reliability

Reliability means the indispensable attribute of consistency (Oppenheim, 1992; de Vaus, 1986). It refers to the consistency or stability of any experimental effect (Fife-Schaw, 1995). The internal reliability of the extracted factors, using Cronbach's alpha, was relatively high. For details refer to Chapter 7.

6.7.1.4.11 - Interpreting the Factors

After the rotated factor loadings have been obtained, the next step is to try to identify the content and nature of the factors. That is, to try to interpret the factors in a way that gives a meaningful summary of the original data. In order to identify the factors, it is necessary to group the variables that have high loadings together for the same factor. Plots of the loadings are one way of determining the clusters of variables. Another convenient strategy is to sort the factor pattern matrix so that the variables with high loadings on the same factor appear together. Small factor loadings can be omitted from such a table. That is, if the analyst has as absolute value .50, no factor loadings less than .50 in absolute value would be displayed (Child, 1990; Norusis, 1993).

When a factor solution has been obtained in which all significant variables are loading on a factor, the analyst attempts to assign some meaning to the pattern of factor loadings. Variables with higher loadings are considered more important in this stage of factor interpretation. They greatly influence the name or label selected to represent a factor. Thus, the analyst will examine all the variables for a particular factor and, placing greater emphasis on those variables with higher loadings, will attempt to assign a name or label to a factor that accurately reflects to the greatest extent possible what the several variables loadings on the factor represent. It is important to note that this label is not derived or assigned by the factor analysis computer programme, but rather is intuitively developed by the factor analyst based upon its appropriateness for representing the underlying dimensions of a particular factor. The final result will be a name or label that represents each of the derived factors as accurately as possible.

In some instances, it is not possible to assign a name to each of the factors. When such a situation is encountered, the analyst may wish to use the label "undefined" to represent a particular factor or factors derived by that solution. In such cases, the analyst interprets only those factors that are meaningful and disregards undefined or less meaningful ones. It is important to note, however, that in describing the factor solution, the factor analyst indicates that these factors were derived but were undefinable, and only those factors representing meaningful relationships were interpreted (Hair, 1987).

For the application of factor analysis the researcher used SPSS version 6.0.

6.7.1.5 - Limitations of Factor Analysis

The multivariate statistical technique of factor analysis has been presented here in broad conceptual terms. The literature is very homogeneous (as expected with statistical methods) concerning the application and use of factor analysis. Factor analysis helps the investigator make sense of large bodies of interrelated data. When it works well (as is the case in this research), it points to interesting relationships that might not have been obvious from examination of raw data alone or even a correlation matrix. Potential application of factor analytic techniques to problem solving and decision making in business and research is numerous and growing.

Factor analysis is a much more complex and lengthy subject than might be indicated by this brief and crude exposition. However, the researcher has never attempted or pretended to explore the mathematics and other issues of factor analysis. That is well beyond the scope of the present research. Having said that, it is important to point out some limitations that the method presents. Four of the most common limitations are as follows:

1 - There are many techniques for performing factor analysis. Controversy exists over which technique is best.

2 - The subjective aspects of factor analysis (deciding how many factors to extract, which technique should be used to rotate the factor axes, which factor loadings are significant) are all subject to many differences in opinion.

3 - The computational labour involved in conducting factor analysis and any other multivariate techniques with large databases necessitates the use of computers. With the rapid spread of computers, this particular limitation has diminished.

4 - The problem of reliability is real. Like any other statistical procedure, a factor analysis starts with a set of imperfect data. When the data changes because of changes in the sample, the data-gathering process, or the numerous kinds of measurement errors, the results of the analysis also change. The results of any single analysis are therefore less than perfectly dependable. This problem is especially critical because the results of a single-factor analytic solution frequently look plausible. It is important to emphasize that plausibility is no guarantee of validity or even stability (Kim, 1978a; Child, 1990; Hair, 1987; Fruchter, 1954).

6.7.2 - Stakeholders Analysis - Crisis Situations

One of the objectives of this study is to investigate the consistency of views of hotel executives in relation to its "functional stakeholders" in crises situations. Indeed, the main proposition is that organizations that are crisis "prepared" have a more consistent view of the expected role and behaviour of their "functional stakeholders" in crises periods. As mentioned previously in this chapter, "functional stakeholders" are all those vested interest groups, parties, associations, institutions, and individuals who exert a hold and a claim on organizations. Functional stakeholders are all those who either affect or who are affected by an organization and its policies (i.e., its behaviour). For the purpose of this research, "consistency" occurs when organizations conform to a regular pattern of opinion with regard to a functional stakeholder.

The study has so far provided a continuum of crisis preparedness. A sample of five organizations from each side of the continuum has been extracted and the analysis of their cultural, and to some extent structural, characteristics revealed that there are striking differences between "prepared" and "not prepared" organizations. To identify whether any consistency of opinion can be found among respondents in relation to their "functional stakeholders" in crisis situations, the same sample (five organizations from each extreme) is used. The measure of consistency is obtained by observing where "prepared" or "not prepared" executives subscribe to an "archetypal stakeholder" at a level of at least 60%. That is, consistency will only be considered where at least 3 (three) or more organizations subscribe to the same "archetypal stakeholder" in any individual "functional stakeholders". For example, given a crisis situation, say "Victim", if 4 (four) organizations of any extreme ("prepared" or "not prepared") respond that the "media" (a "functional stakeholder") is a "Villain" (an "archetypal stakeholder"), then a consistency of opinion is said to have occured. However, if only 2 (two) organizations subscribe to the same stakeholders, there is no consistency of opinion, since this represents less than 60% of the respondents.

Before going into detail of the analysis, there is a point that needs clarification. The pilot study on this section of the research suggested that apart from one functional stakeholder ("International Community") all others should be retained, and a few more should be added to reflect more realistically the social partners of a hotel groups' operations. "Union" was among those "functional stakeholders". Although the pilot study supported it, a great number of respondents did not consider it relevant to their operations (as a stakeholder). In many cases the respondents simply commented "N/A" (not applicable). Given that only some groups considered "Union" a relevant stakeholder, an analysis of this "functional stakeholder" proved impossible and is not considered here.

6.7.2.1 - Consistency Data Analysis

Given the objective of this part of the research (to measure whether the image perceived, "Archetypal Image", by "crisis-prepared" organizations of its stakeholders - and their role - in crisis situations is more consistent than that of those organizations that are "not prepared"), two approaches were required: one that would give the subjects two distinct crisis situations (one in which the host organization was the "victim" of a crisis; and the other where the host organization was "guilty" of a crisis), and another that would present the subjects with a set of "functional stakeholders" and a set of "archetypal stakeholders" so that respondents could relate them given different crisis status.

6.7.2.1.1 - Consistency Analysis in the Crisis Situations ("Guilty" and "Victim")

Having obtained the continuum of "prepared" and "not prepared" organizations, the researcher used five organizations from each extreme to find whether there was any consistency in the views of executives in relation to the role and behaviour of their "functional stakeholders" in each given situation. Respondents were first presented with an individual crisis situation (say, "Guilty"). With this scenario in mind ("Guilty"), the researcher presented the respondents with a matrix containing a set of "Functional Organizational Stakeholders" as well as a set of "Archetypal Organizational Stakeholders". The respondents were then asked to rate/relate the expected "Functional" stakeholders' role and behaviour ("Archetypal Image") in a "Guilty" situation. The same procedure was followed for the "Victim" crisis situation.

The approach used to analyze the level of consistency in each crisis situation was a simple and straightforward one. Given that the number of cases to be investigated was small, no statistical application was required. The researcher went back to the main data and one by one examined how each individual respondent subscribed in each individual "functional stakeholder". A reference matrix was created so that the relevant score (over 60% at least) in each "functional stakeholders" could be recorded, as well as to register the "archetypal stakeholder" subscribed.

Below is an example of the score matrix used for both situations. This particular example was used for the "Victim" crisis situation.

Figure 6.7 - Score Matrix

SITUATION TWO - "VICTIM"

Stakeholders	"Prepared"	"Not Prepared"	"Archetypal Stakeholder" "Prepared"	"Archetypal Stakeholder" "Not Prepared"
1 - Management				
2 - Stockholders				
3 - Workers				
4 - Media				
5 - Suppliers				
6 - Competitors				
7 - Special Interest Groups				
8 - Regulators (official bodies)				
9 - Consumers				
10 - Insurance Companies				
11 - Local Community				
12 - Nation (wider community)				

To illustrate further the consistency score of "prepared" and "not prepared" executives in each crisis situation, a graphical visual representation was also used. This showed more clearly where consistency occurred and where it did not. For the results and detailed analysis refer to Chapter 7.

6.8 - Summary

As mentioned at the beginning of this chapter, this research started with the firm proposition of unveiling new ground in the field of crisis management, stakeholders, and organizational culture in the hotel industry. One of the shortcomings of doing something innovative is that not much material/research has been done, or is available, specifically in the area of crisis management and stakeholder relationships. Coupled with the fact that crisis management is an emerging field (lack of comprehensive theory), research in those areas in the hospitality industry is virtually non-existent.

This research followed the general outline of survey research design, with special attention and focus on crisis management and stakeholder relationships in the hotel industry in the UK. The pilot study of the methodology applied was of extreme value and importance. As is always the case, the pilot study could not represent the perfect parameters of the population. In the case of this particular research, this fact is very significant. The access to the population (top executives of hotel groups) under investigation, by the nature of their position, was not an easy one, and the pilot was carried out in a different, but representative population. Nevertheless, the results of the pilot study were extremely valuable. It highlighted the weaknesses in the questionnaires and interview design which were revised more than one time before actually conducting fieldwork. When the final data (fieldwork) was collect the "unexpected" problems were anticipated, and action had been taken to correct and to complement the data with the interviews. The pilot study was also very instrumental in the identification of possible analysis techniques.

Having said that, although the questionnaires were designed as carefully as possible, the result was not a perfect one. Not all information required to explain the phenomenon under investigation could be gained from the questionnaires themselves. But as mentioned above, this fact was anticipated and the data obtained from the interviews complemented the data.

The application of factor analysis proved very successful for the present research. The data was suitable for the method and the internal reliability (Cronbach's alpha) of the factors were high. The rotated factors are meaningful and provided new light to the topic under investigation and the methodology as a whole applied in this research. The main objective of applying factor analysis was to establish the crisis preparedness of hotel organization. For this purpose, the results were highly satisfactory and are used in further analysis in this study. In this sense, factor analysis provided the basis for the next stage by providing a continuum of crisis preparedness, that is, a continuum in which there can be found extremes of crisis "prepared" and crisis "not prepared" organizations.

Naturally, there were some areas where restrictions and difficulties were encountered, given the nature of the research itself and the limitations of factor analysis. For example, in interpreting the factors, without complementary source of information from the interview data the researcher would have encountered greater difficulties in explaining the factors. This fact, however, was anticipated and the interview and questionnaires were designed to complement each other. Having said that, there are some points where the researcher would make improvements. The interview, for example, would not be restricted to the subjects and topics used here only, but would cover a much broader spectrum of organizational life, operations, and business. However, the sample (executives) and the time restriction of their availability played an important role in this issue.

The following chapter (Chapter 7) is concerned with the data analysis and discussions.

DATA ANALYSIS, FINDINGS and DISCUSSION

"An organization, per se, cannot be either crisis-prone or crisis-prepared, but only the individuals within it, those who influence the organization's perspective on crises and foster - or resist - crisis management efforts."

Pauchant, T.; Mitroff, I., 1992

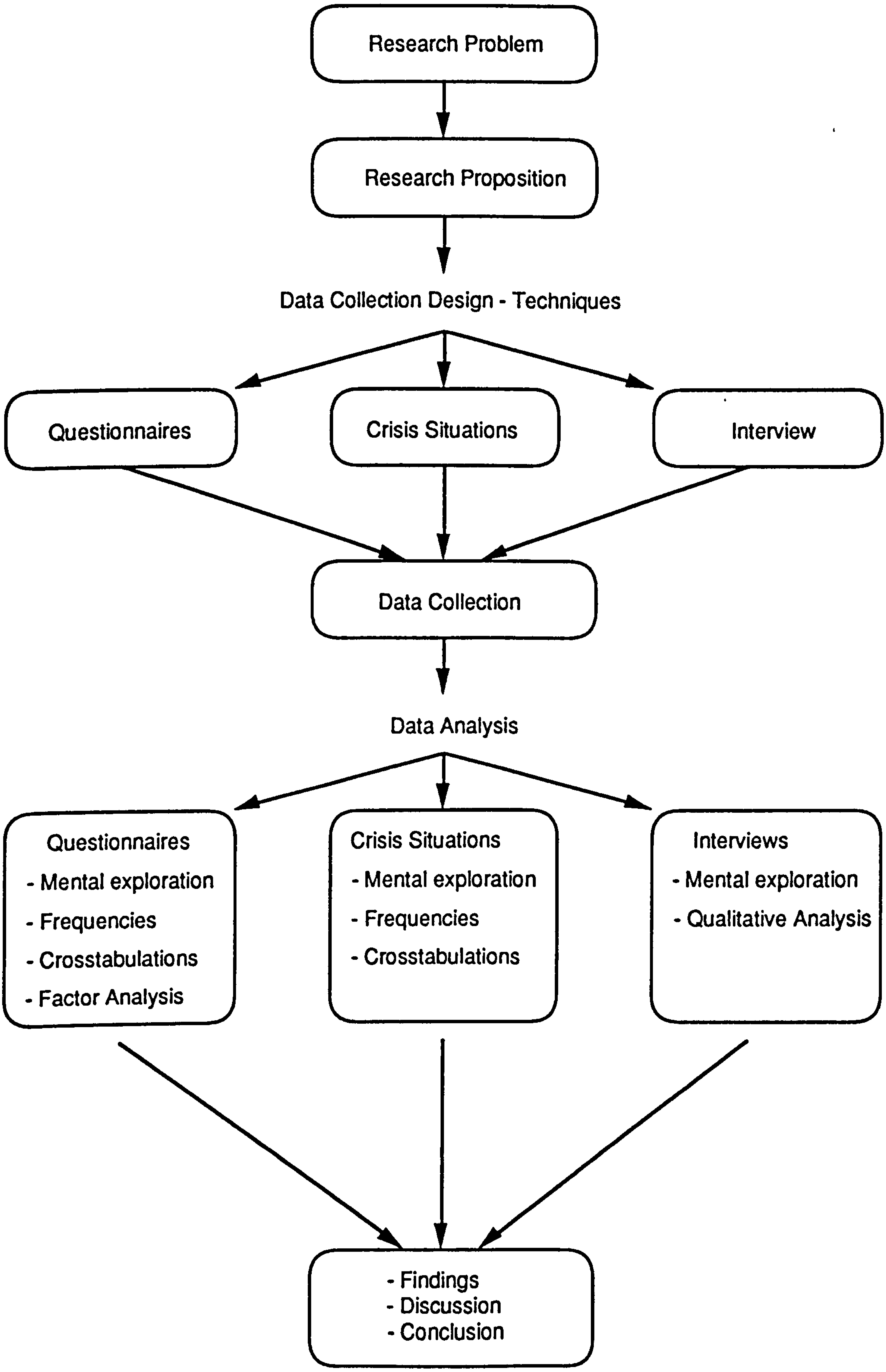
7.1 - Introduction

This chapter discusses the data results obtained from the analysis techniques applied to satisfy the research objectives. Given that more than one instrument was employed in the survey study, a step by step discussion, exploring each individual method and its analysis, is presented. The chapter starts with an overview of the sample and its main features, characteristics (in terms of structure), and its relevance and implications to the research. Then an analysis of the methods explored in the data analysis process of the first part of the research (identification of crisis preparedness of hotel organizations) is unfolded, starting with the application of frequency analysis, and crosstabulation analysis. A descriptive account of the approach and application of factor analysis to questionnaire 1 data is provided as well as the results obtained. The factor analysis of the data resulted in four dimensions. That is, the factor analysis of the data revealed that preparedness to crisis in the hotel industry can be explained in terms of four major dimensions: "Pro-activeness", "Denial", "Fatalism/Hopelessness", and "Technical Dimension". From these dimensions, a continuum of crisis "prepared" and crisis "not prepared" organizations was derived. The two sets of organizations provided the basis for further investigation to satisfy both the research question and the research proposition. The interview data, as well as the data from questionnaire 2, were used in association with the results of the factor analysis. It provided useful insights into the factor interpretation process. A contrasting view of both sets of organizations emerged and an illustration of their mindset in relation to crisis and crisis management is developed.

Having completed the first stage of the research, the data and results obtained were used to satisfy the second stage, that is, the consistency measurement of hotel executives' view of stakeholders' roles and behaviour in distinct crisis situations. The research proposition states that "The higher the readiness/preparedness of organizations to crisis, the higher the consistency of those organizations in viewing the behaviour and role of their functional stakeholders in crisis situations". The objective was to observe whether there were any patterns in the data regarding the responses of executives in each individual crisis situation. For that, as mentioned above, the two sets of organizations obtained in the first stage ("prepared" and "not prepared") provided the basis for this investigation. The researcher used frequency analysis and crosstabulation analysis as an initial approach to the data and its results and implications are also presented.

The main conclusion of the data analysis is that it is indeed possible to identify, applying the methodology used in this research, crisis preparedness of hotel organizations. The analysis also confirmed the research proposition in that organizations that are crisis "prepared" are more consistent in their view of stakeholders' roles and behaviour in a given crisis situation than organizations that are "not prepared" to crises. The following is the procedure flow of the data analysis, and the step by step approach to the data analysis.

7.1.1 - Procedure Flow of Data Collection Instruments and Analysis - Fig. 7.1



7.2 - Sample Overview and Implications for the Research and Methodology

7.2.1 - Sample Profile - Implications and Relevance to Chosen Methods

7.2.1.1 - Sample Size

Given the nature of this research and its scope (investigation of the 50 top hotel organizations operating in the UK), the sample was necessarily restricted. The sample was taken from the HCIMA (Hotel Catering & Institutional Management Association) "The Hospitality Yearbook", 1995 edition, page 106.

An attempt to interview at least two executives in each individual organization was made, but in many cases with no success. Given that in a serious crisis decision-making would be done at the highest level (Stubbart, 1987; Smart and Vertinsky, 1977; Dutton et al, 1983; Staw et al, 1981; Janis and Mann, 1977; Dutton and Duncan, 1987; Janis, 1989; Mulder et al, 1971; Nunamaker et al, 1989; Booth, 1993; Williams and Olaniran, 1994), those executives holding key positions were approached. That is, the top executive (Managing Director, Chief Executive Officer, President, and Vice-President), as well as the Marketing Director, since marketing (specially communication and Public Relations) is an integral part of any crisis management exercise. However, in some cases the researcher was advised that the person responsible for crisis management or similar function had a different profile, like for example Security Officer, or the Financial Director. This fact reinforces the findings of Mitroff et al (1988b), where they found that crisis management falls under a diverse set of responsibilities. This fact also explains the difficulty in finding a clear definition of "crises" by hotel executives. They all regard and define crisis from their own perspective and past experience. This will be discussed later in this chapter.

7.2.1.2 - The Response

Although at least two executives were approached in each organization, some organizations, due to their internal policies, did not participate in this research. However, there were cases where more than two executives in an organization were interviewed.

The response rate was surprisingly high for this kind of research:

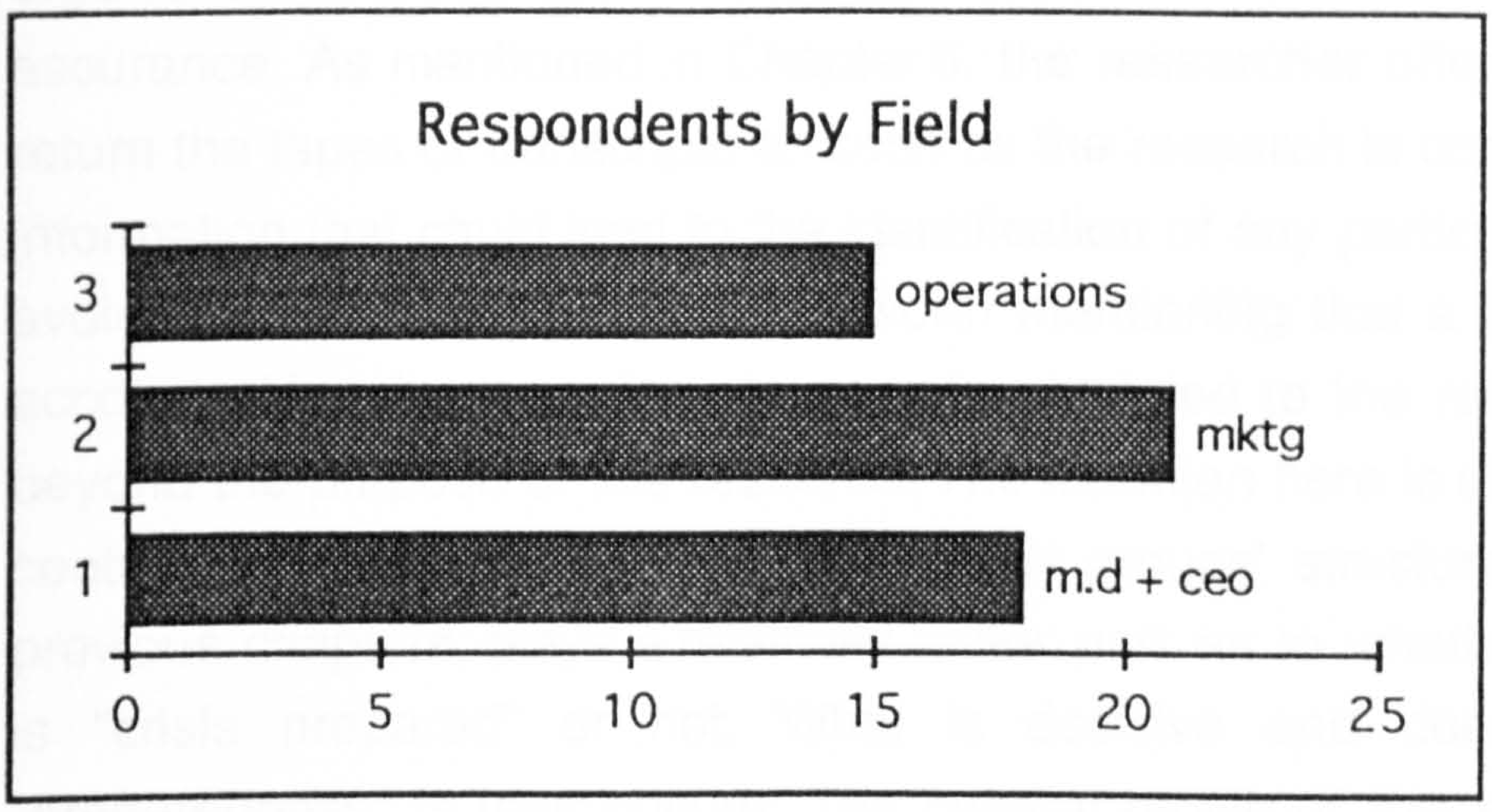
• Of the 50 hotel groups approached, 33 hotel groups participated in the research: 66%
• 30 interviews were conducted. In the cases where interviews were conducted, questionnaires where also answered.
• 24 questionnaires were received by post (in the cases where interviews proved impossible).
• A total of 54 questionnaires responded.
• Of the post response, only two crisis situations questionnaires were not answered.
• An average of 1.63 executives (for the 33 hotel groups) participated in the research.

7.2.1.3 - Respondents Profile

As mentioned above and in previous chapters, responsibility for crisis management falls under many different professions and people's background. However, top executives of hotel groups were targeted for the reasons given above and in Chapter 6. Of the 54 responses obtained, the researcher divided the respondents by generalizing their profile. For example, the titles of "President", "Vice-president", "Director of Board", "Chief Executive Officer", "Managing Director", "Executive Vice-President", "Executive Director of Hotels", and so on, were all classified under the heading of "Managing Director + Chief Executive Officer" (i.e., top executives). Similarly, the other targeted group of executives (marketing directors) were given the same treatment. Their titles ranged from "Marketing Director", to "Marketing Executive"; "Director of Sales & Marketing" to "Marketing Administrator", etc. They are under the classification "Marketing". The third group of respondents that participated in this research hold a diversified number of positions, not at the top level of their organizations, but were referred to the researcher as the persons "to talk to". Their positions ranged from "Group Security/Safety Officer" to "Finance Accountant"; from "Operations Director" to "Human Resources Director"; and they are under category "Operations". Figure 7.2 and Figure 7.3 below illustrate the dispersion of the category groups.

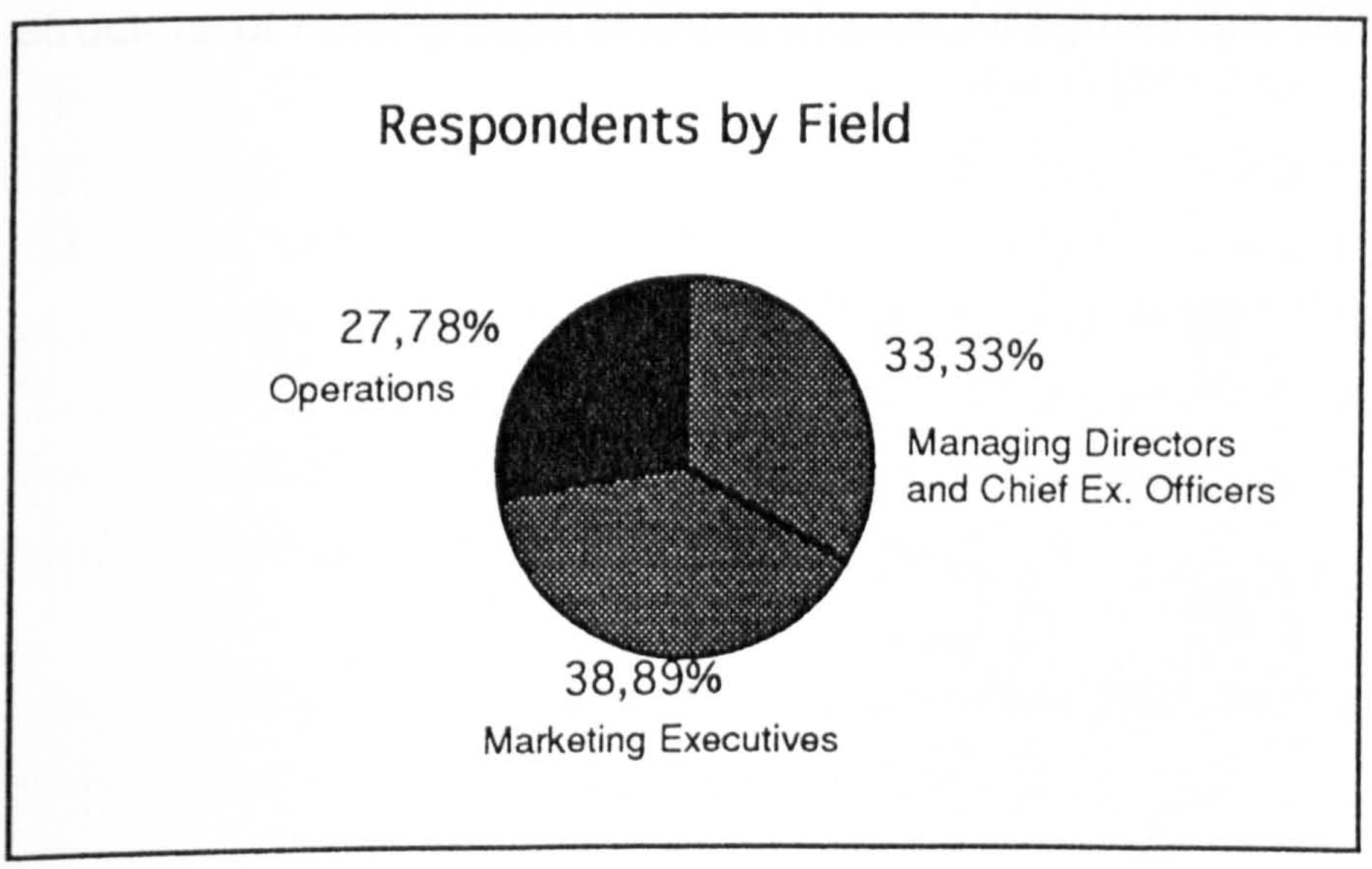
This clustering of respondents into a more general profile of their responsibilities and positions within their organizations had no negative implications for this study. On the contrary, it proved to be very important in interpreting the data in all stages of the analysis. Comparisons between the groups were easier to make and significant results were obtained.

Figure 7.2 - Respondents Profile - Positions within Organizations



1 - m.d. + ceo = Managing Directors and Chief Executive Officers
2 - mktg = Marketing Executives
3 - operations = Operations

Figure 7.3 - Respondents Profile - Positions within Organizations



7.2.1.4 - Hotel Companies Profile

One explanation of the high response rate obtained in this study can be attributed to the confidentiality offered by the researcher to respondents. It was evident that crisis management is a matter of "secrecy" and most organizations were concerned as to the use of the information and asked for assurance. As mentioned in Chapter 6, the researcher offered respondents to return the tapes or transcripts as soon as the research is completed. Any direct information that could lead to the identification of any particular organization is avoided here. Apart from that, it is worth mentioning that a full and descriptive account of hotel companies structure is unrelated to the relevance as well as beyond the purpose of this research. The intention here is only to illustrate the contrasting nature of their structure. Hotel groups' structure, as discussed in previous chapters, plays a relatively minor part as to whether an organization is "crisis prepared" or not. What is decisive and does determine their "preparedness" is their culture. The cultural profile of the hotel organizations under investigation as well as the profile of their executives are given later in this chapter.

Having said that, and for the reasons given above, the researcher "rounded" some figures, and "averaged" others to present them here. It gives, nevertheless, a clear and good account of the hotel groups under investigation. Figure 7.4 below contains some examples of the contrasting structure of hotel groups in terms of size. All figures are 1994.

Figure 7.4 - Contrasting Structure of Hotel Group

Hotel Companies Profile		
1 - Size of Companies	Maximum	Minimum
Number of Hotels in the UK	340	4
Number of Hotels outside the UK	600	0
2 - Human Resource (both in the UK and abroad)		
Number of employees	40.000	300
3 - Revenue (Group Revenue - Includes revenues from operations outside the UK	£2 billion	£5 million
4 - Age of Companies	250 years ("in the business")*	5 years old

* Comment by respondent

The figures above illustrate how diversified, in terms of structure, the sample of the research was. In this sense, it can be said that the sample was quite representative. Apart from that, and also as a matter of illustration, it was observed that contrasting differences could also be found in relation to business practices, market structure, marketing strategies, financial position, market share, and so forth. This wealth of variations between the organizations proved to be very interesting when the analysis of their "preparedness" to crises took place and, as will become clearer later, highlight the point that structure indeed plays a relatively small, if any, part in crisis "preparedness" in the hotel industry.

The following section is concerned with data treatment and the process of data analysis.

7.3 - Statistical Application

7.3.1 - Approaching the Data - Frequency Analysis, Crosstabulation, Results and Implications

Given the nature of the data, that the research had more than one instrument applied, and that the amount of data was considerable, statistical application was the most obvious way to approach the data. The data was approached in a sequential and exploratory way, starting with a frequency analysis of the data which was followed by a crosstabulation analysis. The results of these exercises revealed that a more sophisticated and powerful statistical technique was required. Factor analysis was the most suitable and satisfactory statistical application to satisfy the research requirements. The following is a brief description of the frequency and crosstabulation exercise of the data of questionnaire 1 (one), and a comprehensive overview of the factor analysis application and results.

7.3.1.1 - Frequency Analysis

The data was inputted into SPSS (Version 6.0) to be explored. As a first step, a frequency analysis was done on the data of the first and second questionnaires. Frequency analysis produces a table of frequency counts and percentages for the values of individual variables (SPSS-X User's Guide, 1988). The objective of using frequency analysis was purely to see whether there were any significant patterns in the data and so that the researcher could identify, from the information obtained, other relevant statistical methods to apply. The frequency of the data revealed an interesting and overall well-balanced pattern of response.

An initial observation of the frequency analysis indicated a pattern of response towards the far end of the scale. That is, a greater number of response had been between number 3 and 7 in the scale.

Prone						Prepared
1	2	3	4	5	6	7
Very True			Neither True nor False			Not True at All

For example, it became clear, in questionnaire 1, that the scores in some variables were higher than in others, indicating a pattern of response in those variables. In variables A5 ("Only organizations that are badly managed have crises") and A7 ("Crises do not happen in our organization"), 50% of respondents answered that the statements (rationalizations) were "Not True at All". In variables A19 (" We do not regard the media as an important issue. It is easy to manipulate it") and A26 ("Safety is the responsibility of top management, not of individual employees"), 48.1% and 46.3% of respondents, respectively, also agreed that the rationalizations were "Not True at All". Below in Table 7.1 are the frequencies on the variables mentioned above.

The "Value" in the frequency tables refer to the values in the scale above (the values between "Very True" to "Not True At All")

Table 7.1 - Frequency on variables A5, A7, A 19, and A26, of Questionnaire 1

A5 - "Only organizations that are badly managed have crises."

Value	Frequency	Precentage
2	3	5.6
3	4	7.4
4	10	18.5
5	5	9.3
6	5	9.3
7	27	50.0
Total	54	100.0

A7 - "Crises do not happen in our organization."

Value	Frequency	Precentage
2	1	1.9
3	4	7.4
4	7	13.0
5	7	13.0
6	8	14.8
7	27	50.0
Total	54	100.0

A19 - "We do not regard the media as an important issue. It is easy to manipulate it."

Value	Frequency	Precentage
2	1	1.9
3	3	5.6
4	5	9.3
5	9	16.7
6	10	18.5
7	26	48.1
Total	54	100.0

A26 - "Safety is the responsibility of top management, not of individual employees."

Value	Frequency	Precentage
3	6	11.1
4	12	22.2
5	5	9.3
6	6	11.1
7	25	46.3
Total	54	100.0

After a more detailed observation, it became also clear that the general pattern of response between 3 and 7 in the scale was very well-balanced and equally distributed. The maximum number of responses to any given variable in the whole was 50% (as indicated above, in variables A5 and A7) indicating an overall balance.

Towards the other end of the scale ("Very True") it was observed that the maximum number of response in any variable was in variable A15 ("The range of crisis is so vast that it makes it impossible to make preparations") and A20 ("In our organization we all work in a rational and objective way, therefore, we can handle any crises"), where 13% of respondents subscribed to number 2 in the scale. However, in almost any variable, at least one respondent subscribed to either number 1 or 2 in the scale. Table 7.2 below shows the frequency on variable A15 and A20.

Table 7.2 - Frequency on variables A15 and A20, of Questionnaire 1

A15 - "The range of crisis is so vast that it makes it impossible to make preparations."

Value	Frequency	Precentage
2	7	13.0
3	11	20.4
4	5	9.3
5	10	18.5
6	6	11.1
7	15	27.8
Total	54	100.0

A20 - "In our organization we all work in a rational and objective way, therefore, we can handle any crises."

Value	Frequency	Precentage
1	1	1.9
2	7	13.0
3	10	18.5
4	9	16.7
5	8	14.8
6	9	16.7
7	10	18.5
Total	54	100.0

Having said that, the findings and patterns in the frequency analysis prompted and led to the question as to "who" were subscribing to those levels, and "why" those patterns were occurring. That is, "who", in terms of respondents (Managing Directors, Marketing Executives, or Operations Personnel) and their organizations, and was there any evident reason or reasons behind it. Was there any pattern in the reasons as well? For that, and as frequency analysis could not provide the answers to those questions, other methods were sought in an attempt to find the answers to those questions. To satisfy the first of the questions ("who") crosstabulation analysis was employed and the next section deals with the application and results of crosstabulation analysis. The frequency analysis on the whole data on questionnaire 1 can be found in Appendix 5.

7.3.1.2 - Crosstabulation

Second to the SPSS-X User's Guide (1988), crosstabulation produces tables that are the "joint distribution of two or more variables that have a limited number of distinct values. The frequency distribution of one variable is subdivided according to the values of one or more variables." The application of crosstabulation analysis provided answers to the question of "who" and "which" organizations, but unfortunately, not to the important question of the motifs (or reasons) behind the pattern. That is, while the results of this method provided a general pattern of whom and their positions in their organizations subscribed to what variables, crosstabulation could not explain "why" of that pattern of response.

Nevertheless, in Table 7.3 below there are some examples of crosstabulation application and their results. In the examples below it is possible to identify the positions of the respondents in variables A5 and A7, discussed in the frequency section above. For the whole crosstabulation results, please refer to Appendix 6.

Table 7.3 - Crosstabulation on variables A5 and A7 of Questionnaire 1

A5 - "Only organizations that are badly managed have crises."

Value	2	3	4	5	6	7	Row Total
Managing Directors/CEO	1	2	4	1	2	8	18
Marketing	1		4	2	1	13	21
Operations	1	2	2	2	2	6	15
Column Total	3	4	10	5	5	27	54

A7 - "Crises do not happen in our organization."

Value	2	3	4	5	6	7	Row Total
Managing Directors/CEO	1	1	4	2		10	18
Marketing		1	3	2	2	13	21
Operations		2		3	6	4	15
Column Total	1	4	7	7	8	27	54

As was identified in the frequency analysis, 50% of respondents in variables A5 and A7 subscribed to "Not True at All" in questionnaire 1. Crosstabulation analysis provided the relationship between the position of respondents in their organization and the pattern of their response in each individual variable. The researcher here was trying to establish whether there were any distinct patterns of response between "Managing Directors and CEO", "Marketing Executives", and "Operations". Analysis of the crosstabulated data revealed no clear pattern or relationship between respondents and their positions and their answers. That is, there could be found no significant differences between the answers of "Managing Directors and CEO", "Marketing Executives", and "Operations". This fact is further reinforced later in the analysis of crisis "preparedness" of organizations when it was revealed that there was a clear balance between executives' positions in crisis "prepared" and crisis "not prepared" organizations (please refer to section 7.4.1.1).

Having said that, even though some indications of patterns could be identified in frequency and crosstabulation analysis, they did not provide any answer to the question of crisis "preparedness". It was still not enough to explain whether an organization had a culture favourable or not to crisis management. It became evident that a more powerful and sophisticated method was needed. One that could find the underlying motifs and reasons behind those patterns and explain them.

7.3.1.3 - Implications of Frequency and Crosstabulation Analyses to the Research

The application of frequency and crosstabulation analysis was an important step towards understanding the data. They provided the researcher with many insights as to how the data should be treated and indicated the direction to the most likely statistical tools that could be used to satisfy the research question and research proposition. Data summarization would be the ideal application because it would provide a more clear and understandable pattern of the issues being investigated. It became clear, then, that a more powerful, comprehensive and sophisticated method would be necessary. Factor analysis was chosen to accomplish this part and was a very successful approach to the data. Factor analysis, its relevance, implications, and applicability to the research objectives, as well as the results of the analysis are developed in the following sections.

7.3.2 - Factor Analysis

The objective of the first instrument (questionnaires) is to identify hotel organizations' preparedness to crisis. That is, to identify (in terms of organizational culture) the extent to which each individual organization is prepared for crises. This analysis led to a set of organizations that are "more prepared" to crises and to another set of organizations that are "less prepared" to crises.

As mentioned in Chapter 6, a set of rationalizations hotel executives make in relation to crisis and crisis management was used to achieve this goal. Those rationalizations are common cultural elements in all organizations. They play, and are regarded by both academics and practitioners to play, an important part on the organizational relation/approach to the issues of crisis and crisis management.

For the analysis of the first questionnaire (identification of hotel organizations' crisis preparedness) factor analysis has been employed.

7.3.2.1 - Approach to Factor Extraction and Factor Interpretation

The following is a description of the approach adopted to obtain the factors and factor interpretation:

7.3.2.1.1 - Sample Size

Sample size is of key importance in the application of factor analysis since it is directly related to the reliability of the results (factors). From the literature, specially Child (1990) and Hair et al (1987), it is not uncommon to factor analyze samples smaller than 100, provided certain precautions are taken. The factor loading is an important and directly related issue regarding the number of cases one wants to analyze. Most analysts use a rule of thumb: factor loading of ± 0.30. The literature indicates that any loading above ± 0.30 is significant or salient. This criteria is said to be quite a rigorous one. However, with sample smaller than 100, factor loading has to be at least ± 0.30. Loadings ± 0.40 are considered more important, and if the loadings are ± 0.50 or greater, they are considered very significant. Thus, the larger the absolute size of the factor loading, the more significant the loading is in interpreting the factor matrix. These guidelines are considered useful when the sample size is 50 or larger. This approach may appear too simplistic, yet compared with other criteria it is quite rigorous and acceptable. The loading of 0.30 has been experimented with and in comparison with the adopted 0.50 loading it showed very little difference. For details please refer to Appendix 7 (0.50 loading) and Appendix 8 (0.30 loading). It is also worth mentioning that the number of factors extracted are the same and just a few more variables would be included. Given the uncertainty surrounding the assessment of error in factorial work for small samples, it is safer to adopt a method (loading) that will ensure a more significant level. Thus, the adoption of 0.50 in this research.

7.3.2.1.2 - Extraction/Factor Model

Given that the primary objective of this part of the research is to identify the latent dimensions or constructs represented in the original variables, and that the researcher has little knowledge about the amount of unique or error variance and therefore wishes to eliminate this variance, the appropriate factor extraction model for the present research is the common factor model. As mentioned in Chapter 6, principal component analysis is generally used when the objective is to summarize most of the original information (variance) in a minimum number of factors for prediction purposes (what is not the case in this research). In contrast, common factor analysis is used primarily to identify factors or dimensions not easily recognized (what is indeed the case of this research). Nevertheless, both models (common factor and principal component analysis) have been explored. The rotated factors are almost identical. Factors 1 (one) and 2 (two) are identical (loading slightly different in some variables, but not significant enough to be a concern, in the component analysis model). Factors 3 (three) and 4 (four) are also identical but in the component analysis they change order, that is, factor 3 (three) becomes factor 4 (four), and factor 4 (four) becomes factor 3 (three). Below are the factor analysis solutions using Common Factor Analysis (Principal Axis Factoring) and Principal Component Analysis. Table 7.4 shows the rotated Principal Axis Factoring solution and Table 7.5 shows the rotated Principal Component Analysis solution. For full detailed factor analysis refer to Appendix 7 (Principal Axis Factoring) and Appendix 9 (Principal Component Analysis).

Table 7.4 - Principal Axis Factoring

PRINCIPAL AXIS FACTORING

Rotated Factor Matrix :

VARIMAX converged in 11 iterations.

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Factor 6	Factor 7	Factor 8
A12	.88140							
A22	.66882							
A16	.58660							
A15	.57429							
A27	.53032							
A3	.50557							
A29		.73286						
A9		.67352						
A10		.56346						
A11		.53084						
A7			.72731					
A6			.70845					
A19			.62349					
A17				.57026				
A26				.55116				
A18				.53373				
A25				.51127				
A5					.67908			
A4					.51667			
A21						.79825		
A20						.66735		
A24							.71044	
A14							.57317	
A2								.68644

Table 7.5 - Principal Component Analysis

PRINCIPAL COMPONENT ANALYSIS

Rotated Factor Matrix :

VARIMAX converged in 10 iterations.

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
A12	,84060				
A22	,71005				
A15	,66237				
A16	,61389				
A27	,58135				
A3	,53243				
A9		,78202			
A29		,72078			
A10		,61001			
A11		,57624			

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
A17			,66193		
A26			,61943		
A25			,57566		
A18			,57412		
A19				,74512	
A7				,72444	
A6				,71962	
A8				,51130	
A5					,71486
A4					,62574
A28					,53809
A13					,51669
A30					,50920

	Factor 6	Factor 7	Factor 8
A20	,81145		
A21	,80216		
A14		,79523	
A24		,69208	
A2			,83506

7.3.2.1.2.1 - Other Variations of Factor Model

Other variations of the general factor model available were also explored. Maximum Likelihood and Alpha Factoring were tested and both showed no significant difference to common factor analysis (0.50 factor loading). In the maximum likelihood model (where maximum likelihood method produces parameter estimates that are the most likely to have produced the observed correlation matrix if the sample is from a multivariate normal distribution - Norusis, 1993), rotated factor 1 (one) is exactly the same as in common factor analysis. While factor 2 (two) and factor 3 (three) show also no difference (same variables and similar loading), their order is reversed in the common factor analysis, as illustrated in the maximum likelihood rotated factor matrix in Table 7.6. For full detailed maximum likelihood solution refer to Appendix 10.

Table 7.6 - Maximum Likelihood

MAXIMUM LIKELIHOOD

Rotated Factor Matrix :

VARIMAX converged in 18 iterations.

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
A12	,91078				
A22	,70450				
A16	,62485				
A27	,55981				
A15	,53617				
A7		,90248			
A6		,71611			

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
A29			,73822		
A9			,68115		
A10			,56503		
A5				,58086	
A4				,55911	
A21					,92852
A20					,58326

	Factor 6	Factor 7	Factor 8
A18	,69782		
A25	,56230		
A24		,58979	
A14		,54560	
A11		,51705	
A1			
A2			,68226

The Alpha Factoring method considers the variables in a particular analysis to be a sample from the universe of potential variables. It maximizes the alpha reliability of the factors. This differs from the previous described methods, which consider the cases to be a sample from some population and the variables to be fixed. With alpha factor extraction, the eigenvalues can no longer be obtained as the sum of the squared factor loadings, and the communalities for each variable are not the sum of the squared loadings on the individual factors. Alpha factoring has also been tested and the results of the alpha factoring (0.50 loading) are almost exactly the same as with the common factor analysis as can be verified in the rotated solution in Table 7.7 below. For full detailed analysis of the Alpha Factoring solution, please refer to Appendix 11.

Table 7.7 - Alpha Factoring

ALPHA FACTORING

Rotated Factor Matrix :

VARIMAX converged in 9 iterations.

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
A12	,88659				
A22	,65004				
A16	,60322				
A15	,59121				
A27	,55080				
A30	,51862				
A3	,51531				
A29		,74616			
A9		,66770			
A10		,55151			
A11		,53574			

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
A6			,68543		
A19			,67454		
A7			,67348		
A17				,59302	
A26				,55089	
A21					,80304
A20					,65476

	Factor 6	Factor 7	Factor 8
A5	,70153		
A24		,75773	
A14		,54886	
A2			,70397

Having said that, the main conclusion in relation to the factor extraction models explored is that no significant difference was found between the rotated factors. The fact that the results of the application of different methods of factor extraction revealed no significant difference between them indicates that there exists indeed a very strong underlying structure and that the data is reliable.

7.3.2.1.3 - The Rotation of Factors - Orthogonal

One of the problems of not rotating the factors is that interpretability becomes a very difficult and complex task. Even though the factor matrix obtained in the extraction phase indicates the relationship between the factors and the individual variables, it is usually difficult to identify meaningful factors based on this matrix. Based on the unrotated factor matrix, the variables and factors do not appear correlated in any interpretable pattern (see Table 7.8 below).

The rotation of factors is an important concept in factor analysis since one of the goals of factor analysis is to identify factors that are substantively meaningful (in the sense that they summarize sets of closely related variables). According to Norusis (1993) and Kim (1978b) the rotation phase of factor analysis attempts to transform the initial matrix into one that is easier to interpret. Rotation of factors also improves the interpretation by reducing some of the ambiguities that often accompany initial unrotated factor solutions. While in the unrotated factor solutions each factor after the first factor (which tends to be a general factor with almost every variable loading significantly and accounts for the largest amount of variance) accounts for smaller portions of variance, when the factor matrix is rotated this trend is modified. The ultimate effect of rotating the factor matrix is to redistribute the variance from earlier factors to later ones to achieve a simpler, theoretically more meaningful, factor pattern. Table 7.8 below exemplifies the fact that in the unrotated factor matrix the first factor is a general one and it also shows that, in the case of this research, in the unrotated factor matrix all variables loaded positively in the first factor. Table 7.9 shows the initial statistics of factor analysis and it is clear that the first factor accounted for the most of the variance (33.2%). Full details of unrotated factor matrix can be found in Appendix 7.

Table 7.8 - Principal Axis Factoring - Unrotated Factor Matrix

PRINCIPAL AXIS FACTORING

Unrotated Factor Matrix :

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
A28	.77139				
A30	.72333				
A5	.68475				
A8	.67532				
A22	.66954				
A12	.66770	-.58922			
A27	.66405				
A18	.65968				
A4	.65250				
A16	.63298				
A3	.62411				
A13	.60958				
A26	.60125				
A17	.58973				
A23	.57580				
A10	.57544				
A29	.56561				
A6	.56239				
A15	.54969				
A25	.53895				
A7	.53577				
A1					
A9					
A20					
A19					
A24		.60477			
A11					
A21				-.52976	
A2				.51430	
A14					

Table 7.9 - Principal Axis Factoring - Initial Statistics

PRINCIPAL AXIS FACTORING

Initial Statistics :

Variable	Communality	*	Factor	Eigenvalue	Pct of Var	Cum Pct
		*				
A1	.65568	*	1	9.95671	33.2	33.2
A2	.62012	*	2	2.10563	7.0	40.2
A3	.83818	*	3	1.97496	6.6	46.8
A4	.72068	*	4	1.76933	5.9	52.7
A5	.80792	*	5	1.71931	5.7	58.4
A6	.82925	*	6	1.44031	4.8	63.2
A7	.83124	*	7	1.19184	4.0	67.2
A8	.72227	*	8	1.10378	3.7	70.9
A9	.68516	*	9	.92818	3.1	74.0
A10	.64681	*	10	.91110	3.0	77.0
A11	.59620	*	11	.87205	2.9	79.9
A12	.85941	*	12	.72961	2.4	82.3
A13	.71442	*	13	.70145	2.3	84.7
A14	.51556	*	14	.57378	1.9	86.6
A15	.57069	*	15	.56045	1.9	88.5
A16	.71526	*	16	.54401	1.8	90.3
A17	.80891	*	17	.47936	1.6	91.9
A18	.81264	*	18	.37755	1.3	93.1
A19	.74567	*	19	.31692	1.1	94.2
A20	.66623	*	20	.28134	.9	95.1
A21	.71200	*	21	.26848	.9	96.0
A22	.79276	*	22	.22942	.8	96.8
A23	.68845	*	23	.21485	.7	97.5
A24	.83663	*	24	.16842	.6	98.1
A25	.76287	*	25	.14728	.5	98.6
A26	.74730	*	26	.14023	.5	99.0
A27	.63793	*	27	.10297	.3	99.4
A28	.81495	*	28	.08644	.3	99.7
A29	.77669	*	29	.06865	.2	99.9
A30	.81092	*	30	.03561	.1	100.0

Given the results above it became evident that a more meaningful and simpler solution was desirable so that the researcher could obtain the necessary information that would offer the most adequate interpretation of the variables under investigation. For that, rotation of the initial factor solution was necessary. As discussed in Chapter 6, there are basically two main options for rotation in factor analysis: orthogonal and oblique. In an orthogonal solution, which is the simplest case, the factors are extracted in such a way that the factor axes are maintained at 90 degrees, meaning that each factor is independent of all other factors. Therefore, the correlation between factors is arbitrarily determined to be zero (Hair et al, 1987). An oblique factor solution is more complex than an orthogonal one. While in the orthogonal rotation the axes are maintained at 90 degrees, in the oblique rotation the axes are rotated and the 90 degree angle between the reference axes is not retained. However, and as also discussed in Chapter 6, an entirely satisfactory analytic procedure has not been devised for oblique solutions. They are still the subject of considerable experimentation and controversy. As the term oblique implies, the factor solution is computed so that the extracted factors are correlated. Oblique solutions assume that the original variables or characteristics are correlated to some extent; therefore, the underlying factors must be similarly correlated (Hair et al, 1987). Hair et al (1987) argue that although there are several approaches available for performing either orthogonal or oblique rotation, only a limited number of oblique rotational procedures are available and often the analyst is forced to accept the one that is accessible. In addition, to date, none of the oblique solutions have been demonstrated to be analytically superior. Having said that, and given that the objective of the researcher is to reduce the number of original variables to a smaller and more significant set of dimensions (factors), and that the oblique solution is still a subject of controversy and experimentation, the orthogonal solution has been chosen. Thus, different methods of orthogonal rotations were performed in search of the best possible solution for the present research.

Three major orthogonal rotation approaches have been developed. They are *Quartimax*, *Varimax*, and *Equimax*.

Quartimax rotation has as its ultimate goal the simplification of the rows of a factor matrix. That is, it focuses on rotating the initial factor so that a variable loads high on one factor and as low as possible on all other factors. In another words, in *quartimax* approaches many variables can load high or near high on the same factor because the technique centres on simplifying the rows. This fact is clearly observed in the *Quartimax* rotation in Table 7.10 below. For full factor analysis solution of Quartimax rotation, please refer to Appendix 12.

Table 7.10 - Principal Axis Factoring - *Quartimax* Rotation

PRINCIPAL AXIS FACTORING - *QUARTIMAX* ROTATION

Rotated Factor Matrix :

QUARTIMAX converged in 7 iterations.

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
A12	,79190				
A28	,75832				
A30	,73233				
A16	,70738				
A22	,69910				
A27	,69595				
A5	,67382				
A18	,66400				
A3	,63987				
A4	,62556				
A8	,61778				
A26	,61721				
A15	,61352				
A13	,58367				
A23	,55743				
A17	,53131				
A25	,52972				
A7		,69879			
A6		,69336			
A19		,53594			
A29			,61359		
A9			,60786		
A11			,53081		
A24				,72282	
A14				,56589	
A21					,75259
A20					,62407

	Factor 6	Factor 7	Factor 8
A2	,66973		

As can be observed, most of the variables loaded high in the first factor. A *quartimax* rotation more than often results in a general factor with high-to-moderate loadings on most variables, and this is not different here. This is one of the main shortcomings of the *quartimax* method. In line with the discussion on rotation in Chapter 6, the findings above emphasize the point that the *quartimax* method has not proved very successful in producing simpler structure. It tends to produce a general factor in the rotations (as it is evident from the findings above). Quoting, as in Chapter 6, Hair et al (1987, pp. 245),

> "regardless of one's concept of 'simpler' structure, inevitably it involves dealing with clusters of variables; a method that tends to create a large general factor (i.e., *quartimax*) is not in line with the goals of rotation."

Given the results obtained using *quartimax* rotations (difficult interpretability) and for the reasons above, the *quartimax* method is not appropriate for this research.

In contrast to *quartimax*, the *varimax* criterion centres on simplifying the columns of the factor matrix. The *varimax* method is the most commonly used method. It attempts to minimize the number of variables that have high loadings on a factor, what enhances the interpretability of the factors (Norusis, 1993). The *varimax* rotation below illustrate this point. In comparison with *quartimax*, in the *varimax* rotation approach there tends to be some high loadings (i.e., close to - 1 or +1) and some loadings near 0 (zero) in each column of the matrix. Thus, with the *varimax* rotational approach the maximum possible simplification is reached if there are only 1's or 0's in a single column (Norusis, 1993; Hair et al, 1987; Kim, 1978b). There can be said then, that the rotation in Table 7.11 below achieved just that, and in this sense, a more meaningful and interpretable solution was found. For detailed Principal Axis Factoring solution using *Varimax* rotation please refer to Appendix 7.

Table 7.11 - Principal Axis Factoring - *Varimax* Rotation

PRINCIPAL AXIS FACTORING - *VARIMAX* ROTATION

Rotated Factor Matrix :

VARIMAX converged in 11 iterations.

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
A12	.88140				
A22	.66882				
A16	.58660				
A15	.57429				
A27	.53032				
A3	.50557				
A29		.73286			
A9		.67352			
A10		.56346			
A11		.53084			

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
A7			.72731		
A6			.70845		
A19			.62349		
A17				.57026	
A26				.55116	
A18				.53373	
A25				.51127	
A5					.67908
A4					.51667

	Factor 6	Factor 7	Factor 8
A21	.79825		
A20	.66735		
A24		.71044	
A14		.57317	
A2			.68644

For the reasons given above and the results of the rotations, the *varimax* method has proved very successful as an analytic approach to obtaining an orthogonal rotation of factors and is adopted on this research. The interpretation of factors is discussed in details in a later section (Section 7.3.2.1.6) in this chapter.

The researcher also tried the *equimax* rotation. As discussed in Chapter 6, the *equimax* approach is a compromise between the *quartimax* method (which simplifies variables) and *varimax* method (which simplifies the factors). Rather than concentrating either on simplification of rows (variables) or on simplification of the columns (factors), it tries to accomplish some of each. This method clearly was not satisfactory for the rotation of factors in this research. For example, only 2 variables were loaded in factor 1. As mentioned before, more than two variables are usually required. Moreover, interpretability becomes an almost impossible task. Table 7.12 below shows the *equimax* rotation. For full detailed Principal Axis Factoring *equimax* rotation please refer to Appendix 13.

Table 7.12 - Principal Axis Factoring - *Equimax* Rotation

PRINCIPAL AXIS FACTORING - *EQUIMAX* ROTATION

Rotated Factor Matrix :

EQUAMAX converged in 29 iterations.

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
A12	,80703				
A22	,62712				
A5		,71414			
A4		,57216			
A28		,55565			
A30		,53010			
A29			,73266		
A9			,66560		
A10			,54018		
A7				,70538	
A6				,68918	
A19				,63039	
A26					,58024
A17					,53871
A18					,52444

	Factor 6	Factor 7	Factor 8
A21	,81523		
A20	,67640		
A2		,70139	
A24			,73380
A14			,57259

7.3.2.1.4 - Cutoff Point

Second to Hair et al (1987) the initial unrotated factor matrix is computed to assist in obtaining a preliminary indication of the number of factors to extract. In the case of this research, the analysis (Principal Axis Factoring) extracted 8 factors. However, for interpretation purposes, this criterion is not sufficient and appropriate.

As mentioned in Chapter 6, an exact quantitative basis for deciding the number of factors to extract has not been developed (Hair et al, 1987) and regardless of the numerous criteria one has available to assist in the decision as to how many factors to consider (for example, *a priori*, *latent root criterion*, *scree test*), it all comes down to the discretion of the analyst. That is, the ability to assign some meaning to the factors, or to interpret the nature of the variables, becomes an extremely important consideration in determining the number of factors to extract. Although the analysis has extracted eight factors, only the four first factors are considered. One reason for that is that factors 5, 6, and 7 (Principal Axis Factoring) have only 2 variables loading significantly, and as seen in the literature review on factor analysis, it is not sufficient. Second to Child (1990), when a factor contains two or more variables with significant loadings (in the case of this research +0.50) it is referred to as

> "a *common factor* and the variance of the variables in that factor is known as *common variance*. Since common factors accounts for the intercorrelations between variables there are bound to be at least two variables involved."

Moreover, the variables in each of the factors are not clearly understandable (difficult to get a meaningful interpretation from). Factor 8 has only one variable loading significantly, and again, it is difficult to explain complex phenomena based on just one variable. As discussed in the previous section, other different rotations were also applied (*quartimax*, *varimax*, and *equimax*) in an attempt to find the best factor solution and to determine the number of factor to be extracted. A factor interpretation for each of the rotations was carried out and the factor structure that best represented the underlying relationship of the variables was the *varimax* rotation.

7.3.2.1.5 - The Eigenvalue

Although the researcher has already determined the number of factors to be used in this research, it is nevertheless interesting to look at the eigenvalue for each individual factor. The Eigenvalue (amount of variance accounted for by a factor) in this research varies dramatically between factor 1 and the other factors as can be seen in Table 7.13 below (Final Statistics - Principal Axis Factoring).

Table 7.13 - Principal Axis Factoring - Final Statistics

PRINCIPAL AXIS FACTORING

Final Statistics :

Variable	Communality	*	Factor	Eigenvalue	Pct of Var	Cum Pct
		*				
A1	.38810	*	1	9.58562	32.0	32.0
A2	.50386	*	2	1.77930	5.9	37.9
A3	.57286	*	3	1.59169	5.3	43.2
A4	.60540	*	4	1.38100	4.6	47.8
A5	.79171	*	5	1.34317	4.5	52.3
A6	.71429	*	6	1.05409	3.5	55.8
A7	.74932	*	7	.73940	2.5	58.2
A8	.59380	*	8	.72900	2.4	60.7
A9	.53832	*				
A10	.54022	*				

As it is clear form the table above, there is a considerable difference between factor 1 and factor 2; 9.58 in factor 1 to 1.77 (factor 2).

Another interesting observation is concerned with the percentage of variance. From the initial statistics (refer to Appendix 7) they are respectively, 33.2 (factor 1), 7.0 (factor 2), 6.5 (factor 3), and 5.9 (factor 4). Thus, the cumulative percentage of variance in factor 4 is 52.7%.

7.3.2.1.6 - Interpretation of Factors

A factor is a group of variables that have some characteristics in common. In order to find out if a group of variables have something in common it is necessary to know the correlation between each pair of variables. This is done by employing the technique of correlation. As discussed in previous sections, when a factor contains two or more variables with significant loadings (in the case of this research at least 0.50) it is referred to as a common factor and the variance of the variables in that factor is known as common variance (Child, 1990). The primary aim of factor analysis is the discovery of these common factors. It has been also observed before that common factors account for the intercorrelations between variables, and therefore, there are bound to be at least two variables involved. The technique of extracting the factors generally endeavours to take out as much common variance as possible in the first factor. Subsequent factors are, in turn, intended to account for the maximum amount of the remaining common variance until, hopefully, no common variance remains (Child, 1990).

The factors in this research are observations of crisis preparedness of hotel organizations. In order to identify organizations that are "more prepared" and organizations that are "less prepared" for crisis, the researcher needed to go back to each individual case and see how each organization scored (subscribed) in each of the factors, and from that, establish which organizations are "prepared" and which one are "not prepared" for crises. But first, the interpretation and labeling of factors.

Interpretation and labeling of factors is not a simple matter. It depends entirely on the discretion and understanding of the researcher. The process of giving meaning to the extracted factors involves substantive interpretation of the pattern of factor loadings for the variables in an effort to name each of the factors. As mentioned before, a significant level of factor loading has been selected (+0.50) and all significant factor loadings are used in the interpretation process. Variables with higher loadings influence to a greater extent the name or the label selected to represent a factor.

The factor solution was derived from a common factor *varimax* rotation of the 30 original variables (questionnaire 1). Below are all the extracted rotated factors, their variables and factor loadings, and factor names. Before that, the results of the Cronbach's Alpha Reliability Test on the internal consistency of the extracted factors were relatively high, as can be seen in Table 7.14 below.

Table 7.14 - Cronbach's Alpha Reliability Test of the Extracted Factors

CRONBACH'S ALPHA RELIABILITY TEST - FACTOR 1

RELIABILITY ANALYSIS - SCALE (ALPHA)

Reliability Coefficients

N of Cases = 54.0 N of Items = 6

Alpha = .8536

CRONBACH'S ALPHA RELIABILITY TEST - FACTOR 2

RELIABILITY ANALYSIS - SCALE (ALPHA)

Reliability Coefficients

N of Cases = 54.0 N of Items = 4

Alpha = .7559

CRONBACH'S ALPHA RELIABILITY TEST - FACTOR 3

RELIABILITY ANALYSIS - SCALE (ALPHA)

Reliability Coefficients

N of Cases = 54.0 N of Items = 3

Alpha = .7552

CRONBACH'S ALPHA RELIABILITY TEST - FACTOR 4

RELIABILITY ANALYSIS - SCALE (ALPHA)

Reliability Coefficients

N of Cases = 54.0 N of Items = 4

Alpha = .7680

As discussed in section 7.3.2.1.4 above, the process of factor interpretation allowed interpretation to be done only up to factor 4. One reason for that is that factors 5, 6, and 7 have only two variables and factor 8 only one variable. Moreover, given that the variables are unrelated to each other, a meaningful interpretation of those factors proved impossible. That is, factors 5, 6, 7, and 8 do not "make sense" by themselves. Having said that, the following is the interpretation of factors 1 to 4. The interpretation in this section was done to find how meaningful the factors were in themselves (observing each individual variable) and to label the factors. A far more detailed and meaningful interpretation in the context of this study is done in later sections

Factor 1

FACTOR NAME: **PRO-ACTIVENESS**

Factor 1 is the most important factor. It accounts for the greatest amount of variance (33.2%). Variable A12 is the most important variable, it has the highest loading in any factor (.88140) and therefore influences dramatically the name and how the factor is interpreted.

A 12 - Factor Loading = . 88

- Any effort in relation to crisis before it happens (such as prevention) is a waste of time and money.

A 22 - Factor loading = . 66

- There is no need to involve employees and the community in the crisis planning of our organization.

A 16 - Factor loading = . 58

- There is nothing to do in relation to crisis before it happens.

A 15 - Factor loading = .57

- The range of crisis is so vast that it makes it impossible to make preparations.

A 27 - Factor loading = .53

- *The establishment of relationship with interest-groups is a futile effort. They do not understand our business.*

A 3 - Factor loading = .50

- *We just consider something to be a crisis if it happens to or hurts us.*

* Variables A12, A16, A15, and A3 all have the same underlying dimension: prevention and preparation. It can also be argued that variable A3, although not apparent, to a certain degree, has to do with prevention and preparation. The process of learning is directly related to prevention and preparation. By learning from other peoples' disasters, the organization is also improving the way it operates, deals with stakeholders, and how it goes about crisis management (prevention, preparations, etc.).

* Variables A22 and A27 can also be said to have a lot in common: The need to involve stakeholders in crisis planning (planning takes place before a crisis occurs - again, in the prevention and preparation stage). Stakeholders are key elements in any crisis management effort. As seen in previous chapters, a crisis is something that does not affect organizations alone, but other players as well.

From the literature review these variables above (factor 1) constitute the most important ingredients for "good" crisis management.

The PRO-ACTIVENESS factor has to do with companies being aware of the potential implications of a crisis and getting ready/prepared for the inevitable, taking into account their outer environment (e.g., their stakeholders). This factor reflects the importance of being pro-active in relation to a potential situation. Prevention and preparation are key elements as well as stakeholder involvement and learning.

Factor 2

FACTOR NAME: **DENIAL**

Although the PRO-ACTIVENESS factor accounts for the largest amount of variance it does not mean that the other factors are unimportant. As mentioned before, the process of rotation redistributes the variance from earlier factors to later ones to achieve a more meaningful solution. The denial factor accounts for 7% of the variance and has the second highest loading in a variable (.73286 in variable A29). Below are the variables and loadings of factor 2.

A 29 - Factor loading = .73

- Environmental issue is a matter for politicians. We do not have to worry about it.

A 9 - Factor loading = .67

- Past experiences has shown us that with time most crises resolve themselves.

A 10 - Factor loading = .56

- If a crisis occurs, our management and technical people can fix it. Nothing special is required.

A 11 - Factor loading = .53

- In the end, most crises turn out to be not very important.

The DENIAL factor has to do, in contrast with factor 1, which is directly related to action (prevention, preparation, etc.) in relation to crisis and crisis management, with executives getting away from everything: rejection of their responsibilities in relation to their own business and their outer environment (stakeholders), and playing down the importance/seriousness of a potential situation. It is as if those executives are saying: "It is not something we have to be worried with". This is about people denying everything. External factors/issues (such the environment) also should prompt management to be well prepared and structured for potential crisis that might directly or indirectly be connected with those issues (for example, as a cause of, or as a consequence of a crisis).

* Variables A9, A10, and A11 are grouped together since they reflect the same structure, i.e., crises need a timely and decisive response, and special requirements (such as crisis management planning, team, structure, etc.) are necessary, because all crises are important and any crisis has the potential to ruin a business.

* Variable A29. Preoccupation with larger (outside) crisis related issues (i.e., the environment). Again, this variable reflects management approach to the reality of responsibility and commitment to their business and their stakeholders.

<u>Factor 3</u>

FACTOR NAME: <u>FATALISM /HOPELESSNESS</u>

As the name suggests, this factor has to do with the inevitability of crisis. History reveals and repeats itself in corporate affairs as far as crisis is concerned. The literature review in previous chapters stressed the fact that a crisis can happen at any time and in any kind of organization. As also witnessed time and time again, the media has very strong leverage in corporate affairs. The image/reputation of an organization is (to a very large degree) in the "hands" of the media.

Having said that, this factor is related to the inevitability of crisis and the power of the media, and with the inability of management to act (at all levels) in relation to those issues. In this sense, management is totally powerless.

A 7 - Factor loading = .72

- *Crises do not happen in our organization.*

A 6 - Factor loading = .70

- *The locations of our hotels make them immune to crises.*

A 19 - Factor loading = .62

- *We do not regard the media as an important issue. It is easy to manipulate it.*

* Variables A7 and A6 are grouped together. They reflect the inevitability of crises.

* Variable A19 reflects the importance of public opinion and image building and reputation.

Thus, this factor has to do with those organizations that have a stale culture (and therefore believe in immunity) and those that have "given up" hope totally. As will became clear later in the following sections, even a certain level of arrogance was identified in the former. Ironically, those are the most vulnerable organizations and the ones that a crisis will have a devastating effect on because the people in those organizations instead of preparing themselves to the unexpected and inevitable prefer to believe in an "act of God". Variable A19 can also be said to be related to inevitability. The media is not easily manipulated and in the great majority of situations organizations are in a vulnerable position with regard to the media. Again, the issue of management's powerlessness can be applied and consequently the mechanism of fatalism/hopelessness.

Factor 4

FACTOR NAME: **TECHNICAL DIMENSIONS**

Factor 4 is the last factor to be considered in this research. It accounts for 5.9% of the variance. The central issue in this factor reflects a very important fact in crisis management. For many different reasons, as will become clear in the next section, many executives relate crisis and crisis management to the material, "physical" aspect of their business. Therefore, there is a misconception that crises are events that affect only those aspects of operation. Having said that, crisis management for those executives involves actions or procedures that would be related to response to a technical failure or shortcoming. Crises, as extensively discussed in previous chapters, are not only of a technical nature. For example, if only the aspects of cause and consequence are considered, it becomes evident that crises have least effect in the physical/asset side of organizations. As revealed by many research results discussed in Chapters 2, 3, 4, and 5, the great majority of crises are caused by human error, and the lasting consequences of a crisis (for example, trauma or other psychological effects) are felt in the human side of organizations. Having said that, where crisis management is concerned, one has to be prepared at other levels, not only technically, but also psychologically and emotionally. In this sense, the issue of safety (variable A26) is also directly related to the above discussion. The safety of both employees and guests is of prime importance in any business, specially in the hotel industry, and therefore everyone in the organization should be responsible for safety and needs to be involved in this process. The issue of communication, both internally and externally, is an extremely important one in crisis management. It requires special training and is vital if management is to succeed in the management of crisis.

A 17 - Factor loading = .57

- *Most of the crises have a technical solution.*

A 26 - Factor loading = .55

- *Safety is the responsibility of top management, not of individual employees.*

A 18 - Factor loading = .53

- *Whenever a crisis strikes, the application of technical and financial quick-fixes would resolve it.*

A 25 - Factor loading = .51

- *Communication is not an important issue here. We understand each other.*

* Variables A17 and A18 are grouped: Crises are not a technical matter.

Thus, this factor has to do with management reducing and narrowing all crises and crisis management issues and procedures to a technical perspective only. That is, crisis management can "almost" be an engineer's job, and in this sense the issue of safety becomes also related to the physical/plant hazards issues (excluding the emotional and psychological aspects), and communication can also be rotinized in a "mechanistic" way.

As mentioned earlier in this section, a more detailed analysis and interpretation of the factors in the context of this research is done in the following sections.

7.4 - Identifying the Crisis Preparedness of Hotel Organizations - An Analysis of Both Factor Analysis Findings and Qualitative Analysis of Interview Data

The cultural element of "favourability" to crisis management measured here are the rationalizations managers make in relation to crisis and crisis management. For that, an index of rationalizations with 30 variables (questionnaire 1), which are measured in an ordinal scale of 1 to 7, was developed. The sum of this index comprises the favourability of the culture of a particular organization to crisis management, that is whether the culture of an organization makes it "more prepared" or "less prepared for crisis". Factor analysis of this data has resulted in 4 (four) new dimensions (factors) which in turn provided the researcher with a new index of "favourabilities" (or rationalizations). In this new light, the researcher went back to main data (original) and examined how individual organizations performed (or subscribed) to those new (more relevant) dimensions. In other words, given these new dimensions, which organizations have a culture favourable to crisis management ("prepared") and which organizations do not have a culture favourable to crisis management ("not prepared"). The result of this analysis provided a continuum of "not prepared" organizations to "prepared" organizations. A sample of 5 (five) organizations from each extreme of the continuum was selected to satisfy both the first stage of the research (identification of crisis preparedness of hotel organizations) and the second stage of the research (stakeholder relationship). The objective of the second stage was to see whether the "prepared" organizations were more consistent in their view of stakeholder role and behaviour in distinct crisis situations than those organizations that have a culture that makes them less prepared to crisis. But first, the process of identifying which organizations are "more prepared" to crisis and which organizations are the "least prepared" to crisis.

As mentioned above, the researcher, with the new set of more relevant dimensions (factors), went back to the original data and analyzed how each individual respondent subscribed to each individual factor. An aggregate measure of crisis preparedness consisting of the scores of individual respondents in each extracted factor (using the index of rationalizations) was then obtained. In another words, the sum of the scores of the index of rationalizations (in each factor) comprises the favourability of the culture of a particular organization to crisis management (i.e., whether the culture of an organization makes it "more prepared" or "less prepared" to crisis). However, given that each factor has its own individual percentage of variance (the amount of total variance accounted for by each factor), the researcher could not simply add the sum of the indexes of each factor to obtain the total score. A "weight" system was necessary so to have a proper balance between each value obtained in each factor. That is, the sum of the index of factor 1 (that accounts for 33.2 percent of variance) could not be added to the sum of the index of factor 2 (that accounts for only 7.0 percent of variance). Therefore, for each individual respondent score in each factor, the researcher multiplied that score by the amount of variance that each factor accounted for. For example, for the scores in factor 4 (that accounts for only 5.9% of the variance) not to be considered as having the same weight as factor 1 (33.2% of variance) the amount of variance in factor 4 (5.9) was divided by the amount of variance in factor 1 (33.2) to obtain the "weighted" value. This value was then applied (multiplied) in all scores in factor 4.

This procedure was done with all other factors' amount of variance:

Factor 1: 33.2/33.2 = 1
Factor 2: 7.0/33.2 = 0.21
Factor 3: 6.6/33.2 = 0.198
Factor 4: 5.9/33.2 = 0.177

To obtain the index in each factor the procedure was to add all the scores in each individual variable. The result was then divided by the number of variables in each factor and multiplied by the weighted value (relative amount of variance accounted for by each factor) of each factor. Figure 7.5 illustrate this procedure applied for respondent number 1 in factor 3:

Figure 7.5 - Example of Procedure Applied to Obtain the Index in Each Factor

Variables	A7	A6	A19	Score	Weighted Score
	5	7	7	19	1.27

Where: 19/3*20/100 = 1.27

20 = 6.6/33.2 = 0.198 = 0.20

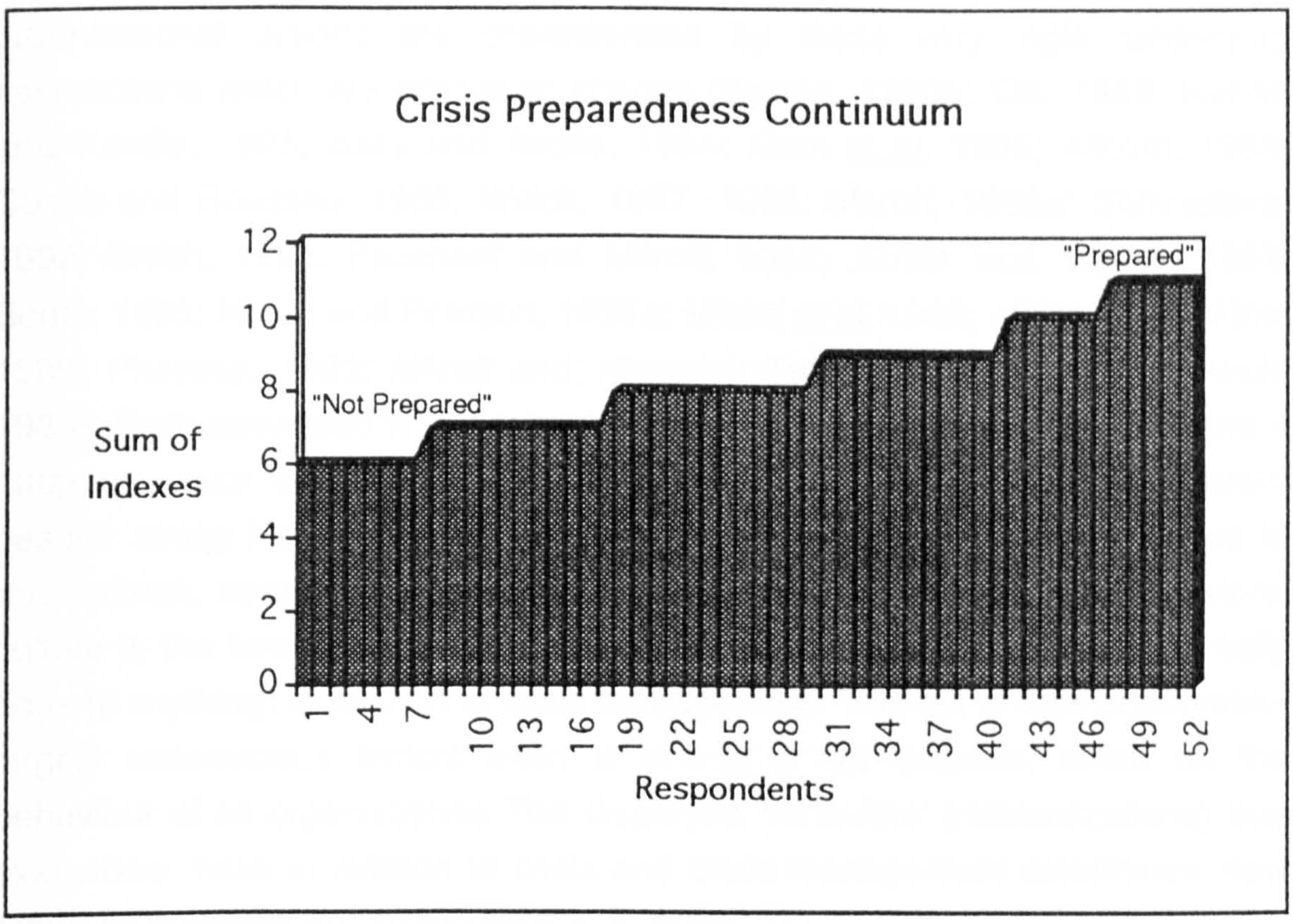
6.6 = amount of variance factor 3

33.2 = amount of variance factor 1

(0.20 = weighted amount of variance)

Having done that to each factor, the sums of those indexes were obtained. The results of this analysis consisted of a measure of crisis "preparedness", and provided a continuum of crisis "not prepared" to crisis "prepared" organizations. For details of this analysis, refer to Appendix 14. Figure 7.6 below is the "preparedness" continuum.

Figure 7.6 - Crisis Preparedness Continuum



7.4.1 - Cultural Profile of "Prepared" and "Not Prepared" Organizations

A basic notion of organizational culture is that it has an *existential function* in organizations (Pauchant and Mitroff, 1992). One of the fundamental functions of organizations is to produce goods and services; indeed, an organization is often defined as a grouping of individuals who cooperate with each other with the common purpose or the politically defined goal of accomplishing something that they could not do individually. However, allowing individuals to produce some goods and services is not the only function of organizations. Another is providing people with an escape from their anxiety. This existential function explains why some people will embrace and protect the norms developed in an organization, even if they lead to crises. In crisis prone organizations, managers and employees are very skilled at developing rationalizations that will validate their day-to-day actions, disregarding the fact that these actions can lead, after a while, to crises (Pauchant and Mitroff, 1992). Thus, what holds these organizations together, that forms the culture of such organizations, that is at the basis of decisions and actions, is the set of sometimes faulty assumptions or rationalizations that the members of the organization have developed (Smith, 1990; Booth 1993; Mitroff and Pearson 1993a; Allcorn, 1995; Fink, 1986). Several researchers have argued that organizational actions are characterized by those very rigid underlying assumptions which are difficult to change (Schein, 1990a; Ott, 1989; Kekäle and Kekäle, 1995; Bass and Avolio, 1994; Klein et al, 1995; Allcorn, 1995; Cooke and Rousseu, 1988; Weick, 1987, 1988; Mitroff, 1988a; Shrivastava, 1992; Smith, 1990; Pauchant and Mitroff, 1988; Smith and Sipika, 1993; Booth, 1993; Mitroff and Pearson, 1993a; Mitroff et al, 1989; Miller, 1988; Fink, 1986; Pheysey, 1993; Mitroff and Kilmann, 1984; Starbuck, 1983; Weick, 1984). Such assumptions, for example, "any effort in relation to crisis before it happens - such as prevention - is a waste of time and money", may persist despite strong historical evidence to the contrary (e.g., poor performance in prior crises), keeping the organization's crisis preparedness low. Therefore, culture is the fundamental issue that determines what an organization really does (if anything) in relation to crisis management. This set of less observable, largely unconscious factors exert a strong, if not decisive, effect on the behaviour of all organizations. The displayed behaviour (rationalizations) that executives make in relation to crisis and crisis management determines how prone or prepared an organization is to crisis.

The factor solution obtained from the original set of rationalizations revealed that crisis preparedness in the 33 hotel groups under investigation can be explained by 4 dimensions: "Pro-activeness", "Denial", "Fatalism/ Hopelessness", and "Technical". In order to investigate and develop the cultural profile of hotel organizations, the researcher selected a sample of five organizations from each extreme of the continuum. The interview data and the data from questionnaire 2 are also used here to support and better illustrate and complement the findings in the research. It is important to note that although the data and issues from the interview and questionnaire 2 are of a more practical nature, the present research is looking beyond the formal levels of crisis management structure in organizations; in another words, the main interest is in the cultural aspects of organizations in relation to crisis and crisis management. However, some elements of crisis management structure were explored in an attempt to observe whether there was any correlation between the cultural and the formal aspect of the organizations.

7.4.1.1 - Crisis Management Structure

As mentioned previously in this chapter and in Chapter 6, a full descriptive account of the hotel groups structure under investigation is not directly related to the relevance of this study. The formal structure of an organization plays, as mentioned in previous chapters and in this one, a relatively minor part as to whether an organization is "crisis prepared" or not. What is decisive and determines their preparedness to crisis is their culture. Having said that, this section looks briefly at the crisis management structure of the groups under investigation.

Of the 33 hotel groups investigated, only eight groups had a formal crisis management structure. However, crisis management capacity, as it is observed in the light of this research, could only be found in one organization. Although the other seven hotel groups claimed to have a crisis management capacity, in six of the hotel groups they only had in place a mere contract with a public relations firm. As mentioned in Chapter 2, to use public relations in this way is nothing more than damage limitation. The crisis has already happened. By that, the researcher is not diminishing the importance of public relations in crisis management efforts, but if used in this way, public relations is reduced to a reactive role and not as a pro-active one. From the point of view of a "crisis prepared" organization, public relations should be used first and foremost prior to a crisis event to enhance stakeholders relationships and to (at some extent) prevent a crisis from occurring in the first place.

It was interesting to notice that of those organizations that have a "crisis management structure" only two of those organizations are in the "prepared" extreme of the continuum. The other extreme ("not prepared") has one organization which has a crisis management structure. The other five organizations fall in the middle zone of the continuum. This finding somehow supports the views of some researchers (such as Mitroff and Pearson, Reilly, Weick, and others) in that having a crisis management capacity does not in itself makes an organization prepared to crisis. In fact, if anything, it reinforces the view that organizational culture is the fundamental issue as to the crises preparedness of organizations. As mentioned previously in other chapters, by having a crisis management "manual" or similar without a strong culture that supports it, gives management the false impression that they are prepared to deal with the challenges of a crisis.

Another interesting observation regarding the formalization side of organizations, was the position (level of responsibility in the organization) of the respondent in relation to its preparedness to crisis. It was interesting to find that in the "prepared" extreme of the continuum there were two top executives (one managing director and one chief executive officer), two top marketing executives (one director of sales and marketing and one marketing director), and one executive from the "operations" category (vice-president of human resources). Similarly, from the "not prepared" extreme of the continuum, there were also two top executives (one managing director and one chief executive officer), two top marketing executives (marketing director and marketing manager), and one executive from "operations" (personnel assistant).

7.4.2 - Cultural Profile of "Prepared" and "Not Prepared" Organizations by Factor

For the purpose of this research, a sample of five organizations from each extreme of the "preparedness" continuum has been selected to satisfy both the research question and research proposition. Below are detailed analyses of those organizations in relation to crisis and crisis management in a factor by factor account.

7.4.2.1 - "Pro-activeness"

Pro-activieness is the most important ingredient of effective crisis management. As seen in Chapter 2, a crisis can only be avoided if one is proactive - preparing, preventing, and creating the mechanisms needed to deal with all phases and aspects of a crisis. Johnson&Johnson is a good example of a company that behaved proactively in a crisis of great proportion. In fact, Johnson&Johnson has been quoted and portrayed, rightly so, as a corporate role model for how to deal with a major crisis. Johnson&Johnson's overall approach to the crisis was a rational one. They treated the media/press with respect and their reaction to the problem was a rational one (not with anger). The company even kept a faithful amount of press inquires so that the company could get back with information as soon as events unfolded and they could gather the information required. Their response was effectively and swiftly to the general American public and thus restored confidence both in it as a company and in Tylenol as a product. Against the advice of the FBI (Federal Bureau of Intelligence), Johnson&Johnson withdrew Tylenol from the market, thus earning the trust and confidence of the American public in that they were prepared to "do the right thing". This response allowed Johnson&Johnson to bring Tylenol back to the market successfully, until the second crisis when they no longer felt that they could protect the drug (Tylenol) adequately in its present form. Other organizations, such as Exxon, have now earned the contempt and general distrust of the public.

Factor 1 has to do with being prepared, being pro-active in relation to crisis and crisis management. This factor basically deals with two myths that arise perpetually in human affairs and that constantly need to be addressed. One is that there can be perfect or complete control of complex human situations. The other is that no control is possible at all. Moreover, given the nature of some rationalizations in factor 1 (A12 - "Any effort in relation to crisis before it happens (such as prevention) is a waste of time and money."; A16 - "There is nothing to do in relation to crisis before it happens."; A15 - "The range of crisis is so vast that it makes it impossible to make preparations."; and to some extent A3 - "We just consider something to be a crisis if it happens to or hurts us."), one can also assume that the element of crisis uniqueness plays a very strong part in this factor. As discussed in Chapter 2, it is true that every crisis involves an element of uniqueness. However, this does not mean that there are no general or generic features of crises or effective procedures for handling them whatsoever. All human situations involve an element of uniqueness. The main purpose of training, exercises, simulations, etc., is not to avoid crisis or potential threatening situations all together, rather, it is to prepared individuals to deal with and respond to generic situations when they arise. Military strategy, training and exercises are based on this principle. As no two battles are ever alike, generals realized long ago that soldiers needed basic training before being sent into battle. Even though the training is not perfect, basic training lowers substantially the physical and emotional casualties due to war. In the same line as mentioned above, one of the purposes of military basic training is not to avoid all casualties whatsoever, but precisely to free soldiers to think about the unique features of battle that cannot be planned for. The assumption is that soldiers will be freer to deal with the unique features that arise if the generic features have been planned for (Mitroff and Pauchant, 1990). Therefore, planning, simulation exercise, and scenario analysis are extremely important.

Culturally and socially, the modern business world and the systems that support it (such as the educational system) have been focusing their efforts on issues that only promote success, such as higher productivity, improved quality, improved performance, etc. Although there is nothing wrong with those principles in themselves, in order to achieve them the current knowledge in designing innovative and performing organizations tends to increase their degree of complexity and fragility (Pauchant and Douville, 1993). As mentioned in previous chapters, the negative (or destructive) potential of those organizations in many instance far outweighs their productive potential and the social benefits they claim. Authors like Weick (1987), Mitroff and Pauchant (1990), Fink (1986), Staw et al (1981), Smart and Vertinsky (1984, 1977), Turner (1976), Mitroff and Kilmann (1984), Perrow (1984), among others, have long ago called attention to the fact that the negative effect of technology (technology in a broader sense) exceeds the ability of our organizations and management structures to control them. The main issue here is that people are not as complex as the problems they create and therefore are unable to resolve them. Management abilities are not complex enough to sense and anticipate the problems generated by those systems. Moreover, given the anxiety and other psychological and emotional effects of a crisis on those that are responsible to manage them, this invariably reduces their ability to act. Crisis intervention, then, has the potential to exacerbate rather than reduce the problem. Having said that, it appears that the main result of economic, administrative and educational efforts and drives to issues that promote success meant that mangement is not prepared psychologically, emotionally, and technically to deal with the inevitable: crises. In this context, one should also appreciate and acknowledge that any and all organizations are now subject to every known and conceivable type of crisis. In addition, in our modern times a crisis never occurs singly or in isolation. Crises increasingly occur in clusters, setting a chain reaction of other crises as part of the initial one. Being pro-active, planning for, preparing for, and training for crises is the only possible way management can avert crises and, when they do occur, manage them effectively.

Having said that, "prepared" and "not prepared" hotel organizations differ considerably in their believes and practices regarding all the issues discussed above.

From the sample of the "prepared" organizations in this study, one hotel group has been investing in crisis management for the last ten years. The amount of resources devoted to crisis management has been constantly increased over the years and clearly reflects management's awareness of the growing prospects of more complex vulnerabilities. It was interesting to learn that this organization suffered a very severe crisis in the past. Their interest in crisis management, therefore, is not without precedent. Having said that, their effort is very comprehensive (comprehensiveness is seen here in terms of the extent of crisis management efforts, activities, training, perception of crises themselves and their impact both on the business and on stakeholders). This organization, in particular, will be referred to as organization "A" from now on. Crisis management is a high priority function for this organization and they look far beyond that which is expected by the researcher in this industry. Simulation exercises are carried out (they place great emphasis not only in the media - as does others in the "prepared" category - but also on crime, death, physical disaster, even an airplane crashing into one of their hotels), they work closely with stakeholders (in particular the police, community leaders, the City, competitors, suppliers, the media, and interest groups), they acknowledge that a crisis will affect not only themselves and their direct interests, but can also impact far beyond their routine and address this issue with great responsibility.

Other organizations in the "prepared" side, although not as comprehensive as the one mentioned above, had no simulation exercise whatsoever, but showed nevertheless some similar characteristics. For instance, one organization had expanded the only real crisis management effort it had in place (media training) to other crisis management training such as procedures to deal with outbreaks of food poisoning (this was in the form of preventive exercises at hotel group level, and how to deal with this event once it happened), evaluation of other crises' impact, such as employee crime, on their business (crisis management efforts such as this one meant that the personnel department had to work closely with not only other departments within the organization but also a great deal of involvement with other stakeholders was necessary for crisis prevention and management planning), and crisis training was being conducted with lower level employees, not just top management. Another organization was planning (at the time of the interview) to develop closer relationships with stakeholders, specially in the area of crime prevention, in their international operation.

Apart from organization "A", in general, the difference between the other "prepared" organizations in relation to their crisis "preparedness" is one of approach and also of substance. It has to be said again that organization "A" stands alone in many issues like investment, stakeholder involvement in crisis planning, and other efforts in crisis management. The differences then for the other organizations on the "prepared" side of the continuum are more subtle. As mentioned in the previous section, only two organizations in this extreme of the continuum have a "crisis management structure". The other three organizations have no crisis management structure or other "formal" arrangements to deal with crisis apart from contracts with public relations companies. Even here there are some differences as to how the organizations address and conduct their "media" effort. While two organizations relied solely on an external contract with a public relations company to take care of corporate communications in the event of a crisis, another organization had an internal communication officer that was responsible for this function. While the latter organization expanded its media training to other management level employees (not only top executives), the other two organizations had no intention of investing management time and effort in media training.

Another example of the difference of approach is that while organization "A" has a crisis management structure for the whole organization (at all levels), another organization which also has a "crisis management structure" has individual plans for individual properties and the management of this business function is left to the discretion of individual managers. The researcher believes that although individual properties need a specific crisis management approach that would address its peculiarities and environment, a certain degree of control (not centralization) by head office is important, if not only for the reasons given in Chapter 6 (i.e., when a serious crisis happens inevitably the top executive at corporate level is the one that not only will be asked to answer questions, but also will be the person that will be judged and associated with the organization's performance prior to, during, and, if it survives, after the crisis). It is worth reinforcing here that organization "A" is more "advanced" in the field of crisis management and in some issues it cannot be compared directly with others that also fall into the "prepared" end of the continuum.

By contrast, organizations on the other extreme of the continuum showed a reactive attitude towards crisis and crisis management. Although all respondents in the "not prepared" organizations acknowledged that crisis management is an important issue, not much has been done towards it. Only one organization on the "not prepared" side of the continuum considered that they had a "crisis management structure". For the other four organizations in this side of the continuum no training whatsoever is provided for crisis purposes, apart from what the law requires (i.e., fire drills, etc.). It appears that crisis management is something that is not of high priority for those organizations, even though they conceded that it is "an important issue". For instance, one executive revealed that, "unless a crisis happens, and it should be a severe one, nothing will be done". This view is furthered explained when the following question was put to the same executive: "What do you consider to be a crisis status for your organization?" The executive replied that, "if it is not earth shattering it is not a crisis". Similar views (a crisis is a crisis if it only seriously threat the survival of the organization) were found in other "not prepared" organizations. The answer to this question by executives in "prepared" organizations were quite different. Executives in "prepared" organizations tended to consider, or label something as a crisis, in far less dramatic situations. The difference between "prepared" and "not prepared" organizations here again is that one is pro-active and the other is reactive. "Prepared" organizations tend to consider or label an event as a crisis by looking, evaluating, and measuring its potential effect and impact on their business if the issue or event is not addressed. They do not wait for an issue to grow out of proportion and control, engulf parts of, or the whole organization, to decide whether the issue is a crisis or not, and only then decide to act. Another difference of this emphasis of approach can be seen yet again in employee training. One executive of a "prepared" organization said that crisis management is an integral part of their business, and emphasized that in employee training, at any level, they are not only introduced to their own duties and responsibilities but also to the disastrous effects of their potential errors.

There is however, a worrying observation. Apart from organization "A", all other organizations in this research, both "prepared" and "not prepared", have shown a tendency to consider or relate crises to physical issues (i.e., fire, floodings, plant defect, etc.) or health-related issues. Those issues are to some extent regulated by law. The researcher was hoping to identify others, more subtle issues that the hotel industry, like any other, is susceptible to, such as employee boycott, white collar crime, media exposure, etc. This point leads again to the essential aspect of simulation in crisis management. Apart from organization "A" in the "prepared" extreme of the continuum, and one organization in the "not prepared" extreme that has a "crisis management structure" (from now on organization "B"), not one organization has any kind of simulation exercises apart from media training and for what the law requires, such as fire drills. As already mentioned above, only very recently other types of crisis training (apart from media training) had been put into place. Another organization had only plans to make use of crisis training and was waiting for the budget. It gives the impression that if left by themselves, those organizations will do nothing to try to avert crises or prepare for them. Simulation exercises, as already expressed above, are a fundamental issue not only in crisis prevention and preparation but also for the management of crises, should they occur, and for the recovery period. Organizations "A" and "B" simulate a number of other situations (apart from simulation for the media), such as suicides on their properties and procedures to deal with relatives, foreign embassies and consulates; crime; natural disasters; potential situations related to their shareholders (the "City", for example); and even an airplane crashing into one of their hotels; among others.

Stakeholders play a great part in all stages of crisis management. As seen in Chapters 2, 3, 4, and 5, a crisis affects not only the organization where it occurs, but also a great number of other interested parties are affected directly or indirectly. A good relationship and set of business practices with stakeholders can mean survival and prosperity when the issue is crises. Stakeholders can help an organization avoid crisis, prevent and prepare for those that are unavoidable, and can play a central role in the recovery of any crisis sufferer. As argued by Booth (1993, pp. 86), "Crisis can be seen as an opportunity as much as a threat for many involved in a crisis. Crisis often opens up new possibilities and liberates innovatory ideas." Rationalizations A22 ("There is no need to involve employees and the community in the crisis planning of our organization.") and A27 ("The establishment of relationship with interest-groups is a futile effort. They do not understand our business.") address this issue. As already mentioned, "prepared" organizations have a greater regard to their "social partners" than those organizations that are "not prepared" for crisis.

A good example of the importance and relevance of stakeholder involvement and participation in crisis management was experienced by an organization on the "prepared" extreme of the continuum. This organization is the annual sponsor of a major international sporting event in the UK, which gets a worldwide media coverage. The managing director of this organization gave the example of one particular situation in that if it were not for their investment both in crisis management and stakeholder relationship for crisis prevention and management, they would have been in a very serious situation. For this particular sporting event the organization, conjointly with a set of stakeholders and interest parties, developed and implemented a system for crisis monitoring, identification, and classification. This specifically designed system for this event provided them with some disturbing information which was filtered to some stakeholders which in turn acted together to solve the potential crisis. A major crisis was avoided. The executive was very keen to stress that the only reason they could "defuse" the problem and avoid a major crisis was because of their combined high investment in crisis management and their very good and extensive relationship with their business/social partners. Another important point in this particular situation was that several meetings took place following the incident so that the organization and other stakeholders could learn the lessons and evaluate their actions and be prepared for more preventive actions for future events.

In contrast, "not prepared" organizations generally firmly believe that stakeholders, apart from stockholders and other groups "essential" to their operations, have nothing to do with their business. This attitude is clearly reflected where crisis management is concerned. For instance, and as mentioned above, crisis training in most of the organizations is very limited and restricted to public relations only. This fact leads to the conclusion that even the employees (a stakeholder) are neglected by "not prepared" organizations. Apart from organization "B", no other organization carries out any kind of simulation exercises, what in effect means that stakeholders are not considered in any way for any potential threatening situation apart from those that the law requires (fire, health and safety). Those organizations are then not only missing the opportunity to be in a better position should a crisis strike but are also neglecting their responsibilities to the potential victims of their crises.

Without a doubt, one of the most difficult issues in the whole area of crisis management is the amount of resources (financial/material and human) that should be allocated to crisis management efforts. Although this study did not investigate this area specifically, it was clear from the responses that this is a paramount issue. For those organizations that are involved in crisis management no mention of budget allocation or similar information could be gained. Even the situation above, where the organization is actively involved in crisis prevention/preparation, dealing with stakeholders, etc., no information whatsoever in this regard was possible to obtain. Although the managing director involved was helpful and willing to describe their approach and strategy to crisis and crisis management, he was unwilling to discuss the issue of investment or budget allocation for those purposes, apart from saying that it was "substantial". The area of financing for crisis prevention/preparation is a very weak one and more research into the "cost benefit" analysis of how much financial or other efforts an organization should spend on crisis management is needed. As mentioned before, the fact that crisis management is a very secretive business, also contributes to lack of information on this issue.

Some experiences, however, point to how one ought to think about this matter. For example, three years before the World Trade Center bomb attack in New York, Fiduciary Trust International, an investment firm that at the time had US$ 291 million in assets and an empty office on the 94th floor of the World Trade Center Tower Two, carried out an assessment of its own vulnerabilities. The outcome of this assessment indicated that Lower Manhattan was a highly probable target for terrorism attack and that bombing was the most likely attack. By planning ahead, Fiduciary Trust International had 400 of its 500 New York employees back at work on Monday, March 1, 1993, one short weekend after the February 26 bomb attack. An employee arriving to work that Monday in back-up office space in a 155,000 square-foot warehouse in New Jersey, commented that their clients did not notice any interruption (Tetzeli, 1993). In another instance, one company spent US$ 600,000 backing up its extensive telecommunications and computer facilities prior to the fire that disrupted a major telephone switching station of Illinois Bell in the Chicago area. Six hundred thousand U.S. dollars is certainly a considerable amount of money. However, as a result of this investment, the company did not lose US$ 20 million in business as a result of the fire. From this standpoint 3% (or US$ 600,000) is a wise investment against US$ 20 million. Further, the company was able to make a significant increase in its share of the market since it was able to conduct business while its competitors were not.

The issue of investment is a very delicate one. Different industries require different approaches and indeed, in this case, each individual hotel property might have its own requirements. As only one organization (organization "A") in this research has a "true" crisis management structure in place, it has been difficult to assess the issue of investment. Moreover, as mentioned before, crisis management appears to be an issue of great secrecy in the hotel industry, and consequently, the financing that goes with it is hard to dicover. Having said that, it was not the aim of this research to get into this area, but nevertheless, it is an important issue and an area that needs more attention.

It is important to stress here that although the expression "not prepared organizations" is used here extensively, it is not the intention to conceptualize the organization as an entity that exists independently of those who manage it. The fundamental difference between the two sets of organizations in each extreme of the continuum lies in the concept of responsibility. The concept of responsibility serves to reinforce the notion that it is only the individuals present inside and outside of an organization who can feel, think and act. Being "prepared" means first and foremost being responsible for one's own acts.

The proper way to think about crisis management is not as insurance or a luxury that one indulges in if one has the time and money to spend. Rather, crisis management cannot really be separated from the day-to-day ongoing conduct of one's business. Crisis management is central to the conduct of everyday business in that a major crisis can seriously derail any business. This does not mean that crisis management does not involve special training or skills. Rather, these kinds of skills need to become part of the new skills that are necessary to compete in the global economy.

Having said that, there appears to exist a correlation between the beliefs of organizations in relation to crisis and crisis management and the practical actions they take towards those issues. Organizations that are "prepared" for crisis, in general, have a pro-active approach to crisis and crisis management. They invest in crisis preventive and preparation capabilities, their training programme involves different layers of employees in the organization and goes well beyond the common media training. Crisis "prepared" organizations views and concepts of crises are broad ones, they consider or label an issue as a crisis by first identifying, monitoring, and evaluating an issue or event's impact on their business and on their operating environment (stakeholders). In their planning and training, relevant stakeholders are considered and involved. In contrast, "not prepared" organizations only consider an issue to be a crisis if it seriously threatens the survival of the organization. The main difference here between the two sets of organizations is that "prepared" organizations do not wait for a crisis to happen for them to act, or to decide whether an issue is indeed a crisis and what kind of attention should be given to the problem. "Not prepared" organization have a typically reactive approach to crisis and crisis management. They believe, erroneously, that any effort towards crisis management is a waste of time and financial resources.

Therefore, their investment in crisis management is negligible and not focused. Their training is very limited, and in general is narrowed to media training.

7.4.2.2 - "Denial"

Denial is a defense mechanism and is the expressed refusal to acknowledge a threatening reality or realities. The main purpose of a defense mechanism is to help people avoid having to deal with complex, potentially threatening situations that, if acknowledged, would overwhelm their ability to cope (Pauchant and Mitroff, 1992). According to Allcorn (1995, pp. 76), denial is "an out of awareness process that involves the loss of awareness of some undesirable aspect of self, others, or events."

All individuals in all organizations (well-prepared or not) use this mechanism from time to time, the difference is in its degree, the extent, and the frequency with which they use it. Factor 2 has to do, in contrast, with factor 1 which is directly related to action in relation to crisis and crisis management, with executives avoiding every crisis management responsibility. For example, executives in "not prepared" organizations downplay (as in rationalization A11 - "In the end, most crises turn out to be not very important") the seriousness/importance of a potential situation. In another example, rationalization A29 ("Environmental issue is a matter for politicians. We do not have to worry about it"), executives in "not prepared" organizations effectively claimed that crisis management responsibility is a matter for others. This rationalization is false, since, and specifically in the tourism/hotel industry, the environment is one of the most treasured assets. Furthermore, in an interdependent world (as noted in Chapter 4), anyone's crisis is everyone's crisis. In this sense, this rationalization also shows that "not prepared" organizations by denying their responsibility to crisis management are also denying their responsibility to all other stakeholders. In effect, executives on this side of the continuum are claiming that if a crisis occurs it will happen only to themselves and not to any other players in the social system. It is more or less trying to convince the families living in Bhopal that the gas leak "happened" only to Union Carbide.

It is worth contrasting here the opinions of executives in "prepared" and "not prepared" hotel organizations in relation to the issue of responsibility. As seen in previous chapters, a crisis never happens only to one organization, it does not occur in isolation. It was observed in this study that for crisis "not prepared" organizations, a crisis not only happens to them only, but also is caused by external forces. For example, when asked about the relationship between the hotel industry and crisis ("What relationship do you think the industry has to crises? Is it a vulnerable one?"), one executive replied that the industry is vulnerable to crisis and completed that the crises experienced by the hotel industry were "all caused by things like wars, recession, governmental issues, national and international politics." Previous researches, as can be seen in Chapter 2, revealed that most of industrial and commercial crises to date (more than 80%) are self-induced crisis. Indeed, work by Pauchant and Mitroff (1988), Mitroff et al (1989), Fink (1986), Perrow (1984), Shrivastava (1992), and others, revealed that the culture of an organization can be its worst enemy in creating crises. Yet, those organizations still believe that crises belong to the world outside of their organizations. Those organizations, as is discussed below, are the same ones that also believe that crises do not occur in their organizations. In another instance, when asked about their own organizations' main concerns should a major crisis strike, it was also interesting (but not a surprise) to observe that their ("not prepared") considerations are only related to their own direct interests, for example, "safety of guests", "damage to property", "profitability", "long term survival", and "bad press". In contrast, organizations on the "prepared" side of the continuum have a more broader understanding and view of their responsibility not only with their direct interests but also with the larger environment in which they operate. As mentioned in the previous section, "prepared" organizations are actually actively involving stakeholders in their crisis planning, and working with stakeholders in preparing for and preventing crisis.

To the question of vulnerability to crisis of the hotel industry, the majority of the response by both "prepared" and "not prepared" organizations was that "yes", the hotel industry is more vulnerable to crisis then other industries. The main reason given for that vulnerability was the fact that a hotel is basically dealing with people all the time. In the words of one executive from a crisis "prepared" organization, "people create a great deal of uncertainties". However, this executive emphasized that it is the executive's responsibility to anticipate guests' anxieties and at the same time provide the service their guests deserve. Another executive explained that "people by nature are undisciplined, they create problems, and those problems should be anticipated and prepared for" (this executive also belongs to a "prepared" organization). To the question of their main concern should a major crisis strike, executives in the "prepared" side agreed in that their concern is "to the way it is handled", that "people should know what to do". This is a very interesting point. They not only acknowledge the fact that a crisis may occur, but they also prepare for it and evaluate their organizations' performance in dealing with it. One executive expressed that preparation is essential because "one can account for many of the impacts of a crisis and in this sense one can secure the safety of guests, staff, and the survival of the business". Having said that, both "prepared" and "not prepared" organizations mentioned as their first major concern, the safety of their guests. Here again, it can be observed that the industry relates crises to issues like fire, or health-related problems. The prospect of a different kind of crisis was never mentioned when this question was asked.

Another example of denial behaviour can be observed in relation to rationalizations A9 ("Past experience has shown us that with time most crises resolve themselves"), A10 ("If a crisis occurs, our management and technical people can fix it. Nothing special is required"), and again A11 ("In the end, most crises turn out to be not very important"). It is a known fact that crises need a timely and decisive response, and special requirements (such as planning, training, etc.) is paramount to succeed in a crisis situation. A problem, if left unattended, tends to grow and not disappear. Again, "prepared" and "not prepared" organizations not only disagree fundamentally on those believes but their practical actions also differ considerably in relation to the above issues. For example, "prepared" organizations put a considerable effort in prevention and preparation and regard any crisis as having a potentially detrimental effect on their business. Not that "not prepared" organizations see crises as not detrimental, but "prepared" organizations do something about it prior to its occurrence, as discussed in the previous section. An element of disavowal (acknowledgment of a threatening reality but downplaying its importance) can also be observed in those rationalizations. This is a defense mechanism by which the mind sees the danger in front of it but downgrades its importance. Pauchant and Mitroff (1992, pp. 75 - quoting May, 1950) give an example of these defensive mechanisms in that the stress of battle can be so great that some soldiers react by behaving as if there were no war at all, or believing that they are immortal. Similarly, one can conclude that "not prepared" organizations are also making use of this defensive mechanism since they agree and believe in the rationalizations above.

Although "prepared" and "not prepared" organizations regard crisis as something related to the physical aspect of their business (i.e., fire, flooding, computer breakdown, etc.), there is a fundamental difference between the two sets of organizations in relation to what they consider to be a crisis status, or a crisis situation. "Not prepared" organizations only consider their organization to be in crisis status when its very existence is at stake. In contrast, "prepared" organizations not only consider a less dramatic event to be a crisis, but a crisis for those organizations is, in general, any potential situation that would have a negative impact on their business. They do not need to see their hotels in flames to act or acknowledge that they have a problem. It can also be said that the "not prepared" organizations seem to suffer from "technophilia" (Roszak, T., 1986, in Pauchant and Mitroff, 1992, pp. 99). It consists of applying to a problem a limited and fragmented number of solutions that all too often make things worse (as in rationalization A10).

Having said that, all individuals in all organizations use the defensive mechanism of "denial". What separates "prepared" and "not prepared" organizations is the extent and frequency with which this mechanism is used. While "prepared" organizations meticulously monitor potentially threatening issues and effectively create and implement crisis programmes to deal with a threat, "not prepared" organizations treasure believes that downgrade and downplay the seriousness of a potential problem. It has also been observed that "not prepared" organizations tend to shift responsibility for crisis management, neglecting not only their own interests but more importantly ignoring the potential impact on their stakeholders. For "not prepared" organizations a crisis only happens to themselves alone. "Not prepared" organizations also believe that crises belong to the world outside of their organizations and is caused solely by external forces over which they cannot exercise any control. Finally, very little, if any, effort is put into crisis planning and training by "not prepared" organizations. "Not prepared" organizations rely on their own past experience and believe that no special requirement is needed for crisis prevention and preparation.

7.4.2.3 - "Fatalism/Hopelessness"

In the first two rationalizations, A7 and A6 (respectively, "Crises do not occur in our organization" and "The locations of our hotels make them immune to crisis"), there is a desire by "not prepared" organizations to find a special property of the organization that would guarantee protection from major crisis.

As mentioned in this and previous chapters, no one organization is immune to crises. The location issue invokes the illusion that the geographical area in which the company operates is immune to crises. The mistaken belief of limited vulnerability also suggests that one does not have to worry about special kinds of crises, such as, for example, product tampering, because one is not in the kind of business (hotel industry) that would be affected. All these rationalizations are quite divorced from reality. Rationalization A7 suggests that a company is immune to crises, and one of the reasons why executives of "not prepared" organizations subscribed to this rationalizations is because they think that their organization is well managed. The researcher is not disputing this fact. However, as the case of Tylenol showed the world, the notion that only poorly managed companies have major crises is completely false. Johnson&Johnson has long been regarded as an enlightened, ethical, well-managed, and respected company. This was, unfortunately, no protection against a major crisis. Indeed, one may argue that one of the paradoxes that every successful company has to face in today's world is that its very success makes it a more tempting target.

In the same way, there is no reason to believe that only small companies have major crises, as evidenced by the Exxon crisis. As argued in Chapter 6, "size" is not a reliable measure to crisis preparedness. In fact, Booth (1993, pp. 112) argues that the larger organizations become the more they have to develop crisis management systems in order to survive. Size is no indication whatsoever of survivability. This study has, in accordance with the works of Willianson (1975), Kanter (1983), Mitroff and Pauchant (1990), Booth (1993), and Hannan and Freeman (1977), found no correlation between size and crisis preparedness. If the whole sample is compared, the largest organization in term of rooms in the UK (over 30,000) was positioned in the middle zone of the continuum. Another measurement of size might be revenue, and again, the two organizations with the highest annual revenue (over £ 2 billion, and over US$ 2 billion) were both positioned in the middle zone of the continuum. The "prepared" organization which has the largest number of rooms in the UK has just over 3050 rooms. On the other side of the continuum ("not prepared"), the organization with the greatest number of rooms has about 3500 rooms.

The location issue and its influence on the perception of executives of crisis vulnerability or immunity is an interesting one. Yet again "prepared" and "not prepared" organizations differ in their opinions, believes, and approaches. When talking about vulnerability in relation to location, "prepared" executives tend to consider their vulnerability in context. That is, executives consider other major factors such as the culture of the inhabitants, their concerns, environmental issues of the location, market, and so forth, and address these issues in their strategic plans and the daily operation of their business. One "prepared" organization, for instance, has a manual to guide managers and employees in different cultures. In some cases, before being sent to another country, executives, and in some cases their families, undergo training on the culture they are going to face, how to conduct business in that place, acceptable behaviour, and so forth. The same kinds of concern and strategic and practical approaches were also observed in another international group. As the executive of this group put it, "what we do here can and will somehow impact our operations anywhere in the world in one way or another". Another organization was planning (at the time of the interview) to develop closer relationships with stakeholders, specially in the area of crime prevention, in their international operation, as already mentioned in previous sections. It has to be said, however, that not all organizations in this study have an international operation. Nevertheless, it is important to show that some organizations do consider this issue and train their staff when considering crisis vulnerability in relation to the specific geographical location of their operation.

In contrast, one executive of a "not prepared" organization when posed with the question of his industry vulnerability suggested that "... that is why we pay insurance. It is to cover all risks of our operations anywhere we operate." Unfortunately, buying an insurance policy has no effect whatsoever on the odds of a crisis occurring; it only protects financial interests when something does occur. Other interests, such as reputation, image, market share, etc. (the "soft dollars"), which makes an organization great or mediocre, are not covered by insurance, and unfortunately, are more valuable, to some extent, than the property value of hotels. Again, the issue of shifting responsibility comes to the surface in "not prepared" organizations. The Salman Rushdie case - threats of terrorism directed against the author and publisher of "The Satanic Verses" - is enough to dispel the notion that geographical locations has anything to do with immunity, or that certain locations make one exempt. "The Satanic Verses", a controversial book, was published by a company that is headquartered in New York City. New York City is the largest city in a highly civilized country.

It has been identified in other "not prepared" organizations that they deal with the issue of vulnerability by looking at probability (risk management). In fact, one executive of an organization replied to this question by saying that "we have specialist risk management personnel to do exactly this job and take this worry away." There is however, a big difference between crisis management and risk management. Risk management involves evaluating the cost of a risk after multipying by its probability of occurrence (Ritchie and Marshall, 1993; Pauchant and Mitroff, 1992). In this sense, one can assume that a disaster with a high cost but a low probability of occurrence will not be taken into consideration. In fact, this explains one reason why Exxon was not prepared for a crisis such as the Valdez. According to Stevens (1989, in Pauchant and Mitroff, 1992), Exxon's top management had evaluated the probability of such event as one chance out of one million. Thus, the probable cost of a disaster such as the Valdez, that in 1991, two year after the disaster, was already running over US$ 2 billion could have been evaluated at US$ 2,000 ($2 billion X 1/1,000,000). However, and as mentioned in Chapter 2, the Exxon crisis is not yet over and the costs are reported to have more than doubled since. Moreover, there are also the "soft dollars" costs, such as the damage to reputation, the traumatic emotional and psychological effects not only on Exxon's employees but also on those that were directly and indirectly involved (the population, clean up operation personnel, and others), the immense damage to the environment, and the destruction of the way of life of a community. Having said that, in contrast, crisis management involves focusing not only on the most probable events but also on the event with the greatest impact on its environment regardless of its probability of occurrence. As mentioned before, a crisis never happens in isolation.

Virtually all organizations are now subject to every kind of crisis imaginable and there is no room for complacency. For example, the publishers of "Encyclopedia Britannica" considered themselves as not vulnerable to product tampering until someone broke into their computer networks and dumped phony information into the system, which was then printed out in the pages of the volumes.

Rationalization A19 ("We do not regard the media as an important issue. It is easy to manipulate it."), reflects one of the most important issues in crisis management: communication. The power of the media is indisputable. One of the most advanced fields within crisis management is in relation to media and communication during a crisis. This issue takes one back in this chapter to the situations in which some organizations believe that they have a "crisis management structure" (and are crises-prepared) by having a contract with a public relations firm. These organizations are in fact relying on false assumptions. Crisis management is not a public relations exercise. By focusing on the manipulation of the media those organizations are neglecting all other efforts that constitute good crisis management. Moreover, by believing that crisis management is primarily a public relations exercise, those organization are in effect prioritizing to get good press from bad situations rather than concentrating on reducing the effect and impact of crisis on their business, on the stakeholders, and on the environment. Another alarming finding of this research (and one that is discussed later in this chapter in the crisis situations analysis - Stakeholders Relations Analysis), is that the media is perceived by some executives of "not prepared" organizations as "enemies" or "villains", regardless of the situation. This fact explains the reaction of those executives to the question of crisis communication. One executive of an international group ("not prepared"), for example, suggested that "the media is in the business of creating bad news". This executive also argued that the only requirement needed for getting a sympathetic line of the media is by employing a good public relations company. By stating that, this organization is reducing crisis management to just one variable in what is a comprehensive and complex business function.

Manipulation of the media is an almost impossible task, and if someone thinks that he/she has manipulated the media this will be short-lived. Journalists, unlike managers and executives, are trained professionals who are adept at gathering information quickly, often with greater speed than corporate executives at the heat of the incident (Barton, 1993). To suggest that honesty is the best policy is an understatement in crisis relations (Fink, 1986; Small, 1991; Reilly; 1991; González-Herrero and Pratt, 1995; Williams and Olaniran, 1994). The reality of modern business is that most of the public, consumers or investors, judge corporate behaviour from interpretation of news events, and the electronic and printed press has considerable leverage in how they "rate" individual performance by leading executives. The case of British Airways and Virgin Atlantic (the so called "dirty tricks campaign") illustrate this issue clearly (Gregory, 1994).

Effective media relations begins by telling the company's story quickly, openly, and honestly. Reporters need to be assured that pertinent information will be shared as soon as it is available and the facts are better known. Executives need to consider every stakeholders group: the media, community, employees, suppliers, investors, competitors, etc. However, this is all very well when the crisis has already happened and the organization needs to put its version of the situation. Effective media relations, and for that matter any other stakeholder relations, begin well before a crisis strikes. Effective relations are a build-up effort of cooperation and interaction.

Apart from organization "A", in all other organizations, both "prepared" and "not prepared", there is an alarming sign that communication is not getting the attention it deserves. Organization "A" has a very pro-active approach to communication. They not only have an open line of communication between levels for crisis purpose, but also all employees are introduced to their "crisis/media manual" which contains special telephone numbers, such us all the emergencies numbers, management numbers, and the telephone numbers of the top executive of the company (who is on call 24 hours a day). Senior executives and managers are sent regularly to public relations courses to learn how "to handle the media". They have a ready press statement for different situations, so that only special adjustments are required (according to an executive of this organization, "you cannot invent things in the heat of the moment"). In the case of any crisis, be it small or large, the unit manager meets as soon as possible with the regional manager and as soon as they have briefed each other the crisis management team assemble to discuss the situation. In contrast, apart from organization "B" that has an open line of communication for crisis purposes, the others on the "not prepared" side revealed that communication (both external and internal) is very poor in their companies.

Having said all that, this factor is concerned with the inevitability of crisis. No organization, regardless of its size, structure, location, management style, financial status, and so forth, is immune to crisis. The range of crisis, unfortunately, is on the increase and not decrease. The way both sets of organizations under investigation here face this reality is clearly distinct and evident. This factor also reflects one of the basic elements of the foundation of effective crisis management: communication. Communication, both internal and external, is a vital ingredient in an information driven society and it plays a major part in crisis management. Again, there are distinct differences in the ways "prepared" and "not prepared" organizations perceive and approach the communication issue. Unfortunately, there are still organizations that believe, erroneously, that crisis management is simply a public relations exercise.

7.4.2.4 - "Technical Dimensions"

This factor has to do with executives, who believed and subscribed to rationalizations A17 and A18 (respectively, "Most of the crises have a technical solution." and "Whenever a crisis strikes, the application of technical and financial quick-fixes would resolve it."), reducing and narrowing crisis and crisis management to a mere technical perspective. Also, this factor has to do with management believing that individual employees should not be concerned with crisis management (A26 - "Safety is the responsibility of top management, not of individual employees."). In this sense, those executives are in effect believing that they can anticipate every conceivable variable in a crisis and thus idealize their contingency planning.

As mentioned previously, a crisis seldom has a sole technical side. It can have its origin in a technical failure but its repercussions usually are all but technical. Research by Perrow (1984) suggests that engineers more than often subscribe to the "technology" rationalizations and assumptions. However, given the sample under investigation here, it is interesting to notice that executives of "not prepared" organizations subscribed to those rationalizations. Although the researcher does not posses this data, one can almost certainly assume that whenever a crisis management structure is mounted, the responsible person will most certainly come from a technical/engineering background. One reason for that might be the fact that most of the organizations under investigation relate crisis to a malfunction or disruption of some part of its hard core (i.e., physical structure/assets, such as power cut, flooding, computer breakdown, etc.). In principle, there is nothing wrong with the appointment of engineers to head a crisis management team, indeed, as noted by many researchers (and explained in Chapter 2), crisis management falls under a broad range of professions. The important thing to remember is that crises are highly complex problems, accompanied by a high emotional and psychological toll, and more than often, as mentioned above, having consequences well beyond the technical spectrum. Seldom can one individual alone analyze, understand and remedy a complex situation by itself. As research by Weick (1987) revealed, crises occur, in the first place, because the humans who operate and manage complex systems are themselves not sufficiently complex to sense and anticipate the problems generated by those systems. He goes further to suggest that this is a problem of "requisite variety", because the variety that exists in the system to be managed exceeds the variety in the people who regulate it. Thus, when people have less variety than is requisite to cope with the system, they miss important information, their diagnoses are incomplete, and their remedies are short-sighted and can magnify rather than reduce a problem.

The problem of human resource diversity (in terms of expertise and experience) and their employment in crisis management efforts is a major one and highlights once again the difference between "prepared" and "not prepared" organizations. The "prepared" groups analyzed here not only employ a variety of expertise from their own business in their crisis team (given the complexity of crises mentioned above), but they also out-source, apart from PR firms, consultants from different areas (such as security, psychologists, finance, personnel, etc.), and crisis management consultants to update their crisis management capacity. In contrast, "not prepared" organizations employ very limited resource in crisis management and the outsourcing of consultants for crisis management purpose is a non-existent practice. It is also interesting to notice that even though organization "B" has a crisis management structure, there is just one person (that is in fact their "crisis management team") responsible for their crisis management plan, and no other experts from within the organization or from outside (apart from PR firms) are used.

Previous research revealed that most of the current knowledge in designing innovative and performing organizations tends to increase their degree of complexity and fragility (Pauchant and Douville, 1993). With all the complexities and uncertainties, it is apparent that any intervention in a crisis situation will have the potential for creating other problems. As noted and revealed by Weick (1988, pp. 308), in another of his researches, "our actions are always a little further than is our understanding of those situations, which means we can intensify crises literally before we know what we are doing." Therefore, the clear conclusion here is that not only one needs to be well prepared for crisis but also it is necessary to have a broad support of knowledge, expertise, and experience to help in the prevention, preparation, containment, and recovery periods of a crisis.

An example of a crisis that had a technical origin but had its consequences and perception revealed in another area can be illustrated, to some extent, by the Hyatt Regency crisis. As mentioned above and in Chapter 2, the consequences of a crisis can be very traumatic. The Hyatt skywalk disaster

(1981), a technical failure, still has enormous repercussions, not technically, but both psychologically and emotionally. Wilkinson's (1983) research on psychiatric symptoms reported by 102 persons who had experienced the collapse of two skywalks in the lobby of the Hyatt Regency Hotel in Kansas City, revealed that all subjects had psychiatric symptoms; only slight differences were found between those who were victims, observers, or rescuers. Here it also shows that the victims of a disaster are not only those directly involved.

This factor also highlights one of the most crucial aspects of effective crisis management and one that is very often compromised by not only the internal organizational structure of some organizations but also by the false belief that in times of crisis only the external public deserve to be informed. Comprehensive and effective internal communication is essential in crisis prevention and preparation, not just after the eruption of a crisis. Indeed, it is essential in all aspects of organizational life. Rationalization A17 ("Communication is not an issue here. We understand each other.") addresses this very important element. Communication (both internal and external) is directly correlated with crisis preparedness and crisis management (Reilly, 1993). Restrictions (of any kind) in communication and information dissemination processes, as well as content, can endanger an organization's crisis readiness (Mirvis and Marks, 1986; Staw et al, 1981). Moreover, and as noted by Turner (1976), if management and other key employees have limited knowledge of the resources and tools allocated for crisis response, they cannot be ready to deal with the occurrence of unanticipated threats. The efforts of managers and employees to respond to a crisis situation can be short-circuited by the unavailability of necessary information, which can be as basic as the home telephone numbers of key managers or legal counsel. In Chapter 2 there is an extensive discussion on decision making in crisis situations. The literature review in the topic reveals that one of the characteristics of a crisis is information overload and the high stress and psychological burden that a crisis unleashes on the crisis sufferer. The quality of decision depends greatly upon the quality of information into the decision process (Smart and Vertinsky, 1977; Dutton et al, 1983; Dutton and Duncan, 1987; Janis, 1989; Mulder et al, 1971; Dutton, 1986; Janis and Mann, 1977; Staw, Sandelands and Dutton, 1981; Booth, 1993). However, as mentioned above a typical feature of crisis is information overload (Janis, 1989; Stubbart, 1987; Dutton, 1986; Williams and Olaniran, 1994; Nunamaker et al, 1989). Information overload can only be prevented if a crisis information system is effectively implemented and able to absorb the increased flow of information. Only then can quality information be guaranteed and then be inputed into the decision process. In the absense of such a system and crisis capability, information overload results in dysfunctional selective attention, retention of information, and delays and subversion of communication flows (Smart and Vertinsky, 1977).

Information overload and the need to act quickly also cause decision makers to use fewer communications channels for the collection and dissemination of information (Nunamaker et al, 1989). Limiting the search for information can be disastrous. Divergent search increases the variety and quantity of alternative solutions, and is essential in poorly structured circumstances in which fluency and flexibility of thought are vital. Even on those occasions when the search for information is increased, decision makers rarely learn something new because of their reliance on standard operating procedures, previous ways of understanding, and communication that are relatively low in complexity (Smart and Vertinsky, 1977; Booth, 1993; Janis, 1989). At the same time, the information content of the messages received is frequently distorted, with intermediate message-handling units omitting, delaying, filtering, and sometimes processing incorrect information (Nunamaker et al, 1989). As a result, the decision group not only has fewer creative solutions available to it, but it is also more likely to fashion flawed solutions from the information they have. However, even if the complex issue of information discussed above is resolved, the ability of management to act (decision making) upon them is questionable. Stubbart (1987, pp. 90) suggested that "thinking about a crisis rapidly becomes enormously complex." As also discussed earlier and in previous chapters, decision makers in a crisis experience a high level of emotional and physical stress which promotes dysfunctional behaviour (Smart and Vertinsky, 1977). Due to the stress caused by crisis, fewer environmental cues are perceived by decision makers. When a crisis deepens, decision makers become more concerned with immediate tactical problems than with long term issues. They lose the strategic dimension and increasingly becomes obsessed with the detail of day to day decisions (Holsti, 1978). Fewer options are considered (Staw et al, 1981; Dutton, 1986; Stubbart, 1987). Decision makers find it harder to reason abstractly (Nunamaker et al, 1989). Decision makers may also be less able to predict the consequences of various alternative courses of action (Janis, 1989; Hayes-Roth and Hayes-Roth, 1979). All this contributes to a restricted and distorted understanding of the decision situation. As a result, unaided crisis decision makers tend to make and implement inferior decisions.

These two characteristics alone, information overload and the emotional toll in crisis situations, are enough to prompt any responsible organization to create and implement effective information and communication systems for crisis purposes in their organizations.

It has already been mentioned in the previous factor ("Fatalism/Hopelessness") that apart from organization "A" that has a good crisis communication programme, the others, both on the "prepared" and "not prepared" side of the continuum revealed that communication is poor in their organizations. The researcher, in questionnaire 2, analyzed the responses of the executives concerning the internal flow of communication in their organizations in general and in relation to crisis and crisis management. The result suggests, in accordance with the discussion above, that "prepared" organizations have a better internal flow of communication than "not prepared" ones. Below are some "communications" questions from questionnaire 2 posed to executives:

1 - Do people at the top get important information from lower levels?
2 - Do people on the lower levels understand communication that comes from the top?
3 - Do people that have different responsibilities talk to each other?
4 - Is the subject "crises" a welcome subject for discussion?
5 - Do people feel free to talk about "bad things" in your organization?
13 - Do you encourage debate and discussion in decision making?

In general, "not prepared" organizations scored very low in all questions, that is, in those organizations any of the situations above seldom occur. In contrast, in "prepared" organizations, all the situations are part of their routine.

This factor, in line with all previous factors, also provided interesting insights into the cultural and practical differences between the two sets of organizations. While "prepared" organizations have a broader understanding of both the nature and causes of crisis, "not prepared" organizations reduce and narrow crisis and crisis management to a technical perspective only. As a result, "not prepared" organizations do not carry planning programmes for crisis and believe, erroneously, that whenever a crisis strikes, the application of technical and financial quick fixes are enough. Crisis training is centralized to top executives only, leaving the rest of organization unaware of crisis management resources and is concerned with the media and public relations only. Information and communication processes are also routinized and no special capability is in place for crisis purposes. In contrast, "prepared" organizations have an expanded training programme involving employees at all levels. "Prepared" organizations also tend to employ consultants for their crisis planning and training. Crisis "prepared" organizations also create and implement special information process systems to absorb the flow, process, and disseminate quality information into the decision process.

7.4.3 - Defining Crisis - A "Prepared" Vs "Not prepared" Perspective

As noted, there are many striking differences between "crisis prepared" and "crisis not prepared" organizations. These differences have some very direct and real consequences for crisis management. In general, the very definition of what is a crisis varies considerably between these two different kinds of organization. For a crisis "not prepared" organization, as identified above, a crisis is something which happens mainly to them (i.e., product, plants, their top executives, etc.). That is, a crisis is equated with them and their structure, and not with the outer environment. Conversely, for an organization which is crisis "prepared" a crisis is something that not only happens to them but also to their stakeholders (i.e., customers, all their employees at all levels, and their general environment).

One of the most interesting findings in this study was in relation to the definitions of "what is a crisis" by executives. The researcher experienced some very peculiar situations when posing this question to executives. In one occasion, the researcher was received by the managing director of an international hotel chain, who in an almost defiant and intimidating manner suggested that the researcher "should not be saying that crisis management is a 'new' subject". In his words, "all I have done in my life is managing crises. All business, specially ours, are driven by crises." The researcher immediately asked the executive to define "crises", and was surprised to hear in reply: "what do you mean"? This very executive was unable to define "crises" although he spent all his life "managing" them. Mitroff et al (1989, pp. 275) argued that

"... definitions are not only social instruments in that they spell out (specify the characteristics and the boundaries of) some phenomenon of interest, but they are also the expressions of the social character of an organization".

Definitions, therefore, tell us as much about the nature of the definer as they do about the thing being defined. Below is a list of the definitions provided by the executives interviewed:

1 - "Anything that can adversely affect the business, despite, perhaps, our best effort to prevent it happening, has happened and has had a detrimental effect on the business either in the short or long term."

2 - "A series of exceptional circumstances which are such that require exceptional and very rapid response, frequently and primarily in the public domain."

3 - "Something that would affect the day to day operation, profitability, or the welfare of anyone that comes into contact with any one of our hotels."

4 - "Something that is unplanned for - negative event - which puts part of our organization into chaos."

5 - "Unplanned panic."

6 - "Something that prevents you from delivering the promise you must be able to deliver."

7 - "Is an event that happens quite unexpectedly, and it could be very serious, or not so serious. We can get a phone call now saying that we have a problem in one of our hotels. Potentially a crisis will blow out of that, depending on how serious the event is."

8 - "Is a constellation of events that occurs, which bring us out a situation which is not intended."

9 - "Anything that could implicate or affect the company within their public or stakeholders."

10 - "A legal situation that has a strong negative effect in our business which is unexpected."

11 and 12 - "Anything that affects people - related to health and safety. Urgency! Where you can apply the word 'urgency' we need to classify crisis."

13 - "Something that threatens the well being of the business."

14 - "Anything that can affect the company and its employees that needs some sort of action from the management level."

15 - "Anything that might bring about adverse media comment - Anything that happens in our hotels that hits the media, we would regard it as a crisis. Injury, threat, etc."

16 - "Something that you need to respond to immediately, and that you haven't planned for, that invariable causes damage to people and property."

17 - "Is something that forces you to become aware of specific parts of your activities, or business, or the way you do it, that you normally take for granted."

18 - "Anything that can put life or property at stake."

19 - "Something that would impact some other people apart from your own organization."

20 - "Anything that disrupt operations, either day to day or part of building over long period."

21 - "Something that would potentially cause bad publicity."

22 - "An unforeseen event that interrupts the normal flow of your business. Something that is critical in nature."

23 - "Something that you are not certain how to solve."

24 - "Something that threatens the continuity of business and would ask for immediate action."

25 - "Is something that involves top management - not people at unit level. Is something that escalates."

26 - "Something that damages the property (flood, fire)."

27 - "Something that is out of the ordinary and needs special attention."

28 - "Chaos! Something that we have no control over."

29 - "Something happening in our service area that affects guests and employees - e.g., food poisoning"

30 - "Depends - something that could affect customers, staff, property."

As one can see, many of the definitions reflect the factors obtained. Some can be classified as a technical related definition, others as a fatalistic ones (chaos), while others as media oriented.

The interesting point is the contrast of understanding of crisis between "prepared" and "not prepared" organization. "Not prepared" organizations tend to believe that a crisis only happens to them and to their immediate interests. They also related crisis to the outside world, something that is created by alien forces and that they have no control of whatsoever, thus the tendency of shifting responsibility for crisis management. Some of the definitions of crisis provided by executives of "not prepared" organizations clearly justify their believes. Below are some examples of crisis definitions that reflect their organizational beliefs:

- "Unplanned panic."

- "A legal situation that has a strong negative effect in our business which is unexpected."

- "Anything that might bring about adverse media comment - Anything that happens in our hotels that hits the media, we would regard it as a crisis. Injury, threat, etc."

- "Is something that involves top management - not people at unit level. Is something that escalates."

- "Chaos! Something that we have no control over."

In contrast, "prepared" organizations tend to view crisis as something that has the potential to affect not only themselves but also other people or organizations well beyond their normal daily routine. For "prepared" organizations a crisis is something that must be managed or controlled. Planning and training for crisis are essential elements in effective crisis management and these aspects are also reflected in their definition of crisis. Below are some example of crisis definitions by executives of "prepared" organizations that clearly show the more pro-active and responsible approach of this set of organizations to crisis and crisis management:

• "Something that would impact some other people apart from your own organization."

• "Something that threatens the continuity of business and would ask for immediate action."

• "Anything that could implicate or affect the company within their public or stakeholders."

• "Something that is out of the ordinary and needs special attention."

7.4.4 - Experience of Crisis - Gift or Tragedy

Crisis does not have only a negative side. On the contrary, crisis provides an organization and its stakeholders with many opportunities that would not be open to them if not by a crisis. In fact, some organizations are making use of crisis (they are creating/inducing their own crisis) for different management or organizational purposes. This issue has already been discussed in previous chapters. This research provides another interesting finding with regard to the views of executives on crisis experiences and what a crisis may mean or bring to them and their organizations. Interview data reveals that on the surface, this is one of the rarest points where both sets of organizations seem to agree in any issue in the whole research. The interview question of "What, if anything, can a crisis bring to your organization?", showed an interesting side of those organizations. Below are a sample of the answers of both "prepared" and "not prepared" organization.

"Not prepared" answers:

• "Highlight strength and weakness within the system."

• "Learning. If you suffer one, you get more aware of crisis management for the future."

"Prepared" answers:

• "Focus, team spirit, understanding of how vulnerable we are if we had not planned for it. Planning for the future so that it never happens again."

• "Awareness of what that situation could have caused."

• "Bring us closer together in serious situations. It would make people make an extra effort - a learning opportunity."

It is important to notice that in two answers of the "prepared" organizations it is implicit, in a sense, the variable "planning". They have planned for it.

Although it may seem that both "prepared" and "not prepared" organizations agreed in this issue, a closer look at previous statements and answers to some other questions, points to a different reality. Although the first response above acknowledged that a crisis "would highlight the strength and weakness" of their organization, it does not mean that they will act upon it. By the findings of this very research, the culture of this organization is one that is "reactive" and not a "pro-active" one. This is the very organization that believes, among other things, that "if it is not earth-shattering it is not a crisis", and that subscribed to the rationalization "Any effort in relation to crisis before it happens (such as prevention) is a waste of time and money." Learning is one of the fundamental issues in crisis management. Learning does not have to be from your own mistakes, or "fate". Being crisis "prepared" means that one learns from other organizations' crises, other industries' crises, and so on. Learning from others' mistakes is an effective principle in crisis management (González-Herrero and Pratt, 1995). As put by Nadler (1989), "At the core of effective organizational learning is a mind-set that enables learning-efficient companies to recognize the value of productive failure as contrasted with unproductive success." One cannot disassociate the fact that organizational capacity to learn is inherently linked with people's capacity to act in the organization. Research by Argyris and Schön (1978), Hedberg (1981), Hedberg et al (1976), Schein (1983), Schein (1990a), Shrivastava and Mitroff (1983), Starbuck (1983), Starbuck et al (1978), Makridakis (1991), Garvin (1993), González-Herrero and Pratt (1995), Rosenthal and Pijnenburg (1990), Nunamaker et al (1989), Jarman and Kouzmin (1990), Starbuck, Greve, and Hedberg (1978), Booth (1993), and others, are part of an ever growing body of knowledge that address the issue of organizational learning available and that support this view. Going back to this research, how then can, an organization that believes that a crisis is something that only happens to them, learn from others. Moreover, most of the "not prepared" organizations subscribed heavily to the rationalization "Crises do not happen in our organization". Where, then, are the lessons going to come from. Having said that, they do not contradict themselves in any occasion.

It can be concluded, then, that without exception, all factors above, even though each is a distinct and independent factor, raised the issues of responsibility, stakeholders relationship, and most importantly the issues of planning, prevention and preparation for crises. The fundamental differences that exist between the two sets of organizations became clear and in most cases supported previous studies. More research in the hospitality industry is fundamental, so that crises can be prevented and those that occur can be better managed. As mentioned in Chapter 2, crises also have a very positive side and with proper planning the hospitality industry will be able and better equipped to make the most of the opportunities brought about by crises.

7.4.5 - Summary of Contrasting Behavioural Nature of "Prepared" Vs "Not Prepared" Organizations

Figure 7.7 below provides a general brief account of the contrasting nature of crisis "prepared" and crisis "not prepared" organizations in terms of organizational systems to deal with crises. It has to be emphasized that the points in Figure 7.7 are just a summary of some of the issues identified in this study. Nevertheless, they represent some of the most important aspects of organizational believes and behaviour in relation to crisis and crisis management.

Fig. 7.7 - Contrasting Nature of "Prepared" Vs "Not Prepared"

A General Profile Account of "Prepared" and "Not Prepared" Organizations

"Prepared"		*"Not Prepared"*
Pro-active	**Approach to Crisis and Crisis Management**	Reactive
Urgency	**Attitude to Crisis and Crisis Management**	Complacency
High	**Investment in Crisis Management**	Low
Training, Scenario Building, Issue Management, Stakeholder Involvement in Planning, Media, Special Capacity	**Crisis Prevention/Preparation Effort and Capability**	Media
High	**Stakeholder Involvement in Crisis Planning**	Low
High	**Employee Involvement in Crisis Planning**	Low
High	**Outsourcing for Crisis Management**	Low
Ours	**Responsibility for Crisis Management**	Someone Else's
High	**Development of Special Management Capability to Deal with Potential Threatening Situations**	Low
High	**Organizational Learning**	Low
Low	**Belief in an "Act of God"**	High
Low	**Downgrading of Crisis Importance**	High
Low	**Adoption and Application of the Technical and Financial Quick-Fixes Approach to Problems**	High
Low	**Belief in Crisis Immunity**	High
Low	**Belief in Location Immunity**	High
Low	**Belief in Media Manipulation**	Low
Low	**Belief that Crises are of a Technical Nature**	High

7.4.6 - Summary of Contrasting Formal Issues and Structure of "Prepared" Vs "Not Prepared" Organizations

With regard to hotel group structure, some interesting patterns have also been identified. The patterns in "Prepared" and "Not Prepared" organizations are very consistent in both groups and indicate some well defined characteristics in those groups. For example, and in accordance with previous research, the results of this analysis revealed that indeed size is not synonymous with crisis preparedness or immunity. "Not Prepared" hotel groups have, together, approximately 300 hotels whereas "Prepared" groups have among them less than 100 hotels. However, even though "Not Prepared" organizations have three times as many hotels, when a comparison of hotel groups annual sales is made it is interesting to observe that the combined "Prepared" organizations annual sales are considerably larger than those of "Not Prepared" organizations (£1.2 billion and £800 million respectively) - figures were rounded.

It was also interesting to observe the ratio of employees to hotels in the UK. "Prepared" organizations have 40 hotels in the UK and 6,850 employees (171 employee per hotel). "Not Prepared" groups have 96 hotels operating in the UK and 8,050 employees (84 employees per hotel). Given that all hotels in both "Prepared" and "Not Prepared" categories represent 4-star to luxury properties in the UK, it is surprising to see that "Not Prepared" organizations have on average less than half the number of employee per hotel than "Prepared" organizations.

As the examples above indicate, the organizations on both sides of the continuum are not the largest ones in terms of size (number of hotels and sales). It has been noticed that the largest organizations were all positioned in the middle zone of the continuum, as already mentioned previously. It was also interesting to notice that the organizations, both "Prepared" and "Not Prepared" are predominantly European.

A final observation was that respondents in "Prepared" organizations were very consistent in their answers and opinions. By contrast, when more than one executive was interviewed in the same "Not Prepared" organization their opinions were mostly divergent.

As a matter of illustration, the figures below show an example of a "Prepared" and a "Not Prepared" company profile. The companies here are the smallest ones in each extreme of the continuum (smallest in terms of number of hotels in the group). Although the intention here is not to generalize in any form the characteristics of any category (if only for the fact that in the light of this research crisis preparedness is seen in relation to organizational culture) it nevertheless reinforces the view that formal structure bears little influence on crisis preparedness. For example, the size, location, etc., of an organization is no guarantee of crisis immunity. The information in Figures 7.8 and 7.9 below were derived from both primary and secondary data and all figures are 1994 results. The secondary sources used were Graham Todd and Sue Mather, "The International Hotel Industry, Corporate Strategies and Global Opportunities", The Economist Intelligence Unity Research Report, 1995, and "Quoted Hotel Companies", by Kleinwort Benson (Research), March, 1995.

Figure 7.8 - Company Profile - "Prepared" Vs "Not Prepared" Organizations

Company Profile: an example of a "Prepared" vs a "Not Prepared" Organization

"Prepared" = Group X
"Not Prepared" = Group Y

Hotel Portfolio

	Nº of Hotels	Nº of Rooms
Group Y -	93	14,390
Group X -	5	726

Representation by Region

Group Y - 10 Countries

Group X - 2 Countries

	Nº of Hotels	Nº of Rooms
Group Y		
Austria	2	543
Belgium	1	204
Denmark	15	1,711
Finland	1	146
Iceland	2	372
Netherlands	1	120
Germany	11	2,258
Norway	9	1,307
Sweden	47	6,744
UK	4	985
Group X		
United Kingdom	4	663
France	1	63

Representation by Grade - 1995

Mid Range - 3-star

	Nº of Hotels
Group Y	53
Group X	0

4-star to Luxury

Group Y	24
Group X	5

Figure 7.9 - Company Profile - "Prepared" Vs "Not Prepared" Organizations

Company Profile: an example of a "Prepared" vs a "Not Prepared" Organization

"Prepared" = Group X
"Not Prepared" = Group Y

Operating Results

Group Y - £ 2 m

Group X - £ 7,3 m

Number of Worldwide Sales Offices

Group Y - 5

Group X - 1

Affiliation to Marketing Organization

Group Y - Yes

Group X - Yes

Marketing and Distribution Strategy

Group Y - In-house sales and collaboration with airlines and other hotel groups in Europe

Group X - In house sales only

Company/Group Strategy

Group Y - Expansion in Europe
Introduction of environmental programme

Group X - £ 62 million refurbishment programme

7.5 - Stakeholders Analysis - Crisis Situations

"Prepared" Vs "Not Prepared" organization's Views of Stakeholders' Role and Behaviour in a Given Crisis Situation - The Consistency Measure

7.5.1 - Introduction

The research question of this study is concerned with the relationship between organizational culture of hotel organizations and the consistency of their executives expressed views of "functional stakeholders". That is, given hotels' organizational cultures, is there any consistency in their view ("archetypal images") of stakeholders in crisis situations? The proposition of this research goes further to state that "The higher the readiness/preparedness of organizations to crisis, the higher the consistency of those organizations in viewing the behaviour and role of their functional stakeholders in crisis situations". The research so far has dealt with the first part of the question (organizational culture in relation to crisis and crisis management) and has produced a set of "prepared" and "not prepared" hotel organizations in relation to crisis and crisis management. Now, the research addresses the second half of the question.

The same sample of 5 (five) organizations from each extreme of the continuum used above to explore their characteristics were also selected to satisfy and test the second stage of the research. The objective was to see whether the "prepared" organizations were more consistent in their view of functional stakeholder's role and behaviour in distinct crisis situations than those organizations that have a culture that makes them "less prepared" to crisis. As mentioned in this Chapter 6, "functional stakeholders" are all those vested interest groups, parties, associations, institutions, and individuals who exert a hold and a claim on organizations. Functional stakeholders are all those who either affect or who are affected by an organization and its policies (i.e., its behaviour).

For the purpose of this research, "consistency" occurs when organizations conform to a regular pattern of opinion with regard to a functional stakeholder. The measure of consistency is obtained by observing where "prepared" or "not prepared" organizations subscribe to an "archetypal stakeholder" at a level of at least 60%. That is, consistency will only be considered where at least 3 (three) or more organizations subscribe to the same "archetypal stakeholder" in any individual "functional stakeholders".

Before going into details of the analysis, there are two points that need clarification. First, the pilot study on this section of the research suggested that apart from one functional stakeholder ("International Community") all others should be retained, and a few more should be added to reflect more realistically the social partners of a hotel groups' operations. "Union" was among those "functional stakeholders". Although the pilot study supported it, a great number of respondents did not consider it relevant to their operations (as a stakeholder). In many cases the respondents simply commented "N/A" (not applicable). Given that only some groups considered "Union" as a relevant stakeholder, an analysis of this "functional stakeholder" proved impossible and is not considered here. Second, the analysis of the data also showed that in the "Victim" situation there could not be found any pattern of consistency in respondents' opinion with regard to the "functional stakeholder" "Financial Institutions". Therefore, in the "Victim" situation analysis this "functional stakeholder" is also not considered.

7.5.2 - Consistency Data Analysis

One of the objectives of this research was to measure whether there was any consistency in hotel organization executives' view of stakeholders ("Archetypal Images") during crisis situations. In another words, to see whether the image perceived by "crisis-prepared" organizations of its stakeholders ("Archetypal Image") - and their role - in crisis situations are more consistent than those organizations that are "not prepared". For that, two approaches were required. One that would give the subjects two distinct crisis situations (one in which the host organization was the "victim" of a crisis; and the other where the host organization was "guilty" of a crisis), and another that would present the subjects with a set of "functional stakeholders" and a set of "archetypal stakeholders" so that respondents could relate them to given different crisis statuses. Below are the results of the analysis of respondents' ratings on each individual crisis situation.

7.5.2.1 - "Guilty" Situation

Respondents were presented with a crisis situation in which their organization created the crisis. In another words, the organization was "Guilty" (refer to

Chapter 6 for the crisis situations). With this scenario in mind ("Guilty"), the researcher presented the respondent a matrix containing a set of "Functional Organizational Stakeholders" as well as a set of "Archetypal Organizational Stakeholders". The respondents were then asked to rate/relate the expected "Functional" stakeholders' role and behaviour ("Archetypal Image") in a "Guilty" situation.

A frequency analysis of the whole obtained data was carried out in an attempt to see whether there were any significant patterns of response in the data. The results of the frequency analysis revealed that in the "Guilty" situation only on two occasions did more than 50% of respondents subscribe to the same variable ("Archetypal Stakeholder"). In one of the cases, respondents judged that "consumers" were the "victims" in a crisis situation where the organization created the crisis. That is, the majority of respondents (31) have rated the "consumers" to be the main "victim" in the situation where a serious crisis occurred, and where this crisis was a product of the organizations' wrong doing. The second highest rate of agreement among respondents (30) was identified where respondents regarded that the "Management" was the "Villain" in a "Guilty" situation. Having said that, a closer look at the frequency analysis on the whole "Guilty" situation revealed that overall the pattern of response was quite well balanced.

Table 7.15 below shows the frequency analysis of the two cases described above and two more other examples. For full frequency results of the whole "Guilty" data please refer to Appendix 15.

Table 7.15 - Examples of Frequency Analysis on "Guilty" Situation

CS.V.G - "Consumers Victms - 'Guilty' Situation"

Value	Frequency	Percentage
1	31	57.4
0	23	42.6
Total	54	100.0

M.V.G - "Management Victims - 'Guilty' Situation"

Value	Frequency	Percentage
1	7	13.0
0	47	87.0
Total	54	100.0

M.VI.G - "Management Villains - 'Guilty' Situation"

Value	Frequency	Percentage
1	30	55.6
0	24	44.4
Total	54	100.0

ME.E.G - "Media Enemies - 'Guilty' Situation"

Value	Frequency	Percentage
1	24	44.4
0	30	55.6
Total	54	100.0

The examples above give some interesting insights into one of the problems being investigated in this study: organizational culture. For example, it is interesting to notice that even though the organization has created its own crisis (they are clearly "GUILTY"), 13% of executives believe that they ("Management") are *the* "Victim". Another interesting finding is that, in the same situation, 44.4% of respondents regarded the media as "Enemy" in a "Guilty" situation and 22.2% regarded the media as "Ally".

Although some pattern could be identified in the frequency analysis, the most important and relevant finding to this research would be to identify whether there exist any pattern of response among "prepared" and "not prepared" organizations. For that, a crosstabulation analysis was carried out. As mentioned above, five organizations from each extreme of the continuum of crisis preparedness were selected and are used here. The results indicated that indeed there are some patterns. Table 7.16 below shows some examples of the crosstabulation analysis for the "Guilty" situation. For full crosstabulation analysis results on the whole "Guilty" data refer to Appendix 16.

Table 7.16 - Examples of Crosstabulation Analysis on "Guilty" Situation

"Prepared" Vs "Not Prepared" Organizations
M.VL.G - "Management Villains - 'Guilty' Situation"

Value →	Ticked	Row Total
"Prepared"	4	4
"Not Prepared"	3	3
Column Total →		7

"Prepared" Vs "Not Prepared" Organizations
ME.E.G - "Media Enemies - 'Guilty' Situation"

Value →	Ticked	Row Total
"Prepared"	4	4
"Not Prepared"	1	1
Column Total →		5

"Prepared" Vs "Not Prepared" Organizations
CS.V.G - "Consumers Victims - 'Guilty' Situation"

Value →	Ticked	Row Total
"Prepared"	4	4
"Not Prepared"	3	3
Column Total →		7

"Prepared" Vs "Not Prepared" Organizations
W.VL.G - "Workers Villains - 'Guilty' Situation"

Value →	Ticked	Row Total
"Prepared"	4	4
"Not Prepared"	0	0
Column Total →		4

Figure 7.10 below shows the relevant Crosstabulation results in the "Guilty" situation.

Figure 7.10 - "Guilty" Situation - Crosstabulation Results

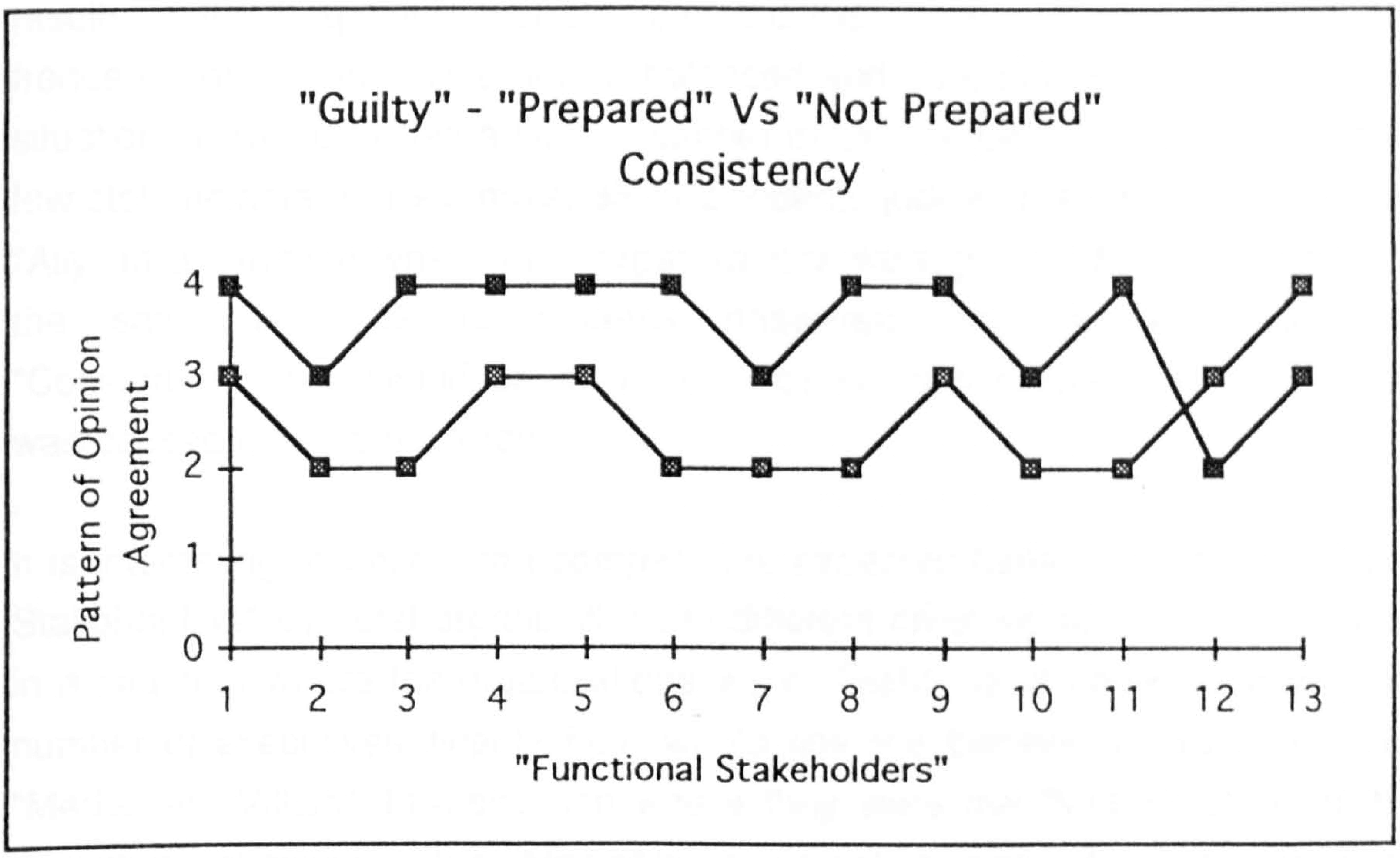
SITUATION ONE - "GUILTY"

Stakeholders	"Prepared"	"Not Prepared"	"Archetypal Stakeholder" "Prepared"	"Archetypal Stakeholder" "Not Prepared"
1 - Management	4	3	Villains	Villains
2 - Stockholders	3	2	Victims	
3 - Workers	4	2	Villains	
4 - Media	4	3	Enemies	Villains
5 - Suppliers	4	3	Allies	Rescuers
6 - Competitors	4	2	Allies	
7 - Special Interest Groups	3	2	Allies	
8 - Regulators (official bodies)	4	2	Allies	
9 - Consumers	4	3	Victims	Victims
10 - Financial Institutions	3	2	Victims	
11 - Insurance Companies	4	2	Victims	
12 - Local Community	2	3		Victims
13 - Nation (wider community)	3	4	Allies	Victims

Although the minimum score to be considered "consistent" is 60% (or at least 3 subscribers in any one "archetypal stakeholder"), the maximum scores obtained by "prepared" and "not prepared" organizations in all "archetypal stakeholders" have been inserted in the score table above as a matter of illustration. However, on the other columns only the "archetypal stakeholders" that were subscribed to by at least 60% of respondents are stated. Figure 7.11 below shows a graphical representation of the score lines of both "prepared" and "not prepared" organizations.

It is interesting to notice that on two occasions ("Management" and "Consumers"), the majority of both "prepared" and "not prepared" executives subscribed to the same "Archetypal" stakeholder: "victims". However, it has to be emphasized that the "prepared" executives were more consistent in both cases.

Figure 7.11 - Graphical Representation of Consistency - "Guilty" Situation



In the "Guilty" situation, apart from in two "functional stakeholders" ("Local Community", and "Nation"), "prepared" organizations were more consistent than "not prepared" organizations as with regard to the expected role and behaviour of their "functional stakeholders" in a situation were the organization is "Guilty" of a crisis. "Prepared" organization were 84.61% more consistent than "not prepared" organizations.

7.5.2.2 - "Victim" Situation

Similarly, as with the "Guilty" situation, respondents were presented with a crisis situation in which their organization was, in this case, the "Victim" of a crisis. In another words, the crisis was created by forces totally outside the control of the organization (refer to Chapter 6 for the crisis situations). With this scenario in mind ("Victim"), the researcher presented the respondent a matrix containing a set of "Functional Organizational Stakeholders" as well as a set of "Archetypal Organizational Stakeholders". The respondents were then asked to rate/relate the expected "Functional" stakeholders' role and behaviour ("Archetypal Image") in a "Victim" situation.

The same procedure of frequency analysis of the whole obtained data was carried out in the "Victim" situation. The purpose here was again to see whether there were any significant patterns of response in the data. The results of the frequency analysis revealed that in the "Victim" situation the frequency of response was not as balanced and spread out as in the "Guilty" situation. It was identified a higher number of high percentage ratings in some few stakeholders. For example, 35 respondents judged the "Media" to be their "Ally" in a situation where their organizations were the "Victim" of a crisis. In the same line, 32 respondents answered that "Stockholders" and "Consumers" alike would be also the "Victims" in a situation where a crisis was caused by external forces.

It is interesting to notice and compare the expected behaviour of "Functional Stakeholders" by hotel organizations in different crisis situations. For instance, in a situation where the organizations were "Guilty" of a crisis, a substantial number of executives, twenty four, would see the behaviour and role of the "Media" as "Villain". In a situation where they were the "Victim" of crisis, the expected behaviour of the "Media" by the great majority of executives (thirty five) was just the opposite, "Ally".

Table 7.17 below contains the examples of the frequency analysis of the situations described above and another example. For full detailed frequency results of the whole "Victim" data refer to Appendix 17.

Table 7.17 - Examples of Frequency Analysis on "Victim" Situation

ME.E.V - "Media Enemies - 'Victim' Situation"

Value	Frequency	Percentage
1	6	11.1
0	48	88.9
Total	54	100.0

ME.A.V - "Media Allies - 'Victim' Situation"

Value	Frequency	Percentage
1	35	64.8
0	19	35.2
Total	54	100.0

ST.V.V - "Stockholders Victims - 'Victim' Situation"

Value	Frequency	Percentage
1	32	59.3
0	22	40.7
Total	54	100.0

CS.V.V - "Consumers Victims - 'Victim' Situation"

Value	Frequency	Percentage
1	32	59.3
0	22	40.7
Total	54	100.0

As in the "Guilty" situation, the important issue here is to identify the patterns, if any, among "prepared" and "not prepared" organizations. For that, a crosstabulation analysis was also carried out using the five organizations from each extreme of the continuum of crisis preparedness selected for previous analyses. The results indicated that indeed there are some patterns.

Table 7.18 below shows some examples of the crosstabulation analysis for the "Victim" situation. For full crosstabulation analysis results on the whole "Victim" data refer to Appendix 18.

Table 7.18 - Examples of Crosstabulation Analysis on "Victim" Situation

"Prepared" Vs "Not Prepared" Organizations
ME.A.V - "Media Allies - 'Victim' Situation"

Value →	Ticked	Row Total
"Prepared"	5	5
"Not Prepared"	2	2
Column Total →		7

"Prepared" Vs "Not Prepared" Organizations
CP.A.V - "Competitors Allies - 'Victim' Situation"

Value →	Ticked	Row Total
"Prepared"	4	4
"Not Prepared"	2	2
Column Total →		6

"Prepared" Vs "Not Prepared" Organizations
LC.V.V - "Local Community Victims - 'Victim' Situation"

Value →	Ticked	Row Total
"Prepared"	2	2
"Not Prepared"	4	4
Column Total →		6

"Prepared" Vs "Not Prepared" Organizations
NC.A.V - "National Community Allies - 'Victim' Situation"

Value →	Ticked	Row Total
"Prepared"	4	4
"Not Prepared"	0	0
Column Total →		4

Figure 7.12 below shows the relevant Crosstabulation results in the "Victim" situation.

Figure 7.12 - "Victim" Situation - Crosstabulation Results

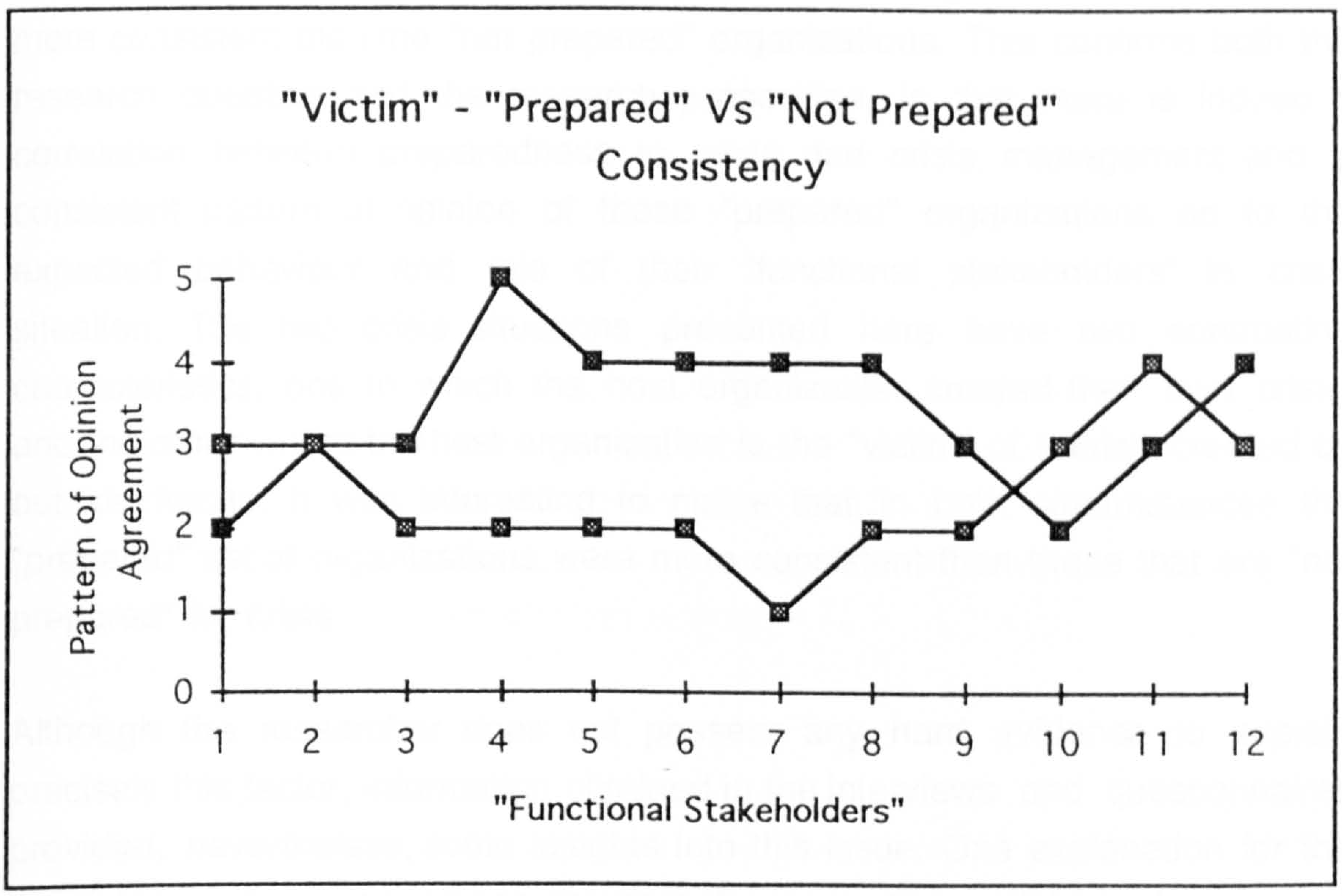
SITUATION TWO - "VICTIM"

Stakeholders	"Prepared"	"Not Prepared"	"Archetypal Stakeholder" "Prepared"	"Archetypal Stakeholder" "Not Prepared"
1 - Management	2	3		Victims
2 - Stockholders	3	3	Victims	Victims
3 - Workers	3	2	Victims	
4 - Media	5	2	Allies	
5 - Suppliers	4	2	Allies	
6 - Competitors	4	2	Allies	
7 - Special Interest Groups	4	1	Allies	
8 - Regulators (official bodies)	4	2	Allies	
9 - Consumers	3	2	Victims	
10 - Insurance Companies	2	3		Rescuers
11 - Local Community	3	4	Allies	Victims
12 - Nation (wider community)	4	3	Allies	Victims

As with the "Guilty" situation, the maximum score obtained by "prepared" and "not prepared" organizations in all "archetypal stakeholders" were inserted in the score table for illustration purpose. Similarly, in the other columns only the "archetypal stakeholders" that were subscribed at least by 60% of respondents are stated. Figure 7.13 below shows a graphical representation of the score lines of both "prepared" and "not prepared" organizations in a "Victim" situation.

In the "Victim" situation both "prepared" and "not prepared" executives subscribed to the same "Archetypal" stakeholder only on one occasion: "Stockholders". In this case, the number of subscribers was the same for both "prepared" and "not prepared" executives.

Figure 7.13 - Graphical Representation of Consistency - "Victim" Situation



The same consistency result was found in the "Victim" situation. Apart from in three "functional stakeholders" ("Management", "Insurance Companies", and "Local Community"), "prepared" organizations were more consistent than "not prepared" organizations as with regard to the expected role and behaviour of their "functional stakeholders" in a situation were the organization was "Victim" of a crisis. However, the respondents' scores were level at the "functional stakeholder" "Stockholders", where both sets of respondents subscribed by 60%. "Prepared" organizations were overall 72.72% more consistent than "not prepared" organizations.

The only time in both situations ("Guilty" and "Victim"), where there was any one hundred percent agreement in opinion among the subscribers was in the stakeholder "Media" in the "Victim" situation, and it was on the "prepared" side.

7.5.3 - Consistency - An Overview

As the results revealed above, the "prepared" set of organizations was indeed more consistent than the "not prepared" organizations. This confirms both the research question and the research proposition, in that there is indeed a correlation between preparedness to crisis and crisis management and a consistent pattern of opinion of those "prepared" organizations as to the expected behaviour and role of their "functional stakeholders" in crisis situation. The two crisis situations presented here have two contrasting characteristics, one in which the host organization created their own crisis, and the other where the host organization is the "victim" of a crisis created by outside forces. It was interesting to notice that in both circumstances the "prepared" set of organizations were more consistent than those that are "not prepared" for crisis.

Although the researcher does not possess any hard evidence to explain precisely this factor, information obtained in the interviews and questionnaires provided, nevertheless, some insights into this issue. One explanation for the consistency of opinion among "prepared" organizations might be because of their regard for their stakeholders in crisis situations (as seen in the "cultural profile" presented earlier). A crisis, when it occurs, for the "prepared" organizations also impacts and affects their stakeholders. By preparing for crisis, "prepared" organizations consider, in one away or another, their stakeholders. They might consider a stakeholder, or a group of stakeholders, as part of their crisis plans; or as being a stakeholder that a particular crisis might affect more than it would affect other(s) of its social partners; or perhaps as a partner in crisis prevention; or in another manner or combinations of manners. The fact is that there seems, then, to have a correlation between preparing to crisis and being able to anticipate stakeholders' roles and behaviour.

Another explanation might be that because "prepared" organizations have a greater concern and involvement with their stakeholders (as some examples given before shows), somehow they might be more "intimate", that is, they might share more information with other organizations, such as their operations, processes, financial status, etc. In another words, they might have a deeper knowledge than "not prepared" organizations of their stakeholders, allowing "prepared" organizations to judge more precisely the impact a given crisis might have on a particular or each individual stakeholder. Thus, "prepared" organizations can more easily anticipate their role and behaviour.

One can also explore the view that by creating crisis scenarios, simulation exercises on crisis, etc., "prepared" organizations may also have to deal and envisage the crisis repercussions beyond their own organizations and this might prompt "prepared" organizations to suppose or assume the reactions they might expect from stakeholders.

At this level, the researcher can only speculate as to the precise reasons that make "prepared" organizations conform to a consistent pattern of opinions in relation to their stakeholders in crisis situations. This issue is well beyond the scope of this research but, nevertheless, provides a fertile ground for further and systematic investigation into the subject.

7.6 - Summary

This chapter discussed and elaborated upon the results obtained from the methodology applied in this study. One of the main conclusions that can be derived from the findings is that the methodology applied was successful in achieving the objectives of the research.

The results of the frequency and crosstabulation analysis of questionnaire 1 data provided the researcher with insights into the data as well as directions to more sophisticated statistical methods to use. Given the objectives of the research, the most obvious method to use was factor analysis. Factor analysis proved a very successful method. The results of factor analysis provided the researcher with four new dimensions (factors): "Pro-activeness", "Denial", "Fatalism/Hopelessness", and "Technical Dimensions". Further analysis, using those new sets of dimensions, resulted in a continuum of "crisis prepared" and "crisis not prepared" organizations. Using those dimensions, a cultural profile of the organizations at each extreme of the continuum was then derived.

It can then be said that there are indeed organizations with cultural traits that make them "crisis prepared" and other organizations that have a culture that makes them "less prepared to crisis". As mentioned above, those characteristics (behaviour) were clearly identified and discussed. The result of this analysis provided the basis for the second stage of the research.

The other objective of the research was to observe whether those organizations that are "prepared" to crisis are more consistent in their views of stakeholders during distinct crisis situations than those organizations that are "not prepared" to crisis. Two crisis situations were developed to test the research proposition. One in which hotel organizations would be "Guilty" of a crisis, and one in which the organization would be the "Victim" of a crisis. Again, frequency analysis was applied and provided some indications of the patterns of response for both crisis situations. Further analysis using crosstabulation analysis revealed that indeed "prepared" organizations were more consistent in their view of stakeholders' roles and behaviour during both crisis situations.

Having said that, the results of the analysis confirmed both the research question and the research proposition.

CONCLUSION

8.1 - Introduction

This study has analyzed the preparedness of hotels to crisis and examined the perceived image that hotel organizations have of their stakeholders in crisis situations.

Preparedness to crisis was measured in relation to organizational culture. A thorough review of literature on all fields used in this research (specially crisis management, organizational culture, stakeholder theory, and of course, in relation to the methodology applied) has been done. The research required sophisticated statistical data analysis to achieve its objectives. Factor analysis was employed and the analysis of the results obtained was satisfactory to confirm both the research question and research proposition.

As mentioned previously, advancing a new field of research is not a simple task. Some of the issues discussed in this research are very recent areas and present all the characteristics of a new area of investigation, such as the lack of a widely accepted definition (both operational and conceptual), lack of enough implementation results that could consistently support theoretical arguments (mainly because they are emerging fields), both conceptual and practical arguments are surrounded by controversy, and so forth.

The issue of definition is a serious one. In fact, throughout this research the problem of definition of the concepts used was highlighted and discussed. For example, definitions of crisis, organizational culture, stakeholder, and even hotel, are not widely accepted. All subjects have been the focus of attention but the issues of concept and implementation surrounding the subjects have been largely overlooked. Most works in those fields are concerned with the applicability of the fields in specific contexts. In the case of crisis management, this research proposes an operational definition.

Results of the examination of hotels operating in the UK suggest that the industry in general is not prepared for crisis. There is a real lack of understanding of the topic (both conceptual and practical). More research in the area of crisis management in the hotel industry is needed.

8.2 - An Overview of Main Points and Results

8.2.1 - Crisis Management and the Hotel Industry

Hotels play an important role in the economic and social spheres of the systems in which they operate. The benefits to society and to the economy have been discussed in Chapter 5. The contribution to revenues, employment and the tax base of a country (local, regional, or national) is very significant. This is specially true for places where tourism represents a major share of the income.

Given that the tourism industry is growing ("the biggest industry in the world") hotels are acquiring an even more prominent role for both the industry and the context in which they operate. Having said that, hotels operate in a very dynamic and ever-changing environment. The forces that shape and influence the industry are many and are increasingly diversified. It is argued that the hotel industry, given its operating environment, the characteristics of hotel operations, and the long established management thinking and practices in the industry (which are influenced by tradition), is one of the most vulnerable to crisis. Previous research has shown that in the hospitality industry uncertainty is the norm. If one considers the context in which the hotel industry operates (the tourism industry), other researches have also revealed that the industry not only is vulnerable to crisis but it also provides the right setting for some activities that inevitably lead to crises (such as crime, terrorism, etc.) to take place.

In this context, the hotel industry has an increased responsibility to its own survivability and to those that directly or indirectly depend on the industry's growth and prosperity.

8.2.1.1 - Hotels and Crisis Management

Crisis management is a very recent field of research. Very little work has been done in the service industry and the literature is dominated by industrial crisis/disasters. Having said that, valuable concepts can be applied to any sector of the economy, and since the interest in this study is concerned with organizational systems (culture) and not with end products or production processes in themselves, those studies are the most valuable source of information available. Moreover, valuable lessons can be learned from other people's management of crisis and their experiences can be applied to any sector.

As discussed throughout this study, there is clear evidence to suggest that crises are on the increase and not, unfortunately, on the decrease. The range of crisis an organization is vulnerable to is growing by the day. Crisis today is a fact of life. No business, regardless of its structure, financial history, size, nature of operation, management style, etc., is immune to crisis. Indeed, some authors suggest that crises are built into the very fabric of our time. Moreover, most of the current knowledge in designing innovative and performing organizations tends to increase their degree of complexity and fragility. With all the complexities and uncertainties, it is apparent that any intervention in a crisis situation has the potential for creating other problems. Given the current operational cultural and educational systems approach to business, our ability to manage crisis is very limited. Indeed, previous researches suggest that managers are not prepared technically, psychologically, and emotionally to deal with the challenges posed by a potential crisis.

The causes of crises are many, and in many cases crises are the result of a combination of events that conspire and escalate to an uncontrollable level. Human error, lack of anticipation, greed, mechanical failure, etc., are all elements commonly associated with recent major commercial and industrial crisis. It is important to emphasize that this research is mainly concerned with man-made crisis. Today, man-made crises have the potential to rival natural disasters in both scope and magnitude. Previous chapters elucidated the devastation of some industrial crisis that had not only affected large parts of the globe but also had transgenerational implications. Commercial crises have left whole communities unstructured, both economically and socially. The environment has been the victim of many crises (tourism examples are many).

The consequences of crisis are diverse and can be traumatic. Indeed, one of the worst consequences of a crisis is the emotional toll that is exacted, not only on the organization, but also on the individuals involved. This study has discussed the many consequences of crisis and the potential effects a crisis can have on both the crisis sufferer and on the stakeholders. Different crises have different outcomes. One reason for that is that a crisis never happens as it has been planned for, therefore, even if preparation is in place the outcome can be very different. Crisis carry a degree of uniqueness, as discussed in Chapter 2. Having said that, crisis training and preparation is essential, since preparation alone cannot cover all the surprises presented by a major crisis.

There is, however, antagonism between the concepts of tourism and crisis (at least perceptual). Tourism activities are usually associated with relaxation, pleasure, enjoyment and safety; while distress, trauma, anxiety, fear and panic are all embodied in the concept of crisis. However, and as discussed extensively in this study, crisis is indeed a part of life today and cannot be disassociated from any business activity. Ironically, this is even more important for the tourism industry (and for all those that make up the industry). Crises are not only increasing in number and types but are becoming increasingly more complex and difficult to anticipate and resolve, given that advancements in technology and other fields allow the development of increasingly fragile and complex systems and organizations. Having said that, hotel organizations need to acknowledge that crises are part of their "normal" operations and need to plan in an orderly and systematic fashion for the inevitable. Only with proper advance planning there can be a positive side to a crisis.

The hotel industry, due to its operating nature and environment, is indeed one of the most vulnerable industries to crisis. The hotel industry is characterized by its fragmented structure, dynamic operating environment, and high levels of uncertainty. Some researchers suggested that few other organizations experience such a high degree of continuous uncertainty. Others suggest that management practices in the industry are heavily influenced by long established traditions and that the industry is typically a re-active one (slow to anticipate and adapt to changes). Indeed, Lewis (1994) pointed out that the hotel industry leads the way in business failure. Crisis in the hotel industry can take many forms and shapes. Recent events suggest that the range of crisis that the hotel industry is vulnerable to is very large indeed. Most of the crisis discussed in this study can be applied to the hotel industry. Crisis in the industry can range from employee theft to an airplane crashing onto the hotel, from rape to executive crime, from food poisoning to terrorist attack. Although it was never the intention of this study to enumerate or classify specific crises that the industry might experience, Chapter 5 discussed some of the most common ones and highlighted the vulnerability of the industry in general to crises. The issues of crime and safety (issues that have been a continuous struggle for the industry) have been discussed. There is evidence to suggest that the tourism industry provides the "right" setting for criminal activities to take place.

As mentioned briefly above, the revision of the literature for this study has been marked by the lack of widely accepted conceptual and operational definitions of the subjects used in the study. Chapter 2 discussed extensively the problems of definition surrounding crisis and crisis management. The concept of crisis has evolved historically and has been used and applied in a number of fields and disciplines. Of more and direct relevance to this research, the fact that crisis management is a new field of research has also some implications for defining itself. Crisis research to date has relied heavily on a single method of study, the case study. While single case studies provide substantial depth of analysis, they are difficult to compare. Where additional concepts were introduced they have sometimes been of a controversial nature based on interpretation of evidence (as also discussed in Chapters 3 and 4).

Crisis management is undoubtedly one of the most multi and interdisciplinary fields that exist. Crisis management draws on research in the fields of economics, sociology, political science, demography, philosophy of science, psychology, psychiatry, theology, management, ecology, biology, physics, social theory, history, and others. The term is often quite differently defined depending on the academic context in which it is used. It has been argued that in the management science, unfortunately, most writers do not embrace a multifaceted view of crisis. Many authors still use "narrow" or conceptually "limited" definitions. Many concepts used in definitions have not received empirical support in further studies. It is also argued that the most erroneous misconception in the management science is the refusal to see a crisis as a positive force, as a factor itself contributing to the existence of an organization. As Pauchant and Mitroff (1992) posit, by acknowledging that a crisis has both a positive and a negative side, one is not only saying that a crisis is both a danger and a opportunity; one is also saying that the destructive side of a crisis is itself a *sine qua non* condition for the development of an organization. Very few authors in management emphasize this critical paradox.

This study also focused on other dynamics of crisis definitions (that influence the definition of the term) such as the nature of a crisis, the source, and the causes of crisis. In general, the literature does not provide a widely accepted definition of crisis and attempts to categorize types or forms of crises have been sparse. While some authors have explored multi forms of crises, others have examined crises as a single phenomenon, and others have concentrated in only one manifestation of crisis. Moreover, the problem is aggravated by the extensive use of synonyms in the literature, such as jolt, problem, disaster, turning point, catastrophe, etc.

The problem of definition and the misconception of the term hampers development in the field of crisis management. It is argued that this fact may be responsible for the lack of preparedness of some organizations.

This research has identified and confirmed those problems of definition in the hotel industry. Hotel executives could not agree on a definition of what consists a crisis. Some executives could not define crisis at all, as discussed in Chapter 7. This fact clearly reflects their practices, or attempts, in crisis management.

The research also confirms findings by other researchers in that crisis management responsibility falls under different responsibilities. In the hotel industry responsibility for crisis management ranges from being the responsibility of chief security officers to managing directors, from financial directors to marketing executives. This reflects the view that each organization sees crisis differently, regarding some areas (or fields) as more vulnerable than others. It would be interesting to observe whether this perception changes over time. That is, whether crisis management responsibility is delegated to other functions or if it is kept consistently under the responsibility of one given area.

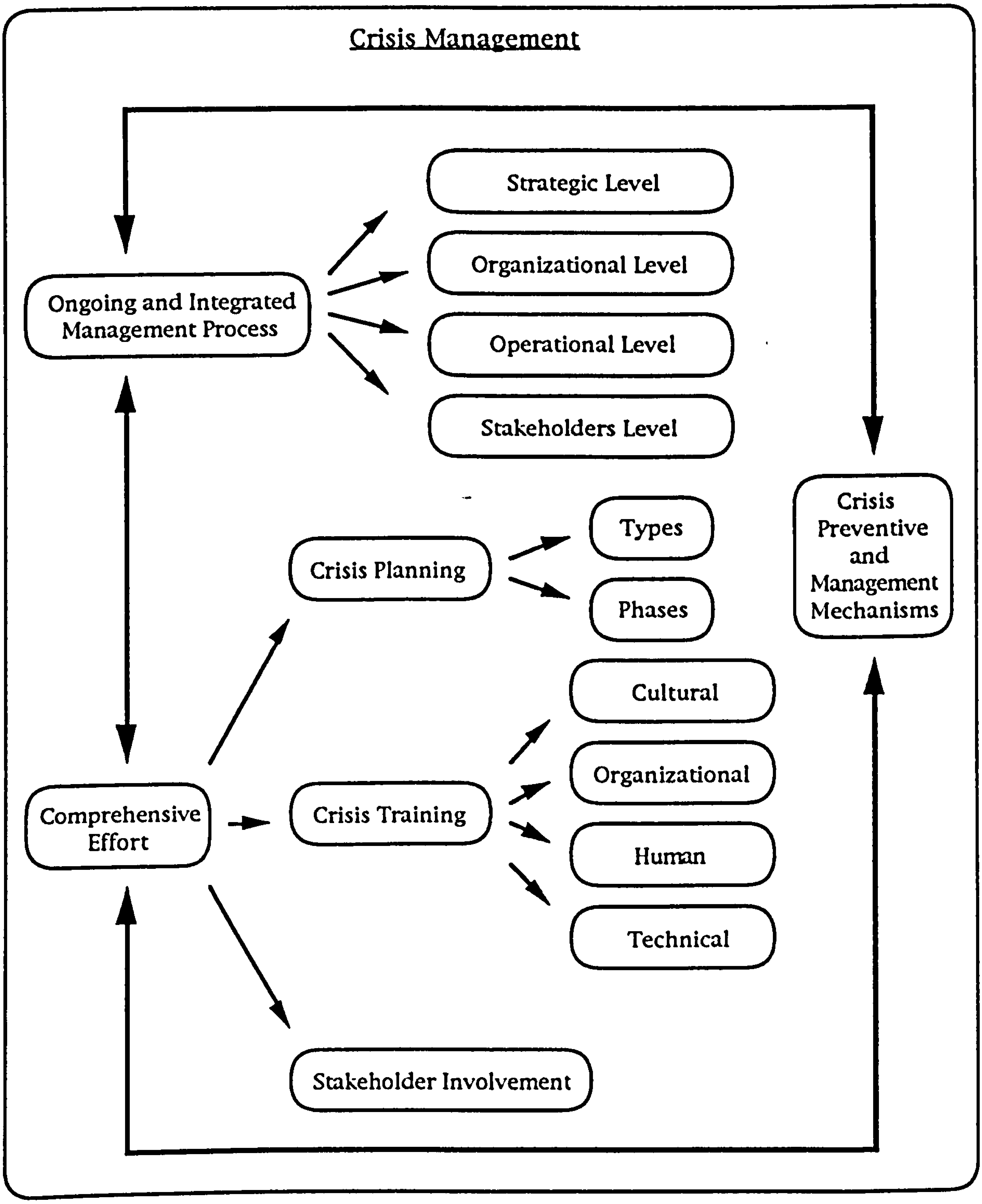
Defining crisis management (operationally) has also been a difficult task. This has been specially true for the hotel industry. Some attempts to define crisis management have been made but as with crisis have not gained wide acceptance. The results of this research emphasized that in general hotel executives equate crisis with physical damage or structural problems or shortcomings. Brewton's (1987) definition of crisis management clearly reflects this perception in that it is concerned with "avoiding or minimizing injury to guest and danger to hotel assets". This kind of definition, as extensively discussed throughout this study, is clearly limited since it does not consider the broad array of hotel stakeholders and overlooks conceptual and implementation issues.

Having said all that, an operational crisis management definition is proposed:

Crisis management is an ongoing integrated and comprehensive effort that organizations effectively put into place in an attempt to first and foremost understand and prevent crisis, and to manage effectively those that occur, taking into account in each and every step of their planning and training activities, the interest of their stakeholders.

Figure 8.1 below summarizes the operational definition of crisis management.

Figure 8.1 - Crisis Management - An Operational Definition



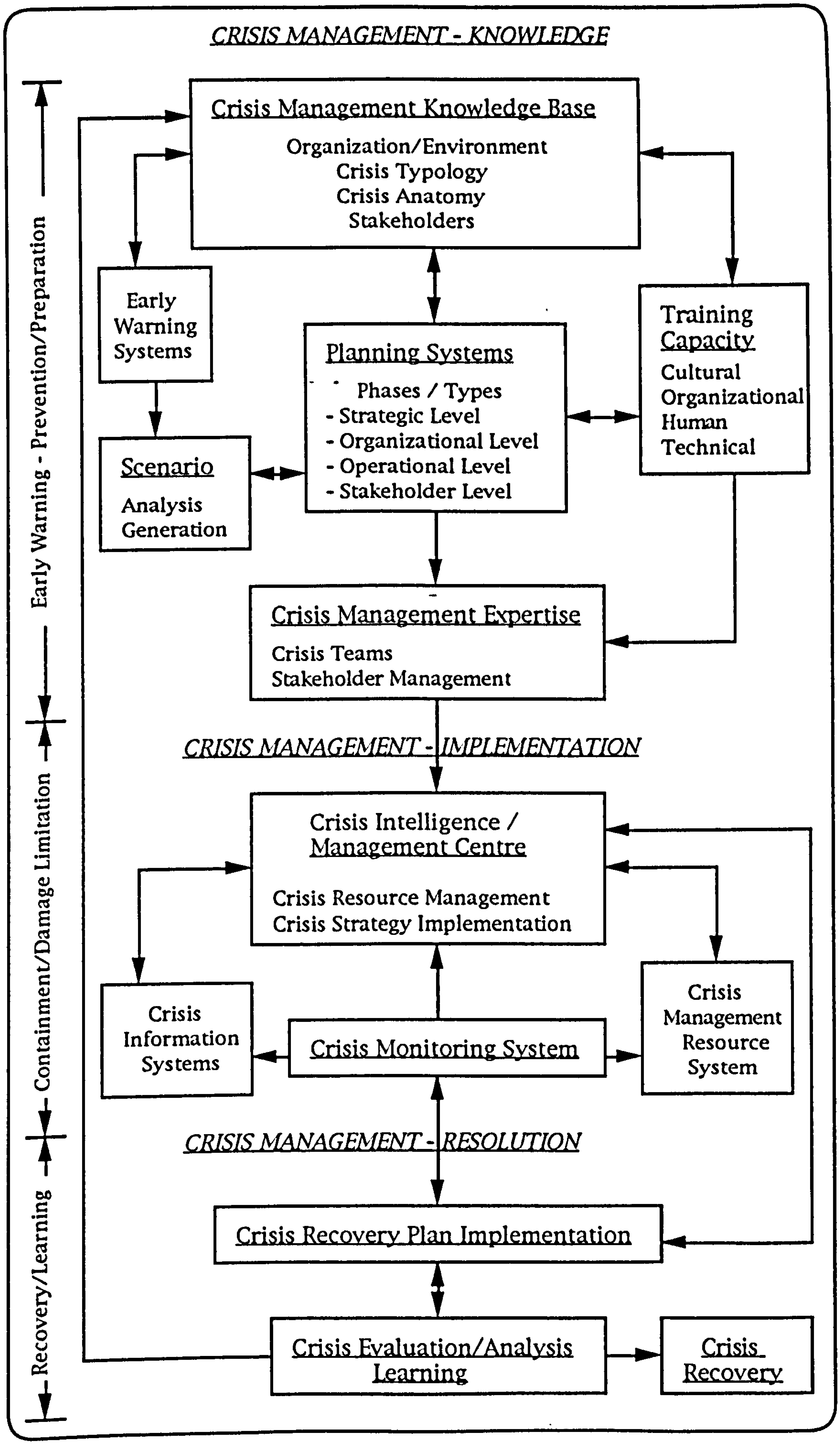
This research also explored other dynamics of crisis, such as typology (already mentioned above) and crisis anatomy (phases). Crises evolve in an orderly pattern and the understanding of each individual phase of a crisis is paramount for the effective management of crisis. Those issues, and strategies to deal with crisis in each individual phase have also been discussed.

Studies in crisis management indicate clearly that the phenomenon of crisis is articulated from different phases or stages (Fink, 1986; Mitroff, 1988a, Pauchant and Mitroff, 1992, Shrivastava, 1992, Booth, 1993). Specifically, most crises move through five essential phases. Failure to manage any one of these phases well may be responsible for the occurrence of a crisis in the first place and then for its escalation. Organizations can only increase their ability to manage crisis if they properly understand and manage each phase of this process.

The phases consist of "Signal Detection", "Prevention/Preparation", which could be labeled "proactive types" of crisis management. If the management of those phases are done properly, these activities can prevent many crises from occurring in the first place. "Containment/Damage Limitation" and "Recovery" are the "reactive types" - activities done after a crisis has happened, in an attempt to contain its damage and recover from its effects. The "Learning" phase can be seen as an "interactive type" of crisis management. It can either be a part of crisis management plans in the absence of crisis or a result of the experience of a crisis. Together these phases constitute the total scoreboard by which an organization and its managers will be judged.

Considering all the discussion in this study, a crisis management model is also proposed. The model is derived from the proposed definition of crisis management presented above.

Figure 8.2 - Crisis Management Model


CRISIS MANAGEMENT - KNOWLEDGE
Crisis Management Knowledge Base
Organization/Environment
Crisis Typology
Crisis Anatomy
Stakeholders
Early Warning Systems
Training Capacity
Cultural
Organizational
Human
Technical
Planning Systems
Phases / Types
- Strategic Level
- Organizational Level
- Operational Level
- Stakeholder Level
Scenario
Analysis
Generation
Crisis Management Expertise
Crisis Teams
Stakeholder Management
CRISIS MANAGEMENT - IMPLEMENTATION
Crisis Intelligence / Management Centre
Crisis Resource Management
Crisis Strategy Implementation
Crisis Information Systems
Crisis Monitoring System
Crisis Management Resource System
CRISIS MANAGEMENT - RESOLUTION
Crisis Recovery Plan Implementation
Crisis Evaluation/Analysis Learning
Crisis Recovery
Early Warning - Prevention/Preparation
Containment/Damage Limitation
Recovery/Learning

The crisis management model proposed here is a reflection of all the main points discussed in this research. It addresses the fundamental issues of crisis management such as crisis typology, anatomy (phases), as well as introducing some new topics such as stakeholder management and crisis resource management. The model also highlights and specifies the distinct crisis management functions in each phase. It is clear from the model that crisis management takes place, or at least should, prior to the occurence of a crisis (Crisis Management Knowledge Base). It is important to emphasize that in today's world if one is not in a crisis one is in a pre-crisis situation. A crisis provides more opportunities than threats if one is crisis-prepared.

8.2.1.1.1 - Hotel Industry Preparedness to Crisis

Previous researches revealed that variables such as size, structure, etc., are little indication of crisis immunity, preparedness, and survivability. Therefore, crisis preparedness in this research has been analyzed from the organizational culture perspective. The culture of an organization is the most important element in directing organizational behaviour and actions. It determines organizational ability to anticipate, prevent, and manage crisis.

The problem of definition is also encountered in relation to organizational culture, as discussed in Chapter 3. As a concept, organizational culture is relatively new. Confusion and controversy also surround the concept, as with crisis. Many definitions of the concept, each reflecting a particular point of view have been proposed. The term has been used indiscriminately in organizational culture research, referring basically to two different meanings. First, to the coherent system of assumptions and the basic values distinguishing a group and directing its choices; and second, to a group's distinct set of features or traits, which does not only mean its basic values but its beliefs, models of behaviour, technology, symbols, and artifacts. However, as proposed by Schein (1990), the term "culture" should be reserved for the deeper level of basic assumptions and beliefs that are shared by members of an organization, that operate unconsciously, and that define in a basic "taken-for-granted" fashion an organization's view of itself and its environment.

Organizational culture is the most important variable in crisis management. As evidenced in previous chapters, apart from the most conscious factors that influence organization's behaviour, such as the firm's environment, the structure of the industry in which it competes, its financial history, its capital requirement, and so forth, there are more unconscious factors (less observable) that exert a strong, decisive, effect on the behaviour of organizations.

Having said that, the way in which organizations anticipate and respond to an impending crisis does not depend on, nor is it determined by, the personality and/or intellectual capacity of its leaders. In addition, organizational responsiveness to crisis does not primarily depend on, nor is it determined by, the structure of the organization, organizational business policies, etc., which make up an organization's visible features. Rather, the ability to anticipate and respond effectively to crisis is determined by the culture of an organization. The culture of an organization is more "powerful" than the dictates of any one person or any formal management system. Organizational culture is the sole determinant of crisis preparedness.

As discussed in Chapter 3, the culture of an organization represents both an opportunity and a threat for crisis management. There is enough evidence to support the view that on the one hand the culture of an organization can serve to precipitate a crisis by providing the environment within which a crisis can originate and escalate. On the other hand, the culture of an organization can be central to an organization's ability to cope with threatening situations (anticipate, prevent and manage a crisis effectively).

Considering the environment in which hotels operate, the ability to change and adapt to new realities is essential for hotel survival and prosperity. Organizations undergo significant strategic change for a number of reasons. Regardless of the need for change, it is important to observe that culture plays a decisive role not only in the choice of strategies, but also on the success of their implementation, overall performance, and indeed survival of the organization.

Change requires sound strategic decisions. However, implementing it is not a simple task. Schein (1986) demonstrates that whenever an organization that has been successful in its mastery of a given technology changes the technology used, the organization not only must learn new practices but must also redefine itself in ways that involve deep cultural assumptions. Indeed, and as noted before, even where organizations are able to devise strategies to cope with rapidly changing environments (strategies that makes financial, product, marketing, etc., sense), they are unable to implement those strategies because they require assumptions, values and ways of working that differ from the organization's prior assumptions. An existing culture may be very supportive of an organization's mission and success at a particular point, but may be not at all appropriate when significant strategic change becomes necessary (Klein et al, 1995). In another words, either the existing culture is complementary to the changes imposed by new strategies or some cultural change may be deemed necessary in order to affect and maintain organizational effectiveness (Bennett et al, 1994).

Change requires that an organization not only learns new practices but that it also redefines itself in ways that involve deep cultural assumptions. The culture of an organization governs and directs all aspects of organizational life. It influences the decision making process (what strategy to follow), the success of their implementation, and it dictates whether an organization is able or not to adapt and respond to changes emanated both in the internal and in the external environment. Organizational culture also influences the long-term effectiveness and performance of organizations, and determines organizational well-being. Thus, organizational culture is central for crisis management. It dictates whether an organization is prepared or not for crisis.

Previous researches have identified fundamental cultural differences between an organization that is "prepared" for crisis and one that is not. They display very contrasting cultural traits and assumptions, which reflect in their ability to anticipate and manage crisis effectively.

From the discussion in previous chapters it is clear that organizations with a long and successful history and relatively permanent personnel, which have shared external threats and internal problems of adaptation together, tend to have a strong culture based on shared basic assumptions. These kinds of deeply-rooted, shared basic assumptions are difficult to change. These strongly held assumptions while holding the organization together may also hinder the organization's ability to change and adapt. It has been argued that people in an organization sometimes embrace and protect the norms developed in an organization, even if they lead to crises. In crisis prone organizations, managers and employees are very skilled at developing rationalizations that will validate their day-to-day actions, disregarding the fact that these actions can lead, after a while, to crises. Therefore, what holds organizations together, that forms the culture of such organizations, that is at the basis of decisions and actions, is the set of sometimes faulty assumptions or rationalizations that members of the organizations have developed. As discussed in Chapter 7, such an assumption as "any effort in relation to crisis before it happens - such as prevention - is a waste of time and money", may persist despite strong historical evidence to the contrary (e.g., poor performance in prior crises). Several researchers, as discussed above and in previous chapters, have argued that organizational actions are characterized by those very rigid underlying assumptions which are difficult to change.

This research utilized a number of rationalizations managers use in relation to crisis and crisis management to identify hotel groups preparedness to crisis. Organizational culture was operationalized in terms of rationalizations. As discussed in Chapter 6, while not reducing the culture of an organization to the phenomenon of rationalization, rationalization represents one dimension through which organizational culture is manifested, and thus influences individuals and groups and behaviour.

By employing factor analysis on the data obtained from the survey, 4 major factors were derived. The factor solution revealed that crisis preparedness in the hotel industry can be explained in terms of several dimensions. The dimensions identified were "Pro-activeness", "Denial", "Fatalism/Hopelessness", and "Technical". The "pro-activeness" factor has to do with organizations being aware of potential implications of a crisis and organizing themselves (preparing) for the inevitable, taking into account their outside environment (stakeholders). The importance of being pro-active in relation to a potentially threatening situation is highlighted in this factor. The "Denial" factor, in direct contrast with the "pro-activeness" factor, has to do basically with executives denying and rejecting their responsibilities in relation to crisis and crisis management. This factor also evidences defensive mechanisms such as the downplay of the importance and seriousness of potential situations. The "Fatalism/Hopelessness" factor is concerned with the inevitability of crises. It has to do with organizations that have a stale culture (those that believe in crisis immunity) and those that have given up hope completely. This factor basically addresses the issues of crisis inevitability, highlights the power of the media, and stresses the inability of management to deal effectively with those issues. Finally, the "Technical" factor reflects the view of executives in that crisis is only a "material" or "physical" phenomenon. This factor has to do with management reducing crises and crisis management issues and procedures to a technical perspective. As mentioned previously, the subjects examined in this research had a tendency to associate crisis and crisis management with the material or physical aspects of the business they manage.

Those dimensions were explored further and resulted in a continuum of crisis preparedness including all hotel groups investigated. In order to develop the cultural profile of organizations at both extremes of the crisis preparedness continuum, interview data and data from questionnaire 2 were used to complement, support, and better illustrate the findings in this research.

8.2.1.1.2 - Hotels, Stakeholders, and Crisis Management

The issue of stakeholder theory and management was also discussed in this study. The concept of stakeholder is central to crisis management. However, as with crisis and organizational culture, there are still basic fundamental problems such as conceptual and operational definitions of stakeholders, problems in relation to stakeholders identification, and managerial implications for the effective implementation of the concept.

Again, the literature in the field of stakeholders is fragmented and sometimes confused and controversial. This, however, has been viewed by the researcher to be beneficial to the development of the concept and contributes directly to important issues surrounding the concept such as the issue of implementation.

As discussed in Chapter 4, stakeholder theory is based on the principle of extending recognition to a broader range of individuals or groups that have a "morally valid claim" on the organization, as opposed to commonly previous views about claims and stake (the stockholder theory).

In this study, stakeholder theory has been linked to crisis management. Previous discussions suggest that anyone (individual or group) has the potential to affect or be affected by organizational action or inaction. Therefore, understanding stakeholder systems and dynamics is an essential element in crisis management. This study also introduced and discussed (apart from the traditional set of stakeholders discussed in the literature that represents the impact of impersonal institutional forces external to the organization) another set of stakeholders that emanate from the sociophathic behaviour that has been directed at the modern organizations (such as executive kidnapping, sabotage, terrorism, executive crime, poisoning, etc.). This new set of stakeholders has been introduced to complement the more traditional one. Quoting Freeman (1984, pp. 53) again,

> "Some groups may have as an objective simply to interfere with the smooth operations of our business. For instance, some corporations must count 'terrorist groups' as stakeholders. As unsavory as it is to admit that such 'illegitimate' groups have a stake in our business, from the standpoint of strategic management, it must be done."

The discussion in previous chapters supports the view that those two sets of stakeholders are inseparable. In principle they are in constant contact with one another. Given this perspective, it is essential that organizations acknowledge in a practical manner the interconnectedness and interdependence of their operations and understand the fundamentals and dynamics of the behaviour and actions of the potential forces that act upon the organization.

Organizational activities have a number of potentially damaging side-effects on their stakeholders and on the environment. When the issue is crisis, those effects take on another dimension. The impact of crisis may change important contextual factors, as discussed previously. The effects of crisis on the organization and on their stakeholders has also been extensively discussed in previous chapters. Crises are both organizational and inter-organizational phenomena. Crises are also characterized by the presence of multiple stakeholders, inevitably involved in causing, communicating, and mitigating the effects of crises. From the point of view of crisis management, stakeholders are also key elements in crisis prevention. Therefore, understanding stakeholders is paramount to crisis management.

Discussions in previous chapters suggest that survival and prosperity depend on the effective management of the relationships within the total system. It has been argued that by adopting a stakeholders approach to business, risks and uncertainties are reduced and the chances of crises developing are lessened.

The issue of stakeholder theory is particularly important to the hotel industry. As discussed in previous chapters, the hotel industry operates in a higly interconnected and interdependent system. There is substantial evidence to suggest that stakeholder management in becoming a critical issue on the successful operation of business. Some leading organizations are utilizing stakeholder management as a measure of performance. There is evidence to suggest that stakeholder management improves organizational performance at all levels. Examples of the dangers inherent in disregading stakeholders' interests in business decision making are many. In the tourism industry, if only those at the destination are considered, for instance, where key stakeholders have been left out of planning and decision making, deprived from resources, and/or alienated from development, the results have been regrettable. Some stakeholders invariably resort to actions that can very easily ruin a whole destination. Neglecting and disregarding stakeholders' claims can lead to, amongst other things, resentment, xenophobia, protests, violent acts against tourists and tourism organizations, terrorism, and so fourth.

However, very little has been done specifically with regard to the hotel industry. It is argued that where the concept of stakeholder management has been discussed in the context of the tourism industry the concept has been introduced from a practical perspective, without outlining some of the critical issues surrounding its conception and implementation.

Given the interconnectedness and interdependence that characterize the operating enviroment of the hotel industry, stakeholder management becomes increasingly important. That is, failure to understand and manage stakeholders interests can lead to devastating results for the organization and its stakeholders alike. Actions, and for that matter, inactions, of any one player in the system have the inherent potential to affect all in the system. As repeatedly mentioned throughout this study, the hotel industry is very vulnerable to crisis. Stakeholder management then takes on another dimension.

While hotels represent undoubtedly a predominant position in local, regional, and national development (hotels are providers of employment, contribute to tax, are major buyers of local goods, and generate a great number of indirect jobs, apart from being in most cases a large capital investment), whenever a crisis occurs invariably a great number of stakeholders are directly and indirectly affected to a varying degree. Where local economies depend heavily on the tourism industry, as in many parts of developing countries, the issue of stakeholder management becomes correspondingly important. Having said that, hotel organizations cannot continue to consider in isolation their own crisis interests.

This research examined stakeholder relationships in the hotel industry in relation to crisis and crisis management. Specifically, the study focused on how the hotel industry perceives (expectation) stakeholders' roles and behaviour in periods of crisis. Two crisis situations were developed (one in which the hotel organization was "Guilty" of a crisis, and another in which the hotel organization was the "Victim" of a crisis). The results of both analysie revealed that there is indeed a correlation between crisis preparedness and expected role and behaviour of stakeholders in a given crisis situation. That is, the research revealed that organizations that are "prepared" for crisis are more consistent than those that are "not prepared" for crisis in their opinions regarding the expected role and behaviour of their functional stakeholders in crisis situations. In both cases ("Guilty" and "Victim"), "prepared" organizations were more consistent than "not prepared" organizations.

8.2.1.2 - A Summary of Main Findings

The results of this study suggest that in general the hotel industry is not prepared for crisis. The issue of crisis management is a new one to hotel executives and it clearly reflects their practices. Apart from one hotel organization that has a comprehensive crisis management programme most of the others in this study are still in a very early stage of development as far a crisis management is concerned. Having said that, it can be argued that there is not much available (either from the academic or the practical - consultancies, etc. - fields) for the hotel organizations to develop from. That is, there are very few training facilities in the UK (the majority are only PR training), there are very few text books (none relating specific to the hotel industry), very few articles are available in relation to the industry (and as discussed previously, they lack conceptual and implementation evidence). Hotels associations and other bodies are also not fully aware of this business function and as a result do not promote it to their members.

The study revealed that hotel groups displayed different types of behaviour in relation to crisis and crisis management. "Prepared" organizations were in general pro-active in relation to crisis and crisis management. They acknowledge that crises are inevitable and that it can affect people beyond the domain of their operations. Crisis today, given the interdependence of business operations, very seldom happens in isolation. Rather, modern crises have the potential to set off a chain reaction of other crises as part of the initial one. Being pro-active, planning for crises, is the only way crises can be averted and managed effectively, should they occur. Among the "prepared" organizations there is a particular hotel group that has in place a comprehensive and sophisticated formal crisis management programme, which includes crisis training, simulation, scenario building, stakeholder management, issue management, etc.

The other group on the continuum of crisis preparedness, "not prepared", revealed a different approach to crisis and crisis management. In most cases crisis is denied as an issue and nothing is done towards it unless a severe crisis strikes the organizations. Efforts in crisis management for those organizations in general are reduced to a PR contract with external firms. Training for crisis purposes is very limited and formal planning is virtually non-existent. For crisis "not prepared" organizations a crisis only exists if it seriously threatens the existence of the company. For those organizations, then, an issue has to escalate and take a whole new proportion to have their attention, even though it may be too late. Invariably, those organizations are reactive. They believe erroneously, that investment (or any effort) towards crisis management is a waste of time and resources.

It has been noticed, however, that apart from one organization in the sample, all other organizations (from both sets of "prepared" and "not prepared") have a tendency to relate crisis to "physical" issues, such as plant defects, fire, structural damage as a result of bomb attack, etc., and the consequences associated with those events. Other types of crisis such as the ones discussed in previous chapters (and those displayed in the crisis typology section in Chapter 2) were not considered by executives in any manner.

The results also revealed that "not prepared" organizations make use of defensive mechanisms more often than "prepared" organizations. In most cases, "not prepared" organizations deny that a threat exists or that the organization may experience a crisis. While "prepared" organizations invest time and resources in monitoring their operating environment (internal and external) and effectively create and implement crisis programmes for any impending issue, "not prepared" organizations treasure believes that downgrade and downplay the seriousness of a potential crisis. Another displayed behaviour of "not prepared" organizations is that they have a tendency to shift responsibility for crisis management, neglecting their own interests and those of their network of relationships. Moreover, for "not prepared" organizations a crisis only and exclusively happens to them alone, and crisis are invariably the consequence of some external forces. As mentioned before, with this set of believes it is not surprising that crisis training and planning is negligible. "Not prepared" organizations also routinize information and communication processes. Having said that, "not prepared" organizations believe, mistakenly, that no special requirement is needed for crisis management (prevention, preparation, resolution).

The concept of stakeholder is an important one in modern business management and one that is very important for crisis management. Stakeholder theory has been growing in importance in the last few years. Increasingly business organizations are adopting the concept of stakeholders in their practices and objectives. Considering the importance of stakeholders in responsible business management, this study also examined how the hotel industry perceives (expectation) stakeholders' roles and behaviour in crisis situations. The results of the research has been inspiring.

Again, "prepared" and "not prepared" organizations differ in relation to stakeholder management. As extensively discussed in previous chapters, stakeholders are central to crisis management. Whenever a crisis strikes an organization, it has the inherent potential to affect all those interested parties with whom an organization directly or indirectly deals. However, stakeholders are essential for crisis prevention and management (although historically stakeholders have been seen only from the perspective of potential "victims"). A good relationship with stakeholders may mean survival and prosperity when the issue is crisis. Stakeholders can help an organization avoid crisis, prevent and prepare for those that are unavoidable and can play a central role in the recovery of any crisis sufferer. However, the results of this study have shown that "not prepared" organizations do not regard stakeholders in any way when the issue is crisis or crisis management. In general, "not prepared" organizations believe that stakeholders (apart from stockholders and others considered to be essential to their operations) have nothing to do with their business.

In contrast, "prepared" organizations not only consider stakeholders in their crisis planning but also actively involve stakeholders in their planning and training.

The perception that hotel executives have of their stakeholders in crisis situations was examined as an objective of this study. The research proposition is that "The higher the readiness/preparedness of organizations to crisis, the higher the consistency of those organizations in viewing the behaviour and role of their functional stakeholders in crisis situations". The results of this study indeed confirmed the research proposition.

In both crisis situations ("Guilty" and "Victim"), "prepared" organizations were more consistent than "not prepared" organizations in their view of stakeholders' behaviour and role. Having said that, there is indeed a correlation between preparedness for crisis and a consistent pattern of opinion of "prepared" organizations as to the expected behaviour and role of functional stakeholders in crisis situations.

8.3 - Methodological Limitations and Other Problems

The main statistical method used in this research was factor analysis. Factor analysis assist investigators in making sense of large amounts of interrelated data. In the case of this research, the employment of factor analysis was very satisfactory, pointing to interesting relationships that would have been impossible to identify by examining the raw data alone or even a correlation matrix, as discussed in Chapters 6 and 7. Factor analysis has been growing in importance in management science contributing directly to problem solving and research.

As with any other statistical procedure the problem of reliability is a real one, since factor analysis starts with a set of imperfect data. As also discussed in previous chapters, when the data changes because of changes in the sample, the data-gathering process or the various measurements errors, the results of the analysis also changes.

Although there are other limitations relating to factor analysis (factor analysis is not perfect), the most relevant for this research is the fact that factor analysis is in the end a subjective method. That is, deciding on the number of factors to extract, the rotation technique, and the factor loading, are all subjective to many diverging opinions. Moreover, the interpretation of factors is left to the subjective discretion of the analyst. Having said that, the method was used successfully and contributed to the overall objective of the research.

The lack of literature and relevant works on all major topics addressed in this research have also been a limitation, specifically in relation to the hotel industry. Problems such as the confusion and controversy surrounding conceptual and operational definitions of the concepts under investigation were encountered. However, those problems are typical of new and evolving subjects and were seen as contributing to the overall development of the topics.

8.4 - The Contribution of this Research

The major topics of this research are relatively new areas of research (crisis management, organizational culture, and stakeholder theory). As concepts, they show signs of the early stages of development such as a lack of widely accepted conceptual and operational definitions. In the case of crisis management, many definitions of crisis have been proposed by the different fields that use and apply the term and concept. Every scientific field has its own definition and concept of crisis. An in-depth review of this abundant literature highlights the complexity of crisis as a phenomenon and suggests the need for a theory in crisis management that addresses this complexity. In management science, which is the case in this research, the definitions proposed so far have not received enough empirical support. This research reviewed the relevant literature on the topic and has proposed an operational definition for crisis management.

The justification for the relevance of this research, as discussed in Chapter 1, rests on distinct, but complementary, pillars. Researching crisis management, *per se*, is in itself a good enough reason. In addition, within the body of knowledge of crisis management theory this research moves into the largely uncharted waters of measuring crisis preparedness in the contexts of the hotel industry. This research also attempts to combine crisis management and stakeholder theory. It examines and establishes a relationship between crisis management and stakeholder relationships in crisis situations.

In analyzing crisis preparedness in the hotel industry, this research searches for more reliable measurement tools and realizes and formulates new ways and techniques to evaluate crisis preparedness, leaving aside the more conventional methods. For that, organizational culture was operationalized in terms of rationalizations.

Given the complexity of business operations today, this research also introduces a new set of stakeholders, one that realistically reflects the forces that now affect the modern organization. This set of stakeholders represents the bizarre and abnormal characters that affect organizations today. They are introduced to complement the more traditional set of stakeholders that represent the impact of impersonal forces external to the organization. The objective was to emphasize that they (the two sets of stakeholders) are inseparable. As justified in Chapter 4, the traditional set is not wrong, it is just incomplete. For the assessment of stakeholder relationships in crisis situations innovative approaches were also required.

This research can also be justified by attempting to expand the knowledge within hotel management theory to include the concept of crisis and crisis management. There is negligible evidence on the topic in the hotel management literature (and also in the tourism literature as a whole). Therefore, and as mentioned in Chapter 1, in terms of research on hotel management this research represents an attempt at grafting factors onto a mode of thinking about crisis and crisis management in the industry which has been perceptualized by tradition and the insularity of the industry. There is evidence to support the view that the hotel industry is particularly vulnerable to crisis but very little has been done towards understanding crisis and crisis management as a whole.

Finally, its is important to emphasize that crisis management analysis and research is not purely for academic interest. As evidenced throughout this research, crises are a real part of life today and the number and types of crises a business is exposed to today are on the increase. Crises are becoming increasingly more complex and difficult to anticipate and manage effectively. Moreover, current trends in designing performing organizations seems to increase their degree of complexity and fragility. Previous researches have also revealed that in general management are not prepared psychologically, emotionally, and technically to deal with the threat of an impending crisis. Crises today are highly complex issues that invariably require highly complex solutions.

Considering all the issues discussed and applied in this research, a crisis management model that can be applied in any business and a model that addresses crises of different time frames and degree of severity was developed, as seen earlier in this chapter.

It is hoped that this study can contribute to both theory building and to the much needed practice of crisis management in the hotel industry.

8.5 - Specific Issues for Future Research Arising from the Analysis

Considering that crisis management is a recent field, as well as other concepts described in this study (e.g., stakeholders and organizational culture), the ground for future research is very fertile. However, and as mentioned throughout this study, there are still fundamental problems that need to be addressed, such as conceptual definitions, operational definitions, and implementation issues. Those are problems that require immediate attention if those field are to contribute to the industry. The present research, nevertheless, is hoped to be a small contribution towards the advancement of those research areas. This research identified cultural traits that contribute towards (or hinder) crisis management effort. Given the sample under investigation and the structure of the hotel industry, the results can be regarded as a general pattern in the industry in relation to crisis and crisis management.

Having said that, much research in crisis management is needed specifically for the hotel industry. For example, the issue of crisis typology in the hotel industry is an important one. The range of crisis that the industry is potentially vulnerable to is very wide. Crisis clustering or groupings by types could be a contribution to crisis managers, planners, researchers, and educators alike. Given that the industry is very fragmented, it would be interesting to know whether there is a difference in this vulnerability. That is, is there a difference between the vulnerability to crisis between the different grades that form the whole sector? What is the extent of this difference? Why is there this difference, and what are the implications for research and crisis management?

Another area that needs more investigation is crisis training. It is important to know what is really available specifically for the hotel industry, the level of effectiveness of training programmes, and what should be done to improve the effectiveness of crisis training. The researcher could not identify any specific training programme or institution that provides crisis training or assistance for the hotel industry. It is important to understand that the hotel industry has many particularities that need to be addressed. In fact, those particularities and nuances in operations contribute to crisis vulnerability. This is even more relevant when crisis training is considered. Specific training programmes for the hotel industry should address those very distinct and other needs of the industry. For example, the high mobility of the workforce at all levels in the industry is a very important issue. As discussed previously, culture is central to crisis management. However, the culture of an organization is formed primarily by shared experience. What are the implications of this mobility for culture formation and consequently to crisis management? What are the implications for crisis training? How does it affect the effectiveness of crisis training? These are just a few areas that need urgent attention in the hotel industry. In general, crisis training is reduced to PR exercises, should bad things happen and dealing with the media becomes unavoidable. This clearly does not serve the purpose of modern business requirements as far as crisis management is concerned.

This research also identified that crisis management is a matter of secrecy, specifically with regard to levels of investments. The cost-benefit analysis of crisis management is an area that has received little attention so far. In the hotel industry it is believed to be non-existent. Thus, more research into this area can highlight those aspects and contribute to raise awareness and interest in crisis management in the industry.

More study that could evaluate crisis preparedness across the industry is also desirable. This would involve the development of new methodological tools, investigative methods and so forth. As mentioned before, although case studies provide in-depth richness of analysis it is difficult to compare and to have a broad picture of the industry, or a sector within the industry.

As discussed previously, crises have properties that impair rational decision making. The effects of crisis on the individuals within the organization disrupt their functions, making quality decision making a difficult task. Crises are ill-structured situations. The emotional impact that a crisis unleashes is such that it promotes dysfunctional behaviour. Under the stress of a crisis decision makers have their abilities impaired. Decision makers perceive fewer environmental cues, lose the strategic dimension and increasingly becomes obsessed with immediate tactical problems; the range of options for consideration is narrowed; and decision makers find it harder to reason abstractly, amongst other consequences of crisis. Crisis decision making in the hotel industry is a whole new field that deserves attention.

As also discussed, the quality of decisions depends on the quality of the information that is filtered into the decision making process. However, one of the characteristics of crisis is information overload. Information overload invariably results in dysfunctional selective attention, retention of key information, and delays and subversion of information flow, contributing to a distorted understanding of a decision situation. This research identified that communication in the hotels under investigation is relatively poor. Yet, communication is a key factor in crisis management. Research is needed in the area of crisis communication in the hotel industry. There are some specific characteristics of the industry that might contribute to communication constraints in information systems, such as widely dispersed properties, different technologies and approach to communication, language barriers, cultural perception of issues (what may be regarded as a crisis by an English manager may not be regard as a crisis by a Spanish manager - some cultures are more tolerant than others), international properties have the problem of different time zones, environmental conditions that affect communications, etc.

Stakeholder theory in the hospitality industry has received negligible attention. It would be interesting to know more about the dynamics of the interactions for crisis purposes and how hotel executives formally address stakeholder management. It is correspondingly important to investigate how the hotel industry stakeholders perceive the industry in relation to crisis and crisis management and their strategies to deal with the industry.

The results of this research revealed that there is indeed a correlation between crisis preparedness and consistency of opinion in relation to expected stakeholder behaviour in crisis situations. However, the reasons behind this consistency have yet to be fully investigated.

The discussion in previous chapters suggested that crisis management should be an integral part of the overall strategic plan of organizations. Again more research into this area is needed.

8.6 - Concluding Remarks

The long list of potential crises presents considerable difficulties to organizations in formulating strategies and dedicating resources, precisely because no one can predict which events or situations will or will not escalate into major crises. It is also true that every crisis involves an element of uniqueness. However, this does not mean that there are no general or generic features of crises or effective procedures for handling them whatsoever. The hotel industry is indeed one of the most vulnerable to crisis. Considering all the evidences presented and the discussions of research findings and results in this study, it is clear that the hotel industry needs urgently to be more pro-active and plan for crisis. Crises are inevitable.

It is also important to notice that, regarding public perception, there are also considerable differences between human-induced crisis and natural disasters. The public generally reacts more negatively to the effects of man-made crisis then to natural disasters. While organizations may have little control over natural catastrophes, and it is understood by the public, man-made crisis can devastate the long-standing reputation of an organization. In principle, this type of crisis is preventable. For this reason, man-made crisis receives severe condemnation. The consequences of crisis can be devastating for the host organization and its stakeholders.

Finally, it is important to realize, as discussed throughout this study, that crises have both a positive and a negative side and that crises provide more opportunities than threats. It is then important to be prepared for crises to maximize the opportunities presented.

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APPENDICES

LIST OF CONTENTS

APPENDICES

APPENDIX 1

STAKEHOLDER PROPERTIES

Stakeholders have different properties which can be divided into two categories: intrinsic and extrinsic. Those properties that are independent of other stakeholders are said to be intrinsic. On the other hand, extrinsic properties are those properties that arise as a consequence of the interaction and relationships with other stakeholders. The importance of the extrinsic properties becomes more significant when one stakeholder attempts to influence and change another stakeholder.

Mitroff (1989) offers a number of key propositions of stakeholders and their associated properties which are summarized below:

1 - An organization or social system is an organized collection of internal and external stakeholders. The word 'organized' implies that at least one critical property of a stakeholder will be influenced by the property of at least one other stakeholder. Assumptions naturally come into play because parties will differ as to which stakeholder influences which other.

2 - Each stakeholder is a distinct and distinguishable entity that has resources, purposes, and a will of its own. Thus, it is capable of volitional or purposeful behaviour. The properties that characterize a stakeholder's behaviour may be subdivided as follows. Each stakeholder has at least one important property in at least one of the following categories:

- a. The purpose and motivations of a stakeholder.
- b. The beliefs that a stakeholder has or that can be ascribed to it.
- c. The resources a stakeholder commands; among these are:
    - (1) Material resources
    - (2) Symbolic resources (for example, those pertaining to political office).
    - (3) Physical resources.
    - (4) Positional resources (for example, privileged position in a social or informational network).
    - (5) Informational resources (for example, access to special or privileged sources).
    - (6) Skill.
- d. Special knowledge and opinions.
- e. Commitments, legal and otherwise.

f. Relationships to other stakeholders in the system by virtue of
    (1) Power.
    (2) Authority.
    (3) Responsibility.
    (4) Accountability.

Disagreements among the proponents of different policies usually occur because they typically ascribe or impute very different properties to the same stakeholders.

3 - There is a network of interdependent *relationships* among all stakeholders. Some relationships are *supporting* in that they provide movement toward the organization's purposes. Some relationships are *resisting* in that they serve as barriers or encourage movements away from the organization's purposes. (See the properties listed earlier under item 2 f.). This is the minimal sense in which an organization or social system is an organized collection of stakeholders.

4 - A new strategy, that is, a change in strategy for an organization, changes one or more of the relationships among the stakeholders. Hence, every action is dependent on stakeholder properties and vice versa.

5 - Relationships with each stakeholder (that is, stakeholder properties) may be changed in one or more of the following ways. Note that whether a stakeholder is susceptible to a particular means of change is itself an additional property of a stakeholder:

a. Convert (change) the stakeholder by means of:
    (1) Commanding him or her through the exercise of power and authority.
    (2) Persuading him or her by appealing to reason, values, and emotion.
    (3) Bargaining with him or her by means of economic exchange.
    (4) Negotiating with him or her to reach "give and take" compromises.
    (5) Problem solving with him or her by means of sharing, debating, and arriving at agreed upon mutual perceptions.

b. Fight the stakeholder and politic to overpower him or her by means of:

    (1) Securing and marshaling the organization's resources.
    (2) Forming coalitions with other stakeholders.
    (3) Destroying the stakeholder.

c. Absorb aspects of a stakeholder's demands by incorporating them by means of co-optation.

d. Coalesce with the stakeholder by forming a coalition with joint decision-making powers.

e. Avoid or ignore the stakeholder.

f. Appease the stakeholder by giving in to some of his or her demands.

g. Surrender to the stakeholder.

h. Love the stakeholder by forming an intense emotional bond or special relationship with him or her.

i. Be or become the stakeholder by transforming the organization into the stakeholder through merger, imitation, idolatry, or role modeling.

Any strategy must be implemented through one or more of these ways of affecting change. Hence, all strategies presuppose power, that is, the ability to employ a relevant set of methods for bringing about change. Little wonder, having identified these different ways of changing stakeholders, that analysts of a social system and policy makers often advocate such different policies. All of the properties regarding stakeholders and their ability to change through a certain means are highly volatile, changing, and subjective to debate. It is exceedingly easy to assume very different capabilities with regard to each stakeholder's ability to change.

6. The state of an organization at a certain point in time will be the result of the interaction of the behaviour of all the organization's stakeholders from the beginning of its history up to a particular point in time. This extended history may be referred to as the "culture" of the organization or of the extended set of stakeholders.

7 - A strategy undertaken at one point in time to achieve outcomes at a later point *must* be based on one or more *assumptions* about (a) the properties and behaviour of the stakeholders, (b) the network of relationships that binds them to the organization, and (c) the organization's power to change relevant relationships. Assumptions must be made because (a), (b), and (c) taken by

themselves, or even collectively, are too complex for any person (that is, stakeholder) to have complete, perfect, or certain knowledge about them.

Obs.: It is vitally important to appreciate that the theory of stakeholder presented holds only for *surface* social system stakeholders, that is, those stakeholders conceived of a rational, calculating devices. It does not hold for stakeholders endowed with highly complex, emotional makeups. To treat this emotionality - even to acknowledge it - necessitates that we penetrate beneath the surface of stakeholders rationally conceived and rationally endowed (Mitroff, 1989, pp. 44)

Source: Ian I. Mitroff - (1989), Stakeholders of the Organizational Mind: Towards a New View of Organizational Policy Making, London, Jossey-Bass Publishers, pp. 34 - 39

APPENDIX 2

INTERVIEW

CONFIDENTIAL

A - Company

a - Contact Name:____
b - Address:____
c - Tel. Fax:____

1 - Company Name:______________________________________
2 - Age of the Company:____________________
3 - Number of Hotels in the UK:_______________
4 - Number of Hotels outside the UK:____________
5 - Number of Employees in the UK:_____________
6 - Number of Rooms in the UK:_______________
7 - Number of Beds in the UK:________________
8 - Annual Sales (whole group):________________________

B - Interviewee
1 - Number of years with the company:___________
2 - Position in the company:________________________________
3 - Number of years in the position:_____________
4 - Actual title:____

C - *PROPERTIES OF THE ORGANIZATION*

1 - What do you think about crisis management?
- Is it something essential?
  - Yes
  - No
  - Don't Know
    - Why?
- How would you rank crisis management in terms of your priorities?

Low Priority High Priority
1 2 3 4 5 6 7

2 - What do you consider to be a crisis status for your organization?

- What would be the consequences?

  1- Existential

  2- Less dramatic

3 - What is a crisis? How would you define it?

- who and what does it affect?

4 - What type of crisis would do more damage to your organization?

- Why?

4.1- Are you prepared for that eventuality?

Not at All		Not Really		Somewhat		Very Well Prepared
1	2	3	4	5	6	7

5 - Do you have a crisis management plan?

- Yes
- No
- Don't Know
  - what does it consist of?
  - who are responsible

6 - Is there an open line of communication between levels for crisis purpose?

- Yes
- No
- Don't Know

7 - Do you have simulation exercises?

- Yes
- No
- Don't Know

8 - What relations do you think the industry has to crises? Is it a vulnerable one?

- Yes
- No
- Don't Know
  - In what sense?
  - What should be done about that?

9 - How do you see the environment in which you operate?

10 - Do the changes in the environment prompt you to plan for crisis?
- Yes
- No
    - What would it take in the environment to prompt you to prepare for crisis?

11 - What, if anything, can a crisis bring to your organization?

12 - Do you prepare for any type of crisis?
- Yes
- No
- Don't Know
    why?

12.1 - Is there any type of crisis that you are prepared for at the moment?
- Yes
- No
- Don't Know
    why?

13 - Do you have any established procedure for any eventuality?
- Yes
- No
- Don't Know
    - for what?

14 - What would be your main concerns should a major crisis strikes?

15 - What kind of lessons did you learn from previous crises?

APPENDIX 3

To what degree would you agree with each of the statements that follows. The extent of your agreement may range from VERY TRUE to NOT TRUE at ALL. ***Please circle the appropriate number.***

	Very True			Neither True nor False			Not True at all
1 - The bigger the organization, the less vulnerable it is to crises.	1	2	3	4	5	6	7
2 - Any accident is regarded as part of the nature of our operations.	1	2	3	4	5	6	7
3 - We just consider something to be a crisis if it happens to or hurts us.	1	2	3	4	5	6	7
4 - We do not have to be preocupied with crisis management. It is somebody else's responsibility.	1	2	3	4	5	6	7
5 - Only organizations that are badly managed have crises.	1	2	3	4	5	6	7
6 - The locations of our hotels make them immune to crises.	1	2	3	4	5	6	7
7 - Crises do not happen in our organization.	1	2	3	4	5	6	7
8 - Security is an issue that concerns security personnel alone. Not every single employee.	1	2	3	4	5	6	7
9 - Past experiences has shown us that with time most crises resolve themselves.	1	2	3	4	5	6	7
10 - If a crisis occurs, our management and technical people can fix it. Nothing special is required.	1	2	3	4	5	6	7
11 - In the end, most crises turn out not to be very important.	1	2	3	4	5	6	7
12 - Any effort in relation to crisis before it happens (such as prevention) is a waste of time and money.	1	2	3	4	5	6	7
13 - Whenever a major crisis occur, there will be always people that will rescue us.	1	2	3	4	5	6	7
14 - Our clients are always very understanding	1	2	3	4	5	6	7
15 - The range of crisis is so vast that it makes it impossible to make preparations.	1	2	3	4	5	6	7
16 - There is nothing to do in relation to crises before it happens.	1	2	3	4	5	6	7
17 - Most of the crises have a technical solution.	1	2	3	4	5	6	7
18 - Whenever a crisis strikes, the application of technical and financial quick-fixes would resolve it.	1	2	3	4	5	6	7
19 - We do not regard the media as an important issue. It is easy to manipulate it.	1	2	3	4	5	6	7
20 - In our organization we all work in a rational and objective way, therefore, we can handle any crises.	1	2	3	4	5	6	7
21 - Crises are isolated.	1	2	3	4	5	6	7
22 - There is no need to involve employees and the community in the crisis planning of our organization.	1	2	3	4	5	6	7

	Very True			Neither True nor False			Not True at all
23 - Only top management should be involved in decision-making.	1	2	3	4	5	6	7
24 - There is no need to worry about morale around here. In our organization it is always high.	1	2	3	4	5	6	7
25 - Communication is not an important issue here. We understand each other.	1	2	3	4	5	6	7
26 - Safety is the responsibility of top management, not of individual employees.	1	2	3	4	5	6	7
27 - The establishment of relationship with interst-groups is a futile effort. They do not understand our business.	1	2	3	4	5	6	7
28 - What happens in other industries does not teach us anything.	1	2	3	4	5	6	7
29 - Environmental issue is a matter for politicians. We do not have to worry about it.	1	2	3	4	5	6	7
30 - There is no need to change if nothing makes us do so.	1	2	3	4	5	6	7

In relation to your organization, please answer the following questions by circling the appropriate number.

	Never			Sometimes			Always
1 - Do people at the top get important information from lower levels?	1	2	3	4	5	6	7
2 - Do people on the lower levels understand communication that comes from the top?	1	2	3	4	5	6	7
3 - Do people that have different responsibilities talk to each other?	1	2	3	4	5	6	7
4 - Is the subject "crises" a welcome subject for discussion?	1	2	3	4	5	6	7
5 - Do people feel free to talk about "bad things" in your organization?	1	2	3	4	5	6	7
6 - Do you reward people who bring bad news to you?	1	2	3	4	5	6	7
7 - Do you encourage people to look for danger?	1	2	3	4	5	6	7
8 - Do you encourage people to evaluate the risks involved in any aspect of the business?	1	2	3	4	5	6	7
9 - Are people rewarded when something potentially dangerous to the organization is spotted?	1	2	3	4	5	6	7
10 - Do you encourage new ideas in your organization?	1	2	3	4	5	6	7
11 - Do you encourage employees to innovate in your organization?	1	2	3	4	5	6	7
12 - Do you compensate employees to innovate, even if the innovation is not successful?	1	2	3	4	5	6	7
13 - Do you encourage debate and discussion in decision-making?	1	2	3	4	5	6	7

APPENDIX 4

OBLIQUE ROTATION - LOADING ± 0.50

------------ F A C T O R   A N A L Y S I S ------------

Analysis number 1   Listwise deletion of cases with missing values

Extraction   1 for analysis   1, Principal Axis Factoring (PAF)

Initial Statistics:

Variable	Communality	*	Factor	Eigenvalue	Pct of Var	Cum Pct
		*				
A1	,65568	*	1	9,95671	33,2	33,2
A2	,62012	*	2	2,10563	7,0	40,2
A3	,83818	*	3	1,97496	6,6	46,8
A4	,72068	*	4	1,76933	5,9	52,7
A5	,80792	*	5	1,71931	5,7	58,4
A6	,82925	*	6	1,44031	4,8	63,2
A7	,83124	*	7	1,19184	4,0	67,2
A8	,72227	*	8	1,10378	3,7	70,9
A9	,68516	*	9	,92818	3,1	74,0
A10	,64681	*	10	,91110	3,0	77,0
A11	,59620	*	11	,87205	2,9	79,9
A12	,85941	*	12	,72961	2,4	82,3
A13	,71442	*	13	,70145	2,3	84,7
A14	,51556	*	14	,57378	1,9	86,6
A15	,57069	*	15	,56045	1,9	88,5
A16	,71526	*	16	,54401	1,8	90,3
A17	,80891	*	17	,47936	1,6	91,9
A18	,81264	*	18	,37755	1,3	93,1
A19	,74567	*	19	,31692	1,1	94,2
A20	,66623	*	20	,28134	,9	95,1
A21	,71200	*	21	,26848	,9	96,0
A22	,79276	*	22	,22942	,8	96,8
A23	,68845	*	23	,21485	,7	97,5
A24	,83663	*	24	,16842	,6	98,1
A25	,76287	*	25	,14728	,5	98,6
A26	,74730	*	26	,14023	,5	99,0
A27	,63793	*	27	,10297	,3	99,4
A28	,81495	*	28	,08644	,3	99,7
A29	,77669	*	29	,06865	,2	99,9
A30	,81092	*	30	,03561	,1	100,0

PAF   extracted   8 factors.   16 iterations required.

- - - - - - - - - - - - F A C T O R   A N A L Y S I S - - - - - - - - - - - -

Factor Matrix:

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
A28	,77139				
A30	,72333				
A5	,68475				
A8	,67532				
A22	,66954				
A12	,66770	-,58922			
A27	,66405				
A18	,65968				
A4	,65250				
A16	,63298				
A3	,62411				
A13	,60958				
A26	,60125				
A17	,58973				
A23	,57580				
A10	,57544				
A29	,56561				
A6	,56239				
A15	,54969				
A25	,53895				
A7	,53577				
A1					
A9					
A20					
A19					
A24		,60477			
A11					
A21				-,52976	
A2				,51430	
A14					

	Factor 6	Factor 7	Factor 8
A28			
A30			
A5			
A8			
A22			
A12			
A27			
A18			
A4			
A16			
A3			
A13			
A26			
A17			
A23			
A10			
A29			
A6			
A15			
A25			
A7			
A1			
A9			
A20			
A19			

----------- F A C T O R   A N A L Y S I S -----------

	Factor 6	Factor 7	Factor 8
A24			
A11			
A21			
A2			
A14			

Final Statistics:

Variable	Communality	*	Factor	Eigenvalue	Pct of Var	Cum Pct
		*				
A1	,38810	*	1	9,58562	32,0	32,0
A2	,50386	*	2	1,77930	5,9	37,9
A3	,57286	*	3	1,59169	5,3	43,2
A4	,60540	*	4	1,38100	4,6	47,8
A5	,79171	*	5	1,34317	4,5	52,3
A6	,71429	*	6	1,05409	3,5	55,8
A7	,74932	*	7	,73940	2,5	58,2
A8	,59380	*	8	,72900	2,4	60,7
A9	,53832	*				
A10	,54022	*				
A11	,54074	*				
A12	,89251	*				
A13	,51465	*				
A14	,35125	*				
A15	,43729	*				
A16	,64767	*				
A17	,63449	*				
A18	,57129	*				
A19	,53085	*				
A20	,52533	*				
A21	,77897	*				
A22	,72400	*				
A23	,48151	*				
A24	,73504	*				
A25	,57217	*				
A26	,56972	*				
A27	,52257	*				
A28	,70322	*				
A29	,79516	*				
A30	,67694	*				

OBLIMIN rotation 1 for extraction 1 in analysis 1 - Kaiser Normalization.

OBLIMIN converged in 38 iterations.

Pattern Matrix:

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
A5	,73282				
A4	,55813				
A30	,50392				
A28	,50300				
A13					
A7		,70234			
A6		,64141			
A19		,61068			
A8					
A29			,73516		
A9			,69342		
A10					
A11					
A2				,69962	
A3					
A24					,69740
A14					,59331
A1					
A21					
A20					
A23					
A26					
A17					
A18					
A25					
A12					
A22					
A15					
A16					
A27					

	Factor 6	Factor 7	Factor 8
A5			
A4			
A30			
A28			
A13			
A7			
A6			
A19			
A8			
A29			
A9			
A10			
A11			
A2			
A3			

- - - - - - - - - - - FACTOR ANALYSIS - - - - - - - - - - -

	Factor 6	Factor 7	Factor 8
A24			
A14			
A1			
A21	,84316		
A20	,70406		
A23			
A26		-,54247	
A17		-,52623	
A18			
A25			
A12			,80571
A22			,61247
A15			
A16			
A27			

Structure Matrix:

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
A5	,82207				
A28	,73288				
A4	,70132				
A30	,68777				
A13	,55769				
A7		,75705			
A6		,74173			
A19		,64854			
A8		,54175			
A29			,77702		
A9			,70614		
A10			,62735		
A11			,56007		
A1					
A2				,70256	
A24					,74989
A14					,57682
A21					
A20					
A23					
A26					
A17					
A18	,54180				
A25					,50319
A12	,54613				
A22					
A16					
A15					
A27					
A3				,50014	

	Factor 6	Factor 7	Factor 8
A5			
A28			,51014
A4			
A30			,51094
A13			
A7			
A6			
A19			
A8			
A29			
A9			
A10			
A11			
A1			
A2			
A24			
A14			
A21	,84435		
A20	,70456		
A23	,54512	-,50966	
A26		-,65378	
A17		-,63758	
A18		-,62945	
A25		-,58545	
A12			,89305
A22			,71493
A16		-,57149	,60531
A15			,58823
A27			,57348
A3			,52997

Factor Correlation Matrix:

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
Factor 1	1,00000				
Factor 2	,27990	1,00000			
Factor 3	,30831	,13884	1,00000		
Factor 4	,15740	,07141	,17363	1,00000	
Factor 5	,13529	,09246	,22385	,07004	1,00000
Factor 6	,31919	,23182	,25022	,07284	,15749
Factor 7	-,29445	-,24346	-,17575	-,14364	-,19919
Factor 8	,36874	,15579	,22251	,13054	,10213

	Factor 6	Factor 7	Factor 8
Factor 6	1,00000		
Factor 7	-,25872	1,00000	
Factor 8	,21887	-,25243	1,00000

APPENDIX 5

FREQUENCY - QUESTIONNAIRE 1

A1

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	2.00	1	1.9	1.9	1.9
	3.00	5	9.3	9.3	11.1
	4.00	14	25.9	25.9	37.0
	5.00	3	5.6	5.6	42.6
	6.00	11	20.4	20.4	63.0
	7.00	20	37.0	37.0	100.0
	Total	54	100.0	100.0	

Valid cases 54 Missing cases 0

- -

A2

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	1.00	1	1.9	1.9	1.9
	2.00	1	1.9	1.9	3.7
	3.00	9	16.7	16.7	20.4
	4.00	14	25.9	25.9	46.3
	5.00	8	14.8	14.8	61.1
	6.00	6	11.1	11.1	72.2
	7.00	15	27.8	27.8	100.0
	Total	54	100.0	100.0	

Valid cases 54 Missing cases 0

- -

A3

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	2.00	2	3.7	3.7	3.7
	3.00	8	14.8	14.8	18.5
	4.00	7	13.0	13.0	31.5
	5.00	10	18.5	18.5	50.0
	6.00	11	20.4	20.4	70.4
	7.00	16	29.6	29.6	100.0
	Total	54	100.0	100.0	

Valid cases 54 Missing cases 0

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A4

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	2.00	1	1.9	1.9	1.9
	3.00	8	14.8	14.8	16.7
	4.00	9	16.7	16.7	33.3
	5.00	8	14.8	14.8	48.1
	6.00	6	11.1	11.1	59.3
	7.00	22	40.7	40.7	100.0
	Total	54	100.0	100.0	

Valid cases 54 Missing cases 0

A5

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	2.00	3	5.6	5.6	5.6
	3.00	4	7.4	7.4	13.0
	4.00	10	18.5	18.5	31.5
	5.00	5	9.3	9.3	40.7
	6.00	5	9.3	9.3	50.0
	7.00	27	50.0	50.0	100.0
	Total	54	100.0	100.0	

Valid cases 54 Missing cases 0

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A6

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	3.00	3	5.6	5.6	5.6
	4.00	8	14.8	14.8	20.4
	5.00	11	20.4	20.4	40.7
	6.00	6	11.1	11.1	51.9
	7.00	26	48.1	48.1	100.0
	Total	54	100.0	100.0	

Valid cases 54 Missing cases 0

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A7

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	2.00	1	1.9	1.9	1.9
	3.00	4	7.4	7.4	9.3
	4.00	7	13.0	13.0	22.2
	5.00	7	13.0	13.0	35.2
	6.00	8	14.8	14.8	50.0
	7.00	27	50.0	50.0	100.0
	Total	54	100.0	100.0	

Valid cases 54 Missing cases 0

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A8

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	2.00	1	1.9	1.9	1.9
	3.00	3	5.6	5.6	7.4
	4.00	6	11.1	11.1	18.5
	5.00	12	22.2	22.2	40.7
	6.00	9	16.7	16.7	57.4
	7.00	23	42.6	42.6	100.0
	Total	54	100.0	100.0	

Valid cases 54 Missing cases 0

A9

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	1.00	2	3.7	3.7	3.7
	2.00	5	9.3	9.3	13.0
	3.00	9	16.7	16.7	29.6
	4.00	12	22.2	22.2	51.9
	5.00	5	9.3	9.3	61.1
	6.00	9	16.7	16.7	77.8
	7.00	12	22.2	22.2	100.0
	Total	54	100.0	100.0	

Valid cases 54 Missing cases 0

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A10

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	2.00	6	11.1	11.1	11.1
	3.00	7	13.0	13.0	24.1
	4.00	12	22.2	22.2	46.3
	5.00	11	20.4	20.4	66.7
	6.00	7	13.0	13.0	79.6
	7.00	11	20.4	20.4	100.0
	Total	54	100.0	100.0	

Valid cases 54 Missing cases 0

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A11

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	1.00	1	1.9	1.9	1.9
	2.00	2	3.7	3.7	5.6
	3.00	2	3.7	3.7	9.3
	4.00	14	25.9	25.9	35.2
	5.00	12	22.2	22.2	57.4
	6.00	10	18.5	18.5	75.9
	7.00	13	24.1	24.1	100.0
	Total	54	100.0	100.0	

Valid cases 54 Missing cases 0

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A12

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	2.00	2	3.7	3.7	3.7
	3.00	3	5.6	5.6	9.3
	4.00	10	18.5	18.5	27.8
	5.00	13	24.1	24.1	51.9
	6.00	9	16.7	16.7	68.5
	7.00	17	31.5	31.5	100.0
	Total	54	100.0	100.0	

Valid cases 54 Missing cases 0

A13

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	1.00	2	3.7	3.7	3.7
	2.00	3	5.6	5.6	9.3
	3.00	11	20.4	20.4	29.6
	4.00	9	16.7	16.7	46.3
	5.00	10	18.5	18.5	64.8
	6.00	6	11.1	11.1	75.9
	7.00	13	24.1	24.1	100.0
	Total	54	100.0	100.0	

Valid cases 54 Missing cases 0

A14

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	2.00	1	1.9	1.9	1.9
	3.00	8	14.8	14.8	16.7
	4.00	9	16.7	16.7	33.3
	5.00	10	18.5	18.5	51.9
	6.00	8	14.8	14.8	66.7
	7.00	18	33.3	33.3	100.0
	Total	54	100.0	100.0	

Valid cases 54 Missing cases 0

A15

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	2.00	7	13.0	13.0	13.0
	3.00	11	20.4	20.4	33.3
	4.00	5	9.3	9.3	42.6
	5.00	10	18.5	18.5	61.1
	6.00	6	11.1	11.1	72.2
	7.00	15	27.8	27.8	100.0
	Total	54	100.0	100.0	

Valid cases 54 Missing cases 0

A16

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	1.00	1	1.9	1.9	1.9
	2.00	3	5.6	5.6	7.4
	3.00	3	5.6	5.6	13.0
	4.00	8	14.8	14.8	27.8
	5.00	8	14.8	14.8	42.6
	6.00	11	20.4	20.4	63.0
	7.00	20	37.0	37.0	100.0
	Total	54	100.0	100.0	

Valid cases 54 Missing cases 0

A17

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	1.00	1	1.9	1.9	1.9
	2.00	4	7.4	7.4	9.3
	3.00	6	11.1	11.1	20.4
	4.00	14	25.9	25.9	46.3
	5.00	13	24.1	24.1	70.4
	6.00	6	11.1	11.1	81.5
	7.00	10	18.5	18.5	100.0
	Total	54	100.0	100.0	

Valid cases 54 Missing cases 0

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A18

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	1.00	1	1.9	1.9	1.9
	2.00	2	3.7	3.7	5.6
	3.00	6	11.1	11.1	16.7
	4.00	14	25.9	25.9	42.6
	5.00	10	18.5	18.5	61.1
	6.00	6	11.1	11.1	72.2
	7.00	15	27.8	27.8	100.0
	Total	54	100.0	100.0	

Valid cases 54 Missing cases 0

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A19

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	2.00	1	1.9	1.9	1.9
	3.00	3	5.6	5.6	7.4
	4.00	5	9.3	9.3	16.7
	5.00	9	16.7	16.7	33.3
	6.00	10	18.5	18.5	51.9
	7.00	26	48.1	48.1	100.0
	Total	54	100.0	100.0	

Valid cases 54 Missing cases 0

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A20

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	1.00	1	1.9	1.9	1.9
	2.00	7	13.0	13.0	14.8
	3.00	10	18.5	18.5	33.3
	4.00	9	16.7	16.7	50.0
	5.00	8	14.8	14.8	64.8
	6.00	9	16.7	16.7	81.5
	7.00	10	18.5	18.5	100.0
	Total	54	100.0	100.0	

Valid cases 54 Missing cases 0

A21

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	1.00	1	1.9	1.9	1.9
	2.00	7	13.0	13.0	14.8
	3.00	11	20.4	20.4	35.2
	4.00	16	29.6	29.6	64.8
	5.00	7	13.0	13.0	77.8
	6.00	6	11.1	11.1	88.9
	7.00	6	11.1	11.1	100.0
	Total	54	100.0	100.0	

Valid cases 54 Missing cases 0

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A22

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	2.00	1	1.9	1.9	1.9
	3.00	9	16.7	16.7	18.5
	4.00	13	24.1	24.1	42.6
	5.00	9	16.7	16.7	59.3
	6.00	6	11.1	11.1	70.4
	7.00	16	29.6	29.6	100.0
	Total	54	100.0	100.0	

Valid cases 54 Missing cases 0

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A23

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	2.00	2	3.7	3.7	3.7
	3.00	5	9.3	9.3	13.0
	4.00	13	24.1	24.1	37.0
	5.00	10	18.5	18.5	55.6
	6.00	10	18.5	18.5	74.1
	7.00	14	25.9	25.9	100.0
	Total	54	100.0	100.0	

Valid cases 54 Missing cases 0

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A24

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	3.00	7	13.0	13.0	13.0
	4.00	15	27.8	27.8	40.7
	5.00	11	20.4	20.4	61.1
	6.00	7	13.0	13.0	74.1
	7.00	14	25.9	25.9	100.0
	Total	54	100.0	100.0	

Valid cases 54 Missing cases 0

A25

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	2.00	2	3.7	3.7	3.7
	3.00	4	7.4	7.4	11.1
	4.00	11	20.4	20.4	31.5
	5.00	13	24.1	24.1	55.6
	6.00	12	22.2	22.2	77.8
	7.00	12	22.2	22.2	100.0
	Total	54	100.0	100.0	

Valid cases 54 Missing cases 0

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A26

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	3.00	6	11.1	11.1	11.1
	4.00	12	22.2	22.2	33.3
	5.00	5	9.3	9.3	42.6
	6.00	6	11.1	11.1	53.7
	7.00	25	46.3	46.3	100.0
	Total	54	100.0	100.0	

Valid cases 54 Missing cases 0

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A27

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	1.00	1	1.9	1.9	1.9
	2.00	3	5.6	5.6	7.4
	3.00	11	20.4	20.4	27.8
	4.00	14	25.9	25.9	53.7
	5.00	3	5.6	5.6	59.3
	6.00	7	13.0	13.0	72.2
	7.00	15	27.8	27.8	100.0
	Total	54	100.0	100.0	

Valid cases 54 Missing cases 0

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A28

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	2.00	4	7.4	7.4	7.4
	3.00	9	16.7	16.7	24.1
	4.00	5	9.3	9.3	33.3
	5.00	8	14.8	14.8	48.1
	6.00	10	18.5	18.5	66.7
	7.00	18	33.3	33.3	100.0
	Total	54	100.0	100.0	

Valid cases 54 Missing cases 0

A29

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	2.00	1	1.9	1.9	1.9
	3.00	6	11.1	11.1	13.0
	4.00	7	13.0	13.0	25.9
	5.00	11	20.4	20.4	46.3
	6.00	13	24.1	24.1	70.4
	7.00	16	29.6	29.6	100.0
	Total	54	100.0	100.0	

Valid cases 54 Missing cases 0

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A30

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	2.00	3	5.6	5.6	5.6
	3.00	6	11.1	11.1	16.7
	4.00	10	18.5	18.5	35.2
	5.00	5	9.3	9.3	44.4
	6.00	12	22.2	22.2	66.7
	7.00	18	33.3	33.3	100.0
	Total	54	100.0	100.0	

Valid cases 54 Missing cases 0

APPENDIX 6

CROSSTABULATION - QUESTIONNAIRE 1

POSITION Position by A1

A1 Page 1 of 1

POSITION	Count Row Pct Col Pct Tot Pct	2,00	3,00	4,00	5,00	6,00	7,00	Row Total
MD/CEO	1,00		1 5,6 20,0 1,9	5 27,8 35,7 9,3	2 11,1 66,7 3,7	2 11,1 18,2 3,7	8 44,4 40,0 14,8	18 33,3
MKTG	2,00		3 14,3 60,0 5,6	5 23,8 35,7 9,3		4 19,0 36,4 7,4	9 42,9 45,0 16,7	21 38,9
OPERATIONS	3,00	1 6,7 100,0 1,9	1 6,7 20,0 1,9	4 26,7 28,6 7,4	1 6,7 33,3 1,9	5 33,3 45,5 9,3	3 20,0 15,0 5,6	15 27,8
(Continued)	Column Total	1 1,9	5 9,3	14 25,9	3 5,6	11 20,4	20 37,0	54 100,0

Number of Missing Observations: 0

POSITION Position by A2

A2 Page 1 of 1

POSITION	Count Row Pct Col Pct Tot Pct	1,00	2,00	3,00	4,00	5,00	6,00	7,00	Row Total
MD/CEO	1,00		1 5,6 100,0 1,9	4 22,2 44,4 7,4	3 16,7 21,4 5,6	2 11,1 25,0 3,7	1 5,6 16,7 1,9	7 38,9 46,7 13,0	18 33,3
MKTG	2,00	1 4,8 100,0 1,9		5 23,8 55,6 9,3	6 28,6 42,9 11,1	2 9,5 25,0 3,7	3 14,3 50,0 5,6	4 19,0 26,7 7,4	21 38,9
OPERATIONS	3,00				5 33,3 35,7 9,3	4 26,7 50,0 7,4	2 13,3 33,3 3,7	4 26,7 26,7 7,4	15 27,8
(Continued)	Column Total	1 1,9	1 1,9	9 16,7	14 25,9	8 14,8	6 11,1	15 27,8	54 100,0

Number of Missing Observations: 0

POSITION Position by A3

POSITION	A3 Count Row Pct Col Pct Tot Pct	2,00	3,00	4,00	5,00	6,00	7,00	Row Total
MD/CEO	1,00		2 11,1 25,0 3,7	3 16,7 42,9 5,6	3 16,7 30,0 5,6	5 27,8 45,5 9,3	5 27,8 31,3 9,3	18 33,3
MKTG	2,00	1 4,8 50,0 1,9	3 14,3 37,5 5,6	2 9,5 28,6 3,7	3 14,3 30,0 5,6	4 19,0 36,4 7,4	8 38,1 50,0 14,8	21 38,9
OPERATIONS	3,00	1 6,7 50,0 1,9	3 20,0 37,5 5,6	2 13,3 28,6 3,7	4 26,7 40,0 7,4	2 13,3 18,2 3,7	3 20,0 18,8 5,6	15 27,8
(Continued)	Column Total	2 3,7	8 14,8	7 13,0	10 18,5	11 20,4	16 29,6	54 100,0

Page 1 of 1

Number of Missing Observations: 0

POSITION Position by A4

POSITION	A4 Count Row Pct Col Pct Tot Pct	2,00	3,00	4,00	5,00	6,00	7,00	Row Total
MD/CEO	1,00	1 5,6 100,0 1,9	2 11,1 25,0 3,7	3 16,7 33,3 5,6	3 16,7 37,5 5,6	3 16,7 50,0 5,6	6 33,3 27,3 11,1	18 33,3
MKTG	2,00		5 23,8 62,5 9,3	3 14,3 33,3 5,6	2 9,5 25,0 3,7	1 4,8 16,7 1,9	10 47,6 45,5 18,5	21 38,9
OPERATIONS	3,00		1 6,7 12,5 1,9	3 20,0 33,3 5,6	3 20,0 37,5 5,6	2 13,3 33,3 3,7	6 40,0 27,3 11,1	15 27,8
(Continued)	Column Total	1 1,9	8 14,8	9 16,7	8 14,8	6 11,1	22 40,7	54 100,0

Page 1 of 1

Number of Missing Observations: 0

POSITION Position by A5

A5 Page 1 of 1

POSITION	Count / Row Pct / Col Pct / Tot Pct	2,00	3,00	4,00	5,00	6,00	7,00	Row Total
MD/CEO	1,00	1	2	4	1	2	8	18
		5,6	11,1	22,2	5,6	11,1	44,4	33,3
		33,3	50,0	40,0	20,0	40,0	29,6	
		1,9	3,7	7,4	1,9	3,7	14,8	
MKTG	2,00	1		4	2	1	13	21
		4,8		19,0	9,5	4,8	61,9	38,9
		33,3		40,0	40,0	20,0	48,1	
		1,9		7,4	3,7	1,9	24,1	
OPERATIONS	3,00	1	2	2	2	2	6	15
		6,7	13,3	13,3	13,3	13,3	40,0	27,8
		33,3	50,0	20,0	40,0	40,0	22,2	
		1,9	3,7	3,7	3,7	3,7	11,1	
(Continued)	Column Total	3	4	10	5	5	27	54
		5,6	7,4	18,5	9,3	9,3	50,0	100,0

Number of Missing Observations: 0

POSITION Position by A6

A6 Page 1 of 1

POSITION	Count / Row Pct / Col Pct / Tot Pct	3,00	4,00	5,00	6,00	7,00	Row Total
MD/CEO	1,00	2	4	5		7	18
		11,1	22,2	27,8		38,9	33,3
		66,7	50,0	45,5		26,9	
		3,7	7,4	9,3		13,0	
MKTG	2,00		2	4	3	12	21
			9,5	19,0	14,3	57,1	38,9
			25,0	36,4	50,0	46,2	
			3,7	7,4	5,6	22,2	
OPERATIONS	3,00	1	2	2	3	7	15
		6,7	13,3	13,3	20,0	46,7	27,8
		33,3	25,0	18,2	50,0	26,9	
		1,9	3,7	3,7	5,6	13,0	
	Column Total	3	8	11	6	26	54
		5,6	14,8	20,4	11,1	48,1	100,0

Number of Missing Observations: 0

POSITION Position by A7

A7 Page 1 of 1

POSITION	Count Row Pct Col Pct Tot Pct	2,00	3,00	4,00	5,00	6,00	7,00	Row Total
MD/CEO	1,00	1 5,6 100,0 1,9	1 5,6 25,0 1,9	4 22,2 57,1 7,4	2 11,1 28,6 3,7		10 55,6 37,0 18,5	18 33,3
MKTG	2,00		1 4,8 25,0 1,9	3 14,3 42,9 5,6	2 9,5 28,6 3,7	2 9,5 25,0 3,7	13 61,9 48,1 24,1	21 38,9
OPERATIONS	3,00		2 13,3 50,0 3,7		3 20,0 42,9 5,6	6 40,0 75,0 11,1	4 26,7 14,8 7,4	15 27,8
(Continued)	Column Total	1 1,9	4 7,4	7 13,0	7 13,0	8 14,8	27 50,0	54 100,0

Number of Missing Observations: 0

POSITION Position by A8

A8 Page 1 of 1

POSITION	Count Row Pct Col Pct Tot Pct	2,00	3,00	4,00	5,00	6,00	7,00	Row Total
MD/CEO	1,00			2 11,1 33,3 3,7	8 44,4 66,7 14,8	4 22,2 44,4 7,4	4 22,2 17,4 7,4	18 33,3
MKTG	2,00	1 4,8 100,0 1,9	2 9,5 66,7 3,7	3 14,3 50,0 5,6	2 9,5 16,7 3,7	4 19,0 44,4 7,4	9 42,9 39,1 16,7	21 38,9
OPERATIONS	3,00		1 6,7 33,3 1,9	1 6,7 16,7 1,9	2 13,3 16,7 3,7	1 6,7 11,1 1,9	10 66,7 43,5 18,5	15 27,8
(Continued)	Column Total	1 1,9	3 5,6	6 11,1	12 22,2	9 16,7	23 42,6	54 100,0

Number of Missing Observations: 0

POSITION Position by A9

A9 — Page 1 of 1

POSITION	Count / Row Pct / Col Pct / Tot Pct	1,00	2,00	3,00	4,00	5,00	6,00	7,00	Row Total
1,00 MD/CEO	Count	1	2	4	3	1	3	4	18
	Row Pct	5,6	11,1	22,2	16,7	5,6	16,7	22,2	33,3
	Col Pct	50,0	40,0	44,4	25,0	20,0	33,3	33,3	
	Tot Pct	1,9	3,7	7,4	5,6	1,9	5,6	7,4	
2,00 MKTG	Count	1	2	4	5	3	1	5	21
	Row Pct	4,8	9,5	19,0	23,8	14,3	4,8	23,8	38,9
	Col Pct	50,0	40,0	44,4	41,7	60,0	11,1	41,7	
	Tot Pct	1,9	3,7	7,4	9,3	5,6	1,9	9,3	
3,00 OPERATIONS	Count		1	1	4	1	5	3	15
	Row Pct		6,7	6,7	26,7	6,7	33,3	20,0	27,8
	Col Pct		20,0	11,1	33,3	20,0	55,6	25,0	
	Tot Pct		1,9	1,9	7,4	1,9	9,3	5,6	
(Continued)	Column Total	2	5	9	12	5	9	12	54
		3,7	9,3	16,7	22,2	9,3	16,7	22,2	100,0

Number of Missing Observations: 0

POSITION Position by A10

A10 — Page 1 of 1

POSITION	Count / Row Pct / Col Pct / Tot Pct	2,00	3,00	4,00	5,00	6,00	7,00	Row Total
1,00 MD/CEO	Count	3	4	3	2	2	4	18
	Row Pct	16,7	22,2	16,7	11,1	11,1	22,2	33,3
	Col Pct	50,0	57,1	25,0	18,2	28,6	36,4	
	Tot Pct	5,6	7,4	5,6	3,7	3,7	7,4	
2,00 MKTG	Count	2	2	4	5	2	6	21
	Row Pct	9,5	9,5	19,0	23,8	9,5	28,6	38,9
	Col Pct	33,3	28,6	33,3	45,5	28,6	54,5	
	Tot Pct	3,7	3,7	7,4	9,3	3,7	11,1	
3,00 OPERATIONS	Count	1	1	5	4	3	1	15
	Row Pct	6,7	6,7	33,3	26,7	20,0	6,7	27,8
	Col Pct	16,7	14,3	41,7	36,4	42,9	9,1	
	Tot Pct	1,9	1,9	9,3	7,4	5,6	1,9	
(Continued)	Column Total	6	7	12	11	7	11	54
		11,1	13,0	22,2	20,4	13,0	20,4	100,0

Number of Missing Observations: 0

POSITION Position by A11

A11 — Page 1 of 1

POSITION	Count / Row Pct / Col Pct / Tot Pct	1,00	2,00	3,00	4,00	5,00	6,00	7,00	Row Total
MD/CEO	1,00	1 5,6 100,0 1,9	2 11,1 100,0 3,7		5 27,8 35,7 9,3	2 11,1 16,7 3,7	4 22,2 40,0 7,4	4 22,2 30,8 7,4	18 33,3
MKTG	2,00			1 4,8 50,0 1,9	6 28,6 42,9 11,1	4 19,0 33,3 7,4	3 14,3 30,0 5,6	7 33,3 53,8 13,0	21 38,9
OPERATIONS	3,00			1 6,7 50,0 1,9	3 20,0 21,4 5,6	6 40,0 50,0 11,1	3 20,0 30,0 5,6	2 13,3 15,4 3,7	15 27,8
(Continued)	Column Total	1 1,9	2 3,7	2 3,7	14 25,9	12 22,2	10 18,5	13 24,1	54 100,0

Number of Missing Observations: 0

POSITION Position by A12

A12 — Page 1 of 1

POSITION	Count / Row Pct / Col Pct / Tot Pct	2,00	3,00	4,00	5,00	6,00	7,00	Row Total
MD/CEO	1,00	1 5,6 50,0 1,9		3 16,7 30,0 5,6	6 33,3 46,2 11,1	2 11,1 22,2 3,7	6 33,3 35,3 11,1	18 33,3
MKTG	2,00	1 4,8 50,0 1,9	2 9,5 66,7 3,7	6 28,6 60,0 11,1	3 14,3 23,1 5,6	3 14,3 33,3 5,6	6 28,6 35,3 11,1	21 38,9
OPERATIONS	3,00		1 6,7 33,3 1,9	1 6,7 10,0 1,9	4 26,7 30,8 7,4	4 26,7 44,4 7,4	5 33,3 29,4 9,3	15 27,8
(Continued)	Column Total	2 3,7	3 5,6	10 18,5	13 24,1	9 16,7	17 31,5	54 100,0

Number of Missing Observations: 0

POSITION Position by A13

Page 1 of 1

POSITION	A13 Count / Row Pct / Col Pct / Tot Pct	1,00	2,00	3,00	4,00	5,00	6,00	7,00	Row Total
MD/CEO	1,00	1 5,6 50,0 1,9	1 5,6 33,3 1,9	3 16,7 27,3 5,6	4 22,2 44,4 7,4	2 11,1 20,0 3,7	3 16,7 50,0 5,6	4 22,2 30,8 7,4	18 33,3
MKTG	2,00		1 4,8 33,3 1,9	5 23,8 45,5 9,3	4 19,0 44,4 7,4	4 19,0 40,0 7,4	1 4,8 16,7 1,9	6 28,6 46,2 11,1	21 38,9
OPERATIONS	3,00	1 6,7 50,0 1,9	1 6,7 33,3 1,9	3 20,0 27,3 5,6	1 6,7 11,1 1,9	4 26,7 40,0 7,4	2 13,3 33,3 3,7	3 20,0 23,1 5,6	15 27,8
(Continued)	Column Total	2 3,7	3 5,6	11 20,4	9 16,7	10 18,5	6 11,1	13 24,1	54 100,0

Number of Missing Observations: 0

POSITION Position by A14

Page 1 of 1

POSITION	A14 Count / Row Pct / Col Pct / Tot Pct	2,00	3,00	4,00	5,00	6,00	7,00	Row Total
MD/CEO	1,00	1 5,6 100,0 1,9	2 11,1 25,0 3,7	3 16,7 33,3 5,6	4 22,2 40,0 7,4	2 11,1 25,0 3,7	6 33,3 33,3 11,1	18 33,3
MKTG	2,00		3 14,3 37,5 5,6	5 23,8 55,6 9,3	2 9,5 20,0 3,7	3 14,3 37,5 5,6	8 38,1 44,4 14,8	21 38,9
OPERATIONS	3,00		3 20,0 37,5 5,6	1 6,7 11,1 1,9	4 26,7 40,0 7,4	3 20,0 37,5 5,6	4 26,7 22,2 7,4	15 27,8
(Continued)	Column Total	1 1,9	8 14,8	9 16,7	10 18,5	8 14,8	18 33,3	54 100,0

Number of Missing Observations: 0

POSITION Position by A15

A15 — Page 1 of 1

POSITION	Count Row Pct Col Pct Tot Pct	2,00	3,00	4,00	5,00	6,00	7,00	Row Total
MD/CEO	1,00	2 11,1 28,6 3,7	2 11,1 18,2 3,7		5 27,8 50,0 9,3	1 5,6 16,7 1,9	8 44,4 53,3 14,8	18 33,3
MKTG	2,00	3 14,3 42,9 5,6	6 28,6 54,5 11,1	4 19,0 80,0 7,4	2 9,5 20,0 3,7	2 9,5 33,3 3,7	4 19,0 26,7 7,4	21 38,9
OPERATIONS	3,00	2 13,3 28,6 3,7	3 20,0 27,3 5,6	1 6,7 20,0 1,9	3 20,0 30,0 5,6	3 20,0 50,0 5,6	3 20,0 20,0 5,6	15 27,8
(Continued)	Column Total	7 13,0	11 20,4	5 9,3	10 18,5	6 11,1	15 27,8	54 100,0

Number of Missing Observations: 0

POSITION Position by A16

A16 — Page 1 of 1

POSITION	Count Row Pct Col Pct Tot Pct	1,00	2,00	3,00	4,00	5,00	6,00	7,00	Row Total
MD/CEO	1,00		1 5,6 33,3 1,9	3 16,7 100,0 5,6	2 11,1 25,0 3,7	1 5,6 12,5 1,9	4 22,2 36,4 7,4	7 38,9 35,0 13,0	18 33,3
MKTG	2,00	1 4,8 100,0 1,9	2 9,5 66,7 3,7		4 19,0 50,0 7,4	3 14,3 37,5 5,6	3 14,3 27,3 5,6	8 38,1 40,0 14,8	21 38,9
OPERATIONS	3,00				2 13,3 25,0 3,7	4 26,7 50,0 7,4	4 26,7 36,4 7,4	5 33,3 25,0 9,3	15 27,8
(Continued)	Column Total	1 1,9	3 5,6	3 5,6	8 14,8	8 14,8	11 20,4	20 37,0	54 100,0

Number of Missing Observations: 0

POSITION Position by A17

A17 — Page 1 of 1

POSITION	Count Row Pct Col Pct Tot Pct	1,00	2,00	3,00	4,00	5,00	6,00	7,00	Row Total
MD/CEO	1,00		2 11,1 50,0 3,7	3 16,7 50,0 5,6	5 27,8 35,7 9,3	5 27,8 38,5 9,3	1 5,6 16,7 1,9	2 11,1 20,0 3,7	18 33,3
MKTG	2,00	1 4,8 100,0 1,9	2 9,5 50,0 3,7	1 4,8 16,7 1,9	5 23,8 35,7 9,3	2 9,5 15,4 3,7	4 19,0 66,7 7,4	6 28,6 60,0 11,1	21 38,9
OPERATIONS	3,00			2 13,3 33,3 3,7	4 26,7 28,6 7,4	6 40,0 46,2 11,1	1 6,7 16,7 1,9	2 13,3 20,0 3,7	15 27,8
(Continued)	Column Total	1 1,9	4 7,4	6 11,1	14 25,9	13 24,1	6 11,1	10 18,5	54 100,0

Number of Missing Observations: 0

POSITION Position by A18

A18 — Page 1 of 1

POSITION	Count Row Pct Col Pct Tot Pct	1,00	2,00	3,00	4,00	5,00	6,00	7,00	Row Total
MD/CEO	1,00			3 16,7 50,0 5,6	7 38,9 50,0 13,0	3 16,7 30,0 5,6	1 5,6 16,7 1,9	4 22,2 26,7 7,4	18 33,3
MKTG	2,00		2 9,5 100,0 3,7	2 9,5 33,3 3,7	5 23,8 35,7 9,3	3 14,3 30,0 5,6	2 9,5 33,3 3,7	7 33,3 46,7 13,0	21 38,9
OPERATIONS	3,00	1 6,7 100,0 1,9		1 6,7 16,7 1,9	2 13,3 14,3 3,7	4 26,7 40,0 7,4	3 20,0 50,0 5,6	4 26,7 26,7 7,4	15 27,8
(Continued)	Column Total	1 1,9	2 3,7	6 11,1	14 25,9	10 18,5	6 11,1	15 27,8	54 100,0

Number of Missing Observations: 0

POSITION Position by A19

A19 Page 1 of 1

POSITION	Count / Row Pct / Col Pct / Tot Pct	2,00	3,00	4,00	5,00	6,00	7,00	Row Total
MD/CEO	1,00			3	2	3	10	18
				16,7	11,1	16,7	55,6	33,3
				60,0	22,2	30,0	38,5	
				5,6	3,7	5,6	18,5	
MKTG	2,00	1	1	1	5	3	10	21
		4,8	4,8	4,8	23,8	14,3	47,6	38,9
		100,0	33,3	20,0	55,6	30,0	38,5	
		1,9	1,9	1,9	9,3	5,6	18,5	
OPERATIONS	3,00		2	1	2	4	6	15
			13,3	6,7	13,3	26,7	40,0	27,8
			66,7	20,0	22,2	40,0	23,1	
			3,7	1,9	3,7	7,4	11,1	
(Continued)	Column Total	1	3	5	9	10	26	54
		1,9	5,6	9,3	16,7	18,5	48,1	100,0

Number of Missing Observations: 0

POSITION Position by A20

A20 Page 1 of 1

POSITION	Count / Row Pct / Col Pct / Tot Pct	1,00	2,00	3,00	4,00	5,00	6,00	7,00	Row Total
MD/CEO	1,00		3	4	3	3	1	4	18
			16,7	22,2	16,7	16,7	5,6	22,2	33,3
			42,9	40,0	33,3	37,5	11,1	40,0	
			5,6	7,4	5,6	5,6	1,9	7,4	
MKTG	2,00	1	1	4	3	3	4	5	21
		4,8	4,8	19,0	14,3	14,3	19,0	23,8	38,9
		100,0	14,3	40,0	33,3	37,5	44,4	50,0	
		1,9	1,9	7,4	5,6	5,6	7,4	9,3	
OPERATIONS	3,00		3	2	3	2	4	1	15
			20,0	13,3	20,0	13,3	26,7	6,7	27,8
			42,9	20,0	33,3	25,0	44,4	10,0	
			5,6	3,7	5,6	3,7	7,4	1,9	
(Continued)	Column Total	1	7	10	9	8	9	10	54
		1,9	13,0	18,5	16,7	14,8	16,7	18,5	100,0

Number of Missing Observations: 0

POSITION Position by A21

Page 1 of 1

POSITION	A21 (Count / Row Pct / Col Pct / Tot Pct)	1,00	2,00	3,00	4,00	5,00	6,00	7,00	Row Total
MD/CEO	1,00	1 5,6 100,0 1,9	2 11,1 28,6 3,7	1 5,6 9,1 1,9	8 44,4 50,0 14,8	3 16,7 42,9 5,6	1 5,6 16,7 1,9	2 11,1 33,3 3,7	18 33,3
MKTG	2,00		3 14,3 42,9 5,6	4 19,0 36,4 7,4	5 23,8 31,3 9,3	3 14,3 42,9 5,6	2 9,5 33,3 3,7	4 19,0 66,7 7,4	21 38,9
OPERATIONS	3,00		2 13,3 28,6 3,7	6 40,0 54,5 11,1	3 20,0 18,8 5,6	1 6,7 14,3 1,9	3 20,0 50,0 5,6		15 27,8
(Continued)	Column Total	1 1,9	7 13,0	11 20,4	16 29,6	7 13,0	6 11,1	6 11,1	54 100,0

Number of Missing Observations: 0

POSITION Position by A22

Page 1 of 1

POSITION	A22 (Count / Row Pct / Col Pct / Tot Pct)	2,00	3,00	4,00	5,00	6,00	7,00	Row Total
MD/CEO	1,00		3 16,7 33,3 5,6	5 27,8 38,5 9,3	5 27,8 55,6 9,3	2 11,1 33,3 3,7	3 16,7 18,8 5,6	18 33,3
MKTG	2,00	1 4,8 100,0 1,9	3 14,3 33,3 5,6	6 28,6 46,2 11,1	3 14,3 33,3 5,6	1 4,8 16,7 1,9	7 33,3 43,8 13,0	21 38,9
OPERATIONS	3,00		3 20,0 33,3 5,6	2 13,3 15,4 3,7	1 6,7 11,1 1,9	3 20,0 50,0 5,6	6 40,0 37,5 11,1	15 27,8
(Continued)	Column Total	1 1,9	9 16,7	13 24,1	9 16,7	6 11,1	16 29,6	54 100,0

Number of Missing Observations: 0

POSITION Position by A23

A23 — Page 1 of 1

POSITION	Count / Row Pct / Col Pct / Tot Pct	2,00	3,00	4,00	5,00	6,00	7,00	Row Total
MD/CEO	1,00		1	7	3	2	5	18
			5,6	38,9	16,7	11,1	27,8	33,3
			20,0	53,8	30,0	20,0	35,7	
			1,9	13,0	5,6	3,7	9,3	
MKTG	2,00	1	3	5	3	3	6	21
		4,8	14,3	23,8	14,3	14,3	28,6	38,9
		50,0	60,0	38,5	30,0	30,0	42,9	
		1,9	5,6	9,3	5,6	5,6	11,1	
OPERATIONS	3,00	1	1	1	4	5	3	15
		6,7	6,7	6,7	26,7	33,3	20,0	27,8
		50,0	20,0	7,7	40,0	50,0	21,4	
		1,9	1,9	1,9	7,4	9,3	5,6	
(Continued)	Column Total	2	5	13	10	10	14	54
		3,7	9,3	24,1	18,5	18,5	25,9	100,0

Number of Missing Observations: 0

POSITION Position by A24

A24 — Page 1 of 1

POSITION	Count / Row Pct / Col Pct / Tot Pct	3,00	4,00	5,00	6,00	7,00	Row Total
MD/CEO	1,00	3	4	5	2	4	18
		16,7	22,2	27,8	11,1	22,2	33,3
		42,9	26,7	45,5	28,6	28,6	
		5,6	7,4	9,3	3,7	7,4	
MKTG	2,00	2	7	4	2	6	21
		9,5	33,3	19,0	9,5	28,6	38,9
		28,6	46,7	36,4	28,6	42,9	
		3,7	13,0	7,4	3,7	11,1	
OPERATIONS	3,00	2	4	2	3	4	15
		13,3	26,7	13,3	20,0	26,7	27,8
		28,6	26,7	18,2	42,9	28,6	
		3,7	7,4	3,7	5,6	7,4	
	Column Total	7	15	11	7	14	54
		13,0	27,8	20,4	13,0	25,9	100,0

Number of Missing Observations: 0

POSITION Position by A25

POSITION	Count / Row Pct / Col Pct / Tot Pct	A25 2,00	3,00	4,00	5,00	6,00	7,00	Row Total
MD/CEO	1,00		2	5	5	3	3	18
			11,1	27,8	27,8	16,7	16,7	33,3
			50,0	45,5	38,5	25,0	25,0	
			3,7	9,3	9,3	5,6	5,6	
MKTG	2,00		2	2	6	4	7	21
			9,5	9,5	28,6	19,0	33,3	38,9
			50,0	18,2	46,2	33,3	58,3	
			3,7	3,7	11,1	7,4	13,0	
OPERATIONS	3,00	2		4	2	5	2	15
		13,3		26,7	13,3	33,3	13,3	27,8
		100,0		36,4	15,4	41,7	16,7	
		3,7		7,4	3,7	9,3	3,7	
(Continued)	Column Total	2	4	11	13	12	12	54
		3,7	7,4	20,4	24,1	22,2	22,2	100,0

Number of Missing Observations: 0

POSITION Position by A26

POSITION	Count / Row Pct / Col Pct / Tot Pct	A26 3,00	4,00	5,00	6,00	7,00	Row Total
MD/CEO	1,00	4	4	2	1	7	18
		22,2	22,2	11,1	5,6	38,9	33,3
		66,7	33,3	40,0	16,7	28,0	
		7,4	7,4	3,7	1,9	13,0	
MKTG	2,00	1	5	2	2	11	21
		4,8	23,8	9,5	9,5	52,4	38,9
		16,7	41,7	40,0	33,3	44,0	
		1,9	9,3	3,7	3,7	20,4	
OPERATIONS	3,00	1	3	1	3	7	15
		6,7	20,0	6,7	20,0	46,7	27,8
		16,7	25,0	20,0	50,0	28,0	
		1,9	5,6	1,9	5,6	13,0	
	Column Total	6	12	5	6	25	54
		11,1	22,2	9,3	11,1	46,3	100,0

Page 1 of 1

Number of Missing Observations: 0

POSITION Position by A27

POSITION	Count / Row Pct / Col Pct / Tot Pct	A27 1,00	2,00	3,00	4,00	5,00	6,00	7,00	Row Total
1,00 MD/CEO	Count		2	4	5	1		6	18
	Row Pct		11,1	22,2	27,8	5,6		33,3	33,3
	Col Pct		66,7	36,4	35,7	33,3		40,0	
	Tot Pct		3,7	7,4	9,3	1,9		11,1	
2,00 MKTG	Count	1	1	4	5	1	3	6	21
	Row Pct	4,8	4,8	19,0	23,8	4,8	14,3	28,6	38,9
	Col Pct	100,0	33,3	36,4	35,7	33,3	42,9	40,0	
	Tot Pct	1,9	1,9	7,4	9,3	1,9	5,6	11,1	
3,00 OPERATIONS	Count			3	4	1	4	3	15
	Row Pct			20,0	26,7	6,7	26,7	20,0	27,8
	Col Pct			27,3	28,6	33,3	57,1	20,0	
	Tot Pct			5,6	7,4	1,9	7,4	5,6	
(Continued)	Column Total	1	3	11	14	3	7	15	54
		1,9	5,6	20,4	25,9	5,6	13,0	27,8	100,0

Page 1 of 1

Number of Missing Observations: 0

POSITION Position by A28

POSITION	Count / Row Pct / Col Pct / Tot Pct	A28 2,00	3,00	4,00	5,00	6,00	7,00	Row Total
1,00 MD/CEO	Count		2	2	4	4	6	18
	Row Pct		11,1	11,1	22,2	22,2	33,3	33,3
	Col Pct		22,2	40,0	50,0	40,0	33,3	
	Tot Pct		3,7	3,7	7,4	7,4	11,1	
2,00 MKTG	Count	2	4	2	3	2	8	21
	Row Pct	9,5	19,0	9,5	14,3	9,5	38,1	38,9
	Col Pct	50,0	44,4	40,0	37,5	20,0	44,4	
	Tot Pct	3,7	7,4	3,7	5,6	3,7	14,8	
3,00 OPERATIONS	Count	2	3	1	1	4	4	15
	Row Pct	13,3	20,0	6,7	6,7	26,7	26,7	27,8
	Col Pct	50,0	33,3	20,0	12,5	40,0	22,2	
	Tot Pct	3,7	5,6	1,9	1,9	7,4	7,4	
(Continued)	Column Total	4	9	5	8	10	18	54
		7,4	16,7	9,3	14,8	18,5	33,3	100,0

Page 1 of 1

Number of Missing Observations: 0

POSITION Position by A29

POSITION	Count / Row Pct / Col Pct / Tot Pct	A29 2,00	3,00	4,00	5,00	6,00	7,00	Row Total
MD/CEO	1,00		1	4	5	3	5	18
			5,6	22,2	27,8	16,7	27,8	33,3
			16,7	57,1	45,5	23,1	31,3	
			1,9	7,4	9,3	5,6	9,3	
MKTG	2,00	1	4	1	3	4	8	21
		4,8	19,0	4,8	14,3	19,0	38,1	38,9
		100,0	66,7	14,3	27,3	30,8	50,0	
		1,9	7,4	1,9	5,6	7,4	14,8	
OPERATIONS	3,00		1	2	3	6	3	15
			6,7	13,3	20,0	40,0	20,0	27,8
			16,7	28,6	27,3	46,2	18,8	
			1,9	3,7	5,6	11,1	5,6	
(Continued)	Column Total	1	6	7	11	13	16	54
		1,9	11,1	13,0	20,4	24,1	29,6	100,0

Page 1 of 1

Number of Missing Observations: 0

POSITION Position by A30

POSITION	Count / Row Pct / Col Pct / Tot Pct	A30 2,00	3,00	4,00	5,00	6,00	7,00	Row Total
MD/CEO	1,00	1	1	5	3	3	5	18
		5,6	5,6	27,8	16,7	16,7	27,8	33,3
		33,3	16,7	50,0	60,0	25,0	27,8	
		1,9	1,9	9,3	5,6	5,6	9,3	
MKTG	2,00	1	3	3	1	4	9	21
		4,8	14,3	14,3	4,8	19,0	42,9	38,9
		33,3	50,0	30,0	20,0	33,3	50,0	
		1,9	5,6	5,6	1,9	7,4	16,7	
OPERATIONS	3,00	1	2	2	1	5	4	15
		6,7	13,3	13,3	6,7	33,3	26,7	27,8
		33,3	33,3	20,0	20,0	41,7	22,2	
		1,9	3,7	3,7	1,9	9,3	7,4	
(Continued)	Column Total	3	6	10	5	12	18	54
		5,6	11,1	18,5	9,3	22,2	33,3	100,0

Page 1 of 1

Number of Missing Observations: 0

APPENDIX 7

PRINCIPAL AXIS FACTORING - LOADING ± 0.50

----------- F A C T O R   A N A L Y S I S -----------

Analysis number 1   Listwise deletion of cases with missing values

Extraction   1 for analysis   1, Principal Axis Factoring (PAF)

Initial Statistics:

Variable	Communality	*	Factor	Eigenvalue	Pct of Var	Cum Pct
		*				
A1	.65568	*	1	9.95671	33.2	33.2
A2	.62012	*	2	2.10563	7.0	40.2
A3	.83818	*	3	1.97496	6.6	46.8
A4	.72068	*	4	1.76933	5.9	52.7
A5	.80792	*	5	1.71931	5.7	58.4
A6	.82925	*	6	1.44031	4.8	63.2
A7	.83124	*	7	1.19184	4.0	67.2
A8	.72227	*	8	1.10378	3.7	70.9
A9	.68516	*	9	.92818	3.1	74.0
A10	.64681	*	10	.91110	3.0	77.0
A11	.59620	*	11	.87205	2.9	79.9
A12	.85941	*	12	.72961	2.4	82.3
A13	.71442	*	13	.70145	2.3	84.7
A14	.51556	*	14	.57378	1.9	86.6
A15	.57069	*	15	.56045	1.9	88.5
A16	.71526	*	16	.54401	1.8	90.3
A17	.80891	*	17	.47936	1.6	91.9
A18	.81264	*	18	.37755	1.3	93.1
A19	.74567	*	19	.31692	1.1	94.2
A20	.66623	*	20	.28134	.9	95.1
A21	.71200	*	21	.26848	.9	96.0
A22	.79276	*	22	.22942	.8	96.8
A23	.68845	*	23	.21485	.7	97.5
A24	.83663	*	24	.16842	.6	98.1
A25	.76287	*	25	.14728	.5	98.6
A26	.74730	*	26	.14023	.5	99.0
A27	.63793	*	27	.10297	.3	99.4
A28	.81495	*	28	.08644	.3	99.7
A29	.77669	*	29	.06865	.2	99.9
A30	.81092	*	30	.03561	.1	100.0

PAF   extracted   8 factors.   16 iterations required.

----------- F A C T O R   A N A L Y S I S -----------

Factor Matrix:

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
A28	.77139				
A30	.72333				
A5	.68475				
A8	.67532				
A22	.66954				
A12	.66770	-.58922			
A27	.66405				
A18	.65968				
A4	.65250				
A16	.63298				
A3	.62411				
A13	.60958				
A26	.60125				
A17	.58973				
A23	.57580				
A10	.57544				
A29	.56561				
A6	.56239				
A15	.54969				
A25	.53895				
A7	.53577				
A1					
A9					
A20					
A19					
A24		.60477			
A11					
A21				-.52976	
A2				.51430	
A14					

	Factor 6	Factor 7	Factor 8
A28			
A30			
A5			
A8			
A22			

- - - - - - - - - - - FACTOR ANALYSIS - - - - - - - - - - -

	Factor 6	Factor 7	Factor 8
A12			
A27			
A18			
A4			
A16			
A3			
A13			
A26			
A17			
A23			
A10			
A29			
A6			
A15			
A25			
A7			
A1			
A9			
A20			
A19			
A24			
A11			
A21			
A2			
A14			

Final Statistics:

Variable	Communality	*	Factor	Eigenvalue	Pct of Var	Cum Pct
		*				
A1	.38810	*	1	9.58562	32.0	32.0
A2	.50386	*	2	1.77930	5.9	37.9
A3	.57286	*	3	1.59169	5.3	43.2
A4	.60540	*	4	1.38100	4.6	47.8
A5	.79171	*	5	1.34317	4.5	52.3
A6	.71429	*	6	1.05409	3.5	55.8
A7	.74932	*	7	.73940	2.5	58.2
A8	.59380	*	8	.72900	2.4	60.7
A9	.53832	*				
A10	.54022	*				
A11	.54074	*				
A12	.89251	*				
A13	.51465	*				
A14	.35125	*				
A15	.43729	*				
A16	.64767	*				
A17	.63449	*				
A18	.57129	*				
A19	.53085	*				
A20	.52533	*				
A21	.77897	*				
A22	.72400	*				
A23	.48151	*				
A24	.73504	*				
A25	.57217	*				
A26	.56972	*				
A27	.52257	*				
A28	.70322	*				
A29	.79516	*				
A30	.67694	*				

VARIMAX rotation 1 for extraction 1 in analysis 1 - Kaiser Normalization.

VARIMAX converged in 11 iterations.

Rotated Factor Matrix:

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
A12	.88140				
A22	.66882				
A16	.58660				
A15	.57429				
A27	.53032				
A3	.50557				
A30					
A1					
A29		.73286			
A9		.67352			
A10		.56346			
A11		.53084			
A7			.72731		
A6			.70845		
A19			.62349		
A8					
A17				.57026	
A26				.55116	
A18				.53373	
A25				.51127	
A23					
A5					.67908
A4					.51667
A28					
A13					
A21					
A20					
A24					
A14					
A2					

	Factor 6	Factor 7	Factor 8
A12			
A22			
A16			
A15			
A27			
A3			
A30			
A1			
A29			
A9			
A10			
A11			
A7			
A6			
A19			
A8			

----------- F A C T O R   A N A L Y S I S -----------

	Factor 6	Factor 7	Factor 8
A17			
A26			
A18			
A25			
A23			
A5			
A4			
A28			
A13			
A21	.79825		
A20	.66735		
A24		.71044	
A14		.57317	
A2			.68644

Factor Transformation Matrix:

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
Factor 1	.55671	.38880	.36490	.39266	.35007
Factor 2	-.66132	.02872	.50485	.19475	-.08878
Factor 3	-.02343	.60375	-.56134	-.10428	-.16140
Factor 4	-.12261	.16841	-.03595	.22065	-.18490
Factor 5	.25851	-.61072	-.27038	.48067	-.17123
Factor 6	-.12995	-.12393	-.28937	-.01124	-.08995
Factor 7	-.07232	-.23867	-.09735	-.42969	.71670
Factor 8	.38497	-.09911	.35954	-.57665	-.50820

	Factor 6	Factor 7	Factor 8
Factor 1	.27239	.17788	.15228
Factor 2	.26045	.42225	-.12258
Factor 3	.13617	.45289	-.24343
Factor 4	-.57439	.25386	.69142
Factor 5	.02909	.44790	-.15893
Factor 6	.70530	-.12293	.60269
Factor 7	-.06203	.45063	.15204
Factor 8	.08575	.31893	.11336

APPENDIX 8

PRINCIPAL AXIS FACTORING - LOADING ± 0.30

- - - - - - - - - - - F A C T O R   A N A L Y S I S - - - - - - - - - - -

Analysis number 1 Listwise deletion of cases with missing values

Extraction 1 for analysis 1, Principal Axis Factoring (PAF)

Initial Statistics:

Variable	Communality	*	Factor	Eigenvalue	Pct of Var	Cum Pct
		*				
A1	,65568	*	1	9,95671	33,2	33,2
A2	,62012	*	2	2,10563	7,0	40,2
A3	,83818	*	3	1,97496	6,6	46,8
A4	,72068	*	4	1,76933	5,9	52,7
A5	,80792	*	5	1,71931	5,7	58,4
A6	,82925	*	6	1,44031	4,8	63,2
A7	,83124	*	7	1,19184	4,0	67,2
A8	,72227	*	8	1,10378	3,7	70,9
A9	,68516	*	9	,92818	3,1	74,0
A10	,64681	*	10	,91110	3,0	77,0
A11	,59620	*	11	,87205	2,9	79,9
A12	,85941	*	12	,72961	2,4	82,3
A13	,71442	*	13	,70145	2,3	84,7
A14	,51556	*	14	,57378	1,9	86,6
A15	,57069	*	15	,56045	1,9	88,5
A16	,71526	*	16	,54401	1,8	90,3
A17	,80891	*	17	,47936	1,6	91,9
A18	,81264	*	18	,37755	1,3	93,1
A19	,74567	*	19	,31692	1,1	94,2
A20	,66623	*	20	,28134	,9	95,1
A21	,71200	*	21	,26848	,9	96,0
A22	,79276	*	22	,22942	,8	96,8
A23	,68845	*	23	,21485	,7	97,5
A24	,83663	*	24	,16842	,6	98,1
A25	,76287	*	25	,14728	,5	98,6
A26	,74730	*	26	,14023	,5	99,0
A27	,63793	*	27	,10297	,3	99,4
A28	,81495	*	28	,08644	,3	99,7
A29	,77669	*	29	,06865	,2	99,9
A30	,81092	*	30	,03561	,1	100,0

PAF extracted 8 factors. 16 iterations required.

---------- F A C T O R   A N A L Y S I S ----------

Factor Matrix:

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
A28	,77139				
A30	,72333				
A5	,68475		-,30058		
A8	,67532				
A22	,66954				
A12	,66770	-,58922			
A27	,66405				
A18	,65968				
A4	,65250				
A16	,63298				,32549
A3	,62411				
A13	,60958				
A26	,60125				
A17	,58973			,43216	
A23	,57580				
A10	,57544				-,34721
A29	,56561		,35980		-,45301
A6	,56239	,44453	-,34543		
A15	,54969				
A25	,53895				,40901
A7	,53577	,38182	-,39603		
A1	,46628				
A9	,45529		,34714		
A20	,38703			-,36510	
A19	,38289	,34171			
A24	,35535	,60477	,31595		,33823
A11	,36888		,46511	,30267	
A21	,48291			-,52976	
A2				,51430	
A14					

	Factor 6	Factor 7	Factor 8
A28			
A30	-,30383		
A5			-,32103
A8			
A22			

----------- FACTOR ANALYSIS -----------

	Factor 6	Factor 7	Factor 8
A12			
A27			
A18			
A4			
A16			
A3			
A13			
A26			
A17			
A23			
A10			
A29	-,31528		
A6			
A15			
A25			
A7			
A1			
A9			
A20	,37771		
A19			
A24			
A11			
A21	,41926		
A2	,31938		
A14			

Final Statistics:

Variable	Communality	*	Factor	Eigenvalue	Pct of Var	Cum Pct
		*				
A1	,38810	*	1	9,58562	32,0	32,0
A2	,50386	*	2	1,77930	5,9	37,9
A3	,57286	*	3	1,59169	5,3	43,2
A4	,60540	*	4	1,38100	4,6	47,8
A5	,79171	*	5	1,34317	4,5	52,3
A6	,71429	*	6	1,05409	3,5	55,8
A7	,74932	*	7	,73940	2,5	58,2
A8	,59380	*	8	,72900	2,4	60,7
A9	,53832	*				
A10	,54022	*				

- - - - - - - - - - - F A C T O R   A N A L Y S I S - - - - - - - - - - -

Variable	Communality	*	Factor	Eigenvalue	Pct of Var	Cum Pct
A11	,54074	*				
A12	,89251	*				
A13	,51465	*				
A14	,35125	*				
A15	,43729	*				
A16	,64767	*				
A17	,63449	*				
A18	,57129	*				
A19	,53085	*				
A20	,52533	*				
A21	,77897	*				
A22	,72400	*				
A23	,48151	*				
A24	,73504	*				
A25	,57217	*				
A26	,56972	*				
A27	,52257	*				
A28	,70322	*				
A29	,79516	*				
A30	,67694	*				

VARIMAX rotation 1 for extraction 1 in analysis 1 - Kaiser Normalization.

VARIMAX converged in 11 iterations.

Rotated Factor Matrix:

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
A12	,88140				
A22	,66882	,38184			
A16	,58660			,42205	
A15	,57429				
A27	,53032			,30883	
A3	,50557				
A30	,46766				,45205
A1	,30623	,30577			
A29	,33634	,73286			
A9		,67352			
A10		,56346			
A11		,53084			
A7			,72731		
A6			,70845		
A19			,62349		
A8	,35548	,37330	,46902	,31792	
A17				,57026	
A26	,34973		,34172	,55116	
A18				,53373	,32499
A25				,51127	
A23	,30070			,41801	
A5					,67908
A4	,37554		,37344		,51667
A28	,45593	,33262	,30569		,47810
A13		,32905			,38652
A21					
A20					
A24					
A14					
A2					

	Factor 6	Factor 7	Factor 8
A12			
A22			
A16			
A15			
A27			
A3			,41053
A30			
A1			
A29			
A9			
A10			
A11		,39880	
A7			,38801
A6			
A19			
A8			
A17			,38421
A26			
A18			
A25		,42044	
A23	,41018		
A5			
A4			
A28			
A13			
A21	,79825		
A20	,66735		
A24		,71044	
A14		,57317	
A2			,68644

Factor Transformation Matrix:

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
Factor 1	,55671	,38880	,36490	,39266	,35007
Factor 2	-,66132	,02872	,50485	,19475	-,08878
Factor 3	-,02343	,60375	-,56134	-,10428	-,16140
Factor 4	-,12261	,16841	-,03595	,22065	-,18490
Factor 5	,25851	-,61072	-,27038	,48067	-,17123
Factor 6	-,12995	-,12393	-,28937	-,01124	-,08995
Factor 7	-,07232	-,23867	-,09735	-,42969	,71670
Factor 8	,38497	-,09911	,35954	-,57665	-,50820

	Factor 6	Factor 7	Factor 8
Factor 1	,27239	,17788	,15228
Factor 2	,26045	,42225	-,12258
Factor 3	,13617	,45289	-,24343
Factor 4	-,57439	,25386	,69142
Factor 5	,02909	,44790	-,15893
Factor 6	,70530	-,12293	,60269
Factor 7	-,06203	,45063	,15204
Factor 8	,08575	,31893	,11336

APPENDIX 9

PRINCIPAL COMPONENT ANALYSIS - LOADING ± 0.50

- - - - - - - - - - - F A C T O R   A N A L Y S I S - - - - - - - - - - -

Analysis number 1   Listwise deletion of cases with missing values

Extraction 1 for analysis 1, Principal Components Analysis (PC)

Initial Statistics:

Variable	Communality	*	Factor	Eigenvalue	Pct of Var	Cum Pct
		*				
A1	1,00000	*	1	9,95671	33,2	33,2
A2	1,00000	*	2	2,10563	7,0	40,2
A3	1,00000	*	3	1,97496	6,6	46,8
A4	1,00000	*	4	1,76933	5,9	52,7
A5	1,00000	*	5	1,71931	5,7	58,4
A6	1,00000	*	6	1,44031	4,8	63,2
A7	1,00000	*	7	1,19184	4,0	67,2
A8	1,00000	*	8	1,10378	3,7	70,9
A9	1,00000	*	9	,92818	3,1	74,0
A10	1,00000	*	10	,91110	3,0	77,0
A11	1,00000	*	11	,87205	2,9	79,9
A12	1,00000	*	12	,72961	2,4	82,3
A13	1,00000	*	13	,70145	2,3	84,7
A14	1,00000	*	14	,57378	1,9	86,6
A15	1,00000	*	15	,56045	1,9	88,5
A16	1,00000	*	16	,54401	1,8	90,3
A17	1,00000	*	17	,47936	1,6	91,9
A18	1,00000	*	18	,37755	1,3	93,1
A19	1,00000	*	19	,31692	1,1	94,2
A20	1,00000	*	20	,28134	,9	95,1
A21	1,00000	*	21	,26848	,9	96,0
A22	1,00000	*	22	,22942	,8	96,8
A23	1,00000	*	23	,21485	,7	97,5
A24	1,00000	*	24	,16842	,6	98,1
A25	1,00000	*	25	,14728	,5	98,6
A26	1,00000	*	26	,14023	,5	99,0
A27	1,00000	*	27	,10297	,3	99,4
A28	1,00000	*	28	,08644	,3	99,7
A29	1,00000	*	29	,06865	,2	99,9
A30	1,00000	*	30	,03561	,1	100,0

PC   extracted   8 factors.

----------- F A C T O R   A N A L Y S I S -----------

Factor Matrix:

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
A28	,77930				
A30	,73328				
A8	,69059				
A5	,68524				
A27	,68426				
A18	,67718				
A22	,67555				
A4	,66569				
A12	,66156	-,53696			
A16	,64390				
A3	,63992				
A13	,62882				
A26	,61661				
A17	,60135				
A23	,59645				
A10	,59209				
A15	,57152				
A6	,56805				
A29	,56573				
A25	,55310				
A7	,53926				
A1					
A9					
A24		,69486			
A11			,59251		
A19					
A2				,68427	
A21				-,52129	
A20					
A14					

	Factor 6	Factor 7	Factor 8
A28			
A30			
A8			
A5			
A27			

---------- F A C T O R   A N A L Y S I S ----------

	Factor 6	Factor 7	Factor 8
A18			
A22			
A4			
A12			
A16			
A3			
A13			
A26			
A17			
A23			
A10			
A15			
A6			
A29			
A25			
A7			
A1			
A9			
A24			
A11			
A19			
A2			
A21			
A20	,53764		
A14			

Final Statistics:

Variable	Communality	*	Factor	Eigenvalue	Pct of Var	Cum Pct
		*				
A1	,59829	*	1	9,95671	33,2	33,2
A2	,73021	*	2	2,10563	7,0	40,2
A3	,66470	*	3	1,97496	6,6	46,8
A4	,71110	*	4	1,76933	5,9	52,7
A5	,80973	*	5	1,71931	5,7	58,4
A6	,77579	*	6	1,44031	4,8	63,2
A7	,77806	*	7	1,19184	4,0	67,2
A8	,67988	*	8	1,10378	3,7	70,9
A9	,70080	*				
A10	,63239	*				
A11	,69575	*				
A12	,84939	*				
A13	,64411	*				
A14	,66723	*				
A15	,55501	*				
A16	,71425	*				
A17	,73785	*				
A18	,63491	*				
A19	,73244	*				
A20	,73337	*				
A21	,80549	*				
A22	,77122	*				
A23	,62740	*				
A24	,77819	*				
A25	,67310	*				
A26	,69388	*				
A27	,59724	*				
A28	,73867	*				
A29	,81033	*				
A30	,72107	*				

VARIMAX rotation 1 for extraction 1 in analysis 1 - Kaiser Normalization.

VARIMAX converged in 10 iterations.

Rotated Factor Matrix:

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
A12	,84060				
A22	,71005				
A15	,66237				
A16	,61389				
A27	,58135				
A3	,53243				
A1					
A9		,78202			
A29		,72078			
A10		,61001			
A11		,57624			
A17			,66193		
A26			,61943		
A25			,57566		
A18			,57412		
A19				,74512	
A7				,72444	
A6				,71962	
A8				,51130	
A5					,71486
A4					,62574
A28					,53809
A13					,51669
A30					,50920
A20					
A21					
A23					
A14					
A24					
A2					

	Factor 6	Factor 7	Factor 8
A12			
A22			
A15			
A16			
A27			
A3			
A1			
A9			
A29			
A10			
A11			
A17			
A26			
A25			
A18			

- - - - - - - - - - - F A C T O R   A N A L Y S I S - - - - - - - - - - -

	Factor 6	Factor 7	Factor 8
A19			
A7			
A6			
A8			
A5			
A4			
A28			
A13			
A30			
A20	,81145		
A21	,80216		
A23			
A14		,79523	
A24		,69208	
A2			,83506

Factor Transformation Matrix:

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
Factor 1	,54365	,37210	,40486	,34831	,40342
Factor 2	-,62357	,12934	,20106	,39909	-,12988
Factor 3	,03819	,63475	-,09987	-,63251	-,12052
Factor 4	-,23770	,14695	,11692	,18367	-,08798
Factor 5	,25350	-,54812	,51647	-,25141	-,22220
Factor 6	-,10206	-,16713	,01058	-,27924	-,13201
Factor 7	,24460	-,23325	-,70854	,21981	,09933
Factor 8	,35091	,19376	-,05601	,31000	-,84938

	Factor 6	Factor 7	Factor 8
Factor 1	,26516	,15855	,15021
Factor 2	,28256	,50311	-,21193
Factor 3	-,04033	,41139	-,01413
Factor 4	-,48823	,05964	,79046
Factor 5	-,15872	,48040	,00114
Factor 6	,76015	-,10549	,52647
Factor 7	,04710	,54267	,16984
Factor 8	,06791	-,11200	-,03839

APPENDIX 10

MAXIMUM LIKELIHOOD - LOADING ± 0.50

----------- F A C T O R   A N A L Y S I S -----------

Analysis number 1   Listwise deletion of cases with missing values

Extraction   1 for analysis   1, Maximum Likelihood (ML)

Initial Statistics:

Variable	Communality	*	Factor	Eigenvalue	Pct of Var	Cum Pct
		*				
A1	,65568	*	1	9,95671	33,2	33,2
A2	,62012	*	2	2,10563	7,0	40,2
A3	,83818	*	3	1,97496	6,6	46,8
A4	,72068	*	4	1,76933	5,9	52,7
A5	,80792	*	5	1,71931	5,7	58,4
A6	,82925	*	6	1,44031	4,8	63,2
A7	,83124	*	7	1,19184	4,0	67,2
A8	,72227	*	8	1,10378	3,7	70,9
A9	,68516	*	9	,92818	3,1	74,0
A10	,64681	*	10	,91110	3,0	77,0
A11	,59620	*	11	,87205	2,9	79,9
A12	,85941	*	12	,72961	2,4	82,3
A13	,71442	*	13	,70145	2,3	84,7
A14	,51556	*	14	,57378	1,9	86,6
A15	,57069	*	15	,56045	1,9	88,5
A16	,71526	*	16	,54401	1,8	90,3
A17	,80891	*	17	,47936	1,6	91,9
A18	,81264	*	18	,37755	1,3	93,1
A19	,74567	*	19	,31692	1,1	94,2
A20	,66623	*	20	,28134	,9	95,1
A21	,71200	*	21	,26848	,9	96,0
A22	,79276	*	22	,22942	,8	96,8
A23	,68845	*	23	,21485	,7	97,5
A24	,83663	*	24	,16842	,6	98,1
A25	,76287	*	25	,14728	,5	98,6
A26	,74730	*	26	,14023	,5	99,0
A27	,63793	*	27	,10297	,3	99,4
A28	,81495	*	28	,08644	,3	99,7
A29	,77669	*	29	,06865	,2	99,9
A30	,81092	*	30	,03561	,1	100,0

----------- F A C T O R   A N A L Y S I S -----------

ML extracted 8 factors. 18 iterations required.

Test of fit of the 8-factor model:

Chi-square statistic: 226,4280, D.F.: 223, Significance: ,4235

Factor Matrix:

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
A7	,75711	,65245			
A21	,75567	-,65408			
A6	,65526				
A20	,53393				
A5	,51428				
A23					
A8					
A10					
A13					
A1					
A19					
A17					
A12			,89845		
A22			,62819		
A30			,57214		
A27			,55982		
A28	,52232		,54573		
A16			,52510		
A4			,50587		
A15					
A3					
A26					
A9				,56117	
A18					,58670
A29					-,52397
A25					
A11					
A14					
A24					
A2					

----------- FACTOR ANALYSIS -----------

	Factor 6	Factor 7	Factor 8
A7			
A21			
A6			
A20			
A5			
A23			
A8			
A10			
A13			
A1			
A19			
A17			
A12			
A22			
A30			
A27			
A28			
A16			
A4			
A15			
A3			
A26			
A9			
A18			
A29			
A25			
A11			
A14			
A24			
A2		,53176	

Final Statistics:

Variable	Communality	*	Factor	SS Loadings	Pct of Var	Cum Pct
		*				
A1	,31580	*	1	5,33411	17,8	17,8
A2	,50972	*	2	1,53008	5,1	22,9
A3	,53983	*	3	4,83022	16,1	39,0
A4	,60887	*	4	1,84228	6,1	45,1
A5	,68986	*	5	1,48206	4,9	50,1
A6	,70213	*	6	1,37451	4,6	54,6
A7	,99900	*	7	1,14211	3,8	58,5
A8	,62487	*	8	,75806	2,5	61,0
A9	,54905	*				
A10	,57669	*				
A11	,65895	*				
A12	,95716	*				
A13	,46909	*				
A14	,32213	*				
A15	,38293	*				
A16	,60037	*				
A17	,56318	*				
A18	,73392	*				
A19	,37805	*				
A20	,44817	*				
A21	,99900	*				
A22	,76312	*				
A23	,47114	*				
A24	,55555	*				
A25	,66734	*				
A26	,46453	*				
A27	,49806	*				
A28	,68732	*				
A29	,85688	*				
A30	,70069	*				

VARIMAX rotation 1 for extraction 1 in analysis 1 - Kaiser Normalization.

VARIMAX converged in 18 iterations.

Rotated Factor Matrix:

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
A12	,91078				
A22	,70450				
A16	,62485				
A27	,55981				
A15	,53617				
A3					
A26					
A7		,90248			
A6		,71611			
A8					
A19					
A29			,73822		
A9			,68115		
A10			,56503		
A5				,58086	
A4				,55911	
A30					
A28					
A13					
A21					,92852
A20					,58326
A23					
A18					
A25					
A24					
A14					
A11					
A1					
A2					
A17					

	Factor 6	Factor 7	Factor 8
A12			
A22			
A16			
A27			
A15			
A3			
A26			
A7			
A6			
A8			
A19			
A29			
A9			
A10			

---------- F A C T O R   A N A L Y S I S ----------

	Factor 6	Factor 7	Factor 8
A5			
A4			
A30			
A28			
A13			
A21			
A20			
A23			
A18	,69782		
A25	,56230		
A24		,58979	
A14		,54560	
A11		,51705	
A1			
A2			
A17			,68226

Factor Transformation Matrix:

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
Factor 1	,24906	,61053	,10406	,19296	,66216
Factor 2	-,07449	,67300	-,04049	-,07819	-,64952
Factor 3	,83344	-,16952	,25502	,29572	-,29445
Factor 4	-,36519	,09700	,73466	,14780	-,03217
Factor 5	-,00820	-,01524	-,49290	,01973	,12387
Factor 6	-,03017	-,26401	,14556	-,39519	-,00630
Factor 7	-,15145	-,23216	,25481	,18708	,12733
Factor 8	,28377	,11113	,23174	-,80981	,14261

	Factor 6	Factor 7	Factor 8
Factor 1	-,08542	,23543	,12642
Factor 2	,00502	,06835	,32741
Factor 3	,17477	,07400	,03798
Factor 4	,47701	,08401	-,24499
Factor 5	,83427	,10528	,18420
Factor 6	-,07333	,81839	,27721
Factor 7	-,02325	-,32069	,83883
Factor 8	,18077	-,37904	,03066

APPENDIX 11

ALPHA FACTORING - LOADING ± 0.50

----------- F A C T O R   A N A L Y S I S -----------

Analysis number 1   Listwise deletion of cases with missing values

Extraction   1 for analysis   1, Alpha Factoring (ALPHA)

Initial Statistics:

Variable	Communality	*	Factor	Eigenvalue	Pct of Var	Cum Pct
		*				
A1	,65568	*	1	9,95671	33,2	33,2
A2	,62012	*	2	2,10563	7,0	40,2
A3	,83818	*	3	1,97496	6,6	46,8
A4	,72068	*	4	1,76933	5,9	52,7
A5	,80792	*	5	1,71931	5,7	58,4
A6	,82925	*	6	1,44031	4,8	63,2
A7	,83124	*	7	1,19184	4,0	67,2
A8	,72227	*	8	1,10378	3,7	70,9
A9	,68516	*	9	,92818	3,1	74,0
A10	,64681	*	10	,91110	3,0	77,0
A11	,59620	*	11	,87205	2,9	79,9
A12	,85941	*	12	,72961	2,4	82,3
A13	,71442	*	13	,70145	2,3	84,7
A14	,51556	*	14	,57378	1,9	86,6
A15	,57069	*	15	,56045	1,9	88,5
A16	,71526	*	16	,54401	1,8	90,3
A17	,80891	*	17	,47936	1,6	91,9
A18	,81264	*	18	,37755	1,3	93,1
A19	,74567	*	19	,31692	1,1	94,2
A20	,66623	*	20	,28134	,9	95,1
A21	,71200	*	21	,26848	,9	96,0
A22	,79276	*	22	,22942	,8	96,8
A23	,68845	*	23	,21485	,7	97,5
A24	,83663	*	24	,16842	,6	98,1
A25	,76287	*	25	,14728	,5	98,6
A26	,74730	*	26	,14023	,5	99,0
A27	,63793	*	27	,10297	,3	99,4
A28	,81495	*	28	,08644	,3	99,7
A29	,77669	*	29	,06865	,2	99,9
A30	,81092	*	30	,03561	,1	100,0

ALPHA extracted   8 factors.   13 iterations required.

- - - - - - - - - - - F A C T O R   A N A L Y S I S - - - - - - - - - - -

Factor Matrix:

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
A28	,75801				
A30	,72071				
A8	,67073				
A22	,66932				
A5	,66662				
A18	,66628				
A27	,66535				
A12	,66100				
A4	,63709				
A16	,63406				
A3	,62872				
A13	,61225				
A26	,59876				
A17	,59723				
A23	,58386				
A10	,57745				
A6	,55741				
A29	,55388				,53475
A15	,54901				
A25	,54608				
A7	,53121			,51326	
A21					
A1					
A9					
A24		,65949			
A11					
A14					
A19			,53855		
A2					
A20					

	Factor 6	Factor 7	Factor 8
A28			
A30			
A8			
A22			
A5			
A18			
A27			
A12			
A4			
A16			
A3			
A13			
A26			
A17			
A23			
A10			
A6			
A29			
A15			
A25			
A7			
A21			
A1			
A9			
A24			
A11			
A14			
A19			
A2			
A20			

Final Statistics:

Variable	Communality	*	Factor	SS Loadings	Pct of Var	Cum Pct
		*				
A1	,38438	*	1	9,56914	31,9	31,9
A2	,52742	*	2	1,66335	5,5	37,4
A3	,59032	*	3	1,63051	5,4	42,9
A4	,60662	*	4	1,40850	4,7	47,6
A5	,82927	*	5	1,37919	4,6	52,2
A6	,70957	*	6	1,07254	3,6	55,7
A7	,69834	*	7	,75876	2,5	58,3
A8	,58512	*	8	,74287	2,5	60,7
A9	,54222	*				
A10	,52074	*				
A11	,53842	*				
A12	,87648	*				
A13	,51542	*				
A14	,32804	*				
A15	,44025	*				
A16	,65409	*				
A17	,63498	*				
A18	,55876	*				
A19	,58029	*				
A20	,50559	*				
A21	,79416	*				
A22	,70045	*				
A23	,49416	*				
A24	,77847	*				
A25	,55223	*				
A26	,58279	*				
A27	,53051	*				
A28	,70537	*				
A29	,79073	*				
A30	,66967	*				

VARIMAX rotation 1 for extraction 1 in analysis 1 - Kaiser Normalization.

VARIMAX converged in 9 iterations.

Rotated Factor Matrix:

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
A12	,88659				
A22	,65004				
A16	,60322				
A15	,59121				
A27	,55080				
A30	,51862				
A3	,51531				
A28					
A29		,74616			
A9		,66770			
A10		,55151			
A11		,53574			
A1					
A6			,68543		
A19			,67454		
A7			,67348		
A8					
A17				,59302	
A26				,55089	
A18					
A21					,80304
A20					,65476
A23					
A5					
A4					
A13					
A24					
A14					
A25					
A2					

	Factor 6	Factor 7	Factor 8
A12			
A22			
A16			
A15			
A27			
A30			
A3			
A28			
A29			
A9			
A10			
A11			
A1			
A6			
A19			
A7			

----------- F A C T O R   A N A L Y S I S -----------

	Factor 6	Factor 7	Factor 8
A8			
A17			
A26			
A18			
A21			
A20			
A23			
A5	,70153		
A4			
A13			
A24		,75773	
A14		,54886	
A25			
A2			,70397

Factor Transformation Matrix:

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
Factor 1	,57678	,39765	,34994	,37912	,27960
Factor 2	-,46837	,42822	-,07495	,04700	,06681
Factor 3	-,31186	-,43162	,67101	,18145	,28739
Factor 4	-,41368	,22126	,46269	-,04790	-,25934
Factor 5	-,16770	,56070	,03644	-,38431	,40858
Factor 6	-,14849	-,23760	-,27986	,05824	,76880
Factor 7	,28141	-,16931	,26171	-,81490	,07964
Factor 8	-,22406	-,15410	-,24380	-,06084	-,05639

	Factor 6	Factor 7	Factor 8
Factor 1	,29697	,21265	,17725
Factor 2	-,19479	,73769	-,05322
Factor 3	,06314	,07267	-,37605
Factor 4	,05924	-,25470	,65414
Factor 5	,16143	-,42467	-,36761
Factor 6	-,11226	-,05293	,48304
Factor 7	-,01456	,35609	,16199
Factor 8	,90967	,17461	,04168

APPENDIX 12

QUARTIMAX ROTATION - LOADING ± 0.50

----------- F A C T O R   A N A L Y S I S -----------

Analysis number 1   Listwise deletion of cases with missing values

Extraction   1 for analysis   1, Principal Axis Factoring (PAF)

Initial Statistics:

Variable	Communality	*	Factor	Eigenvalue	Pct of Var	Cum Pct
		*				
A1	,65568	*	1	9,95671	33,2	33,2
A2	,62012	*	2	2,10563	7,0	40,2
A3	,83818	*	3	1,97496	6,6	46,8
A4	,72068	*	4	1,76933	5,9	52,7
A5	,80792	*	5	1,71931	5,7	58,4
A6	,82925	*	6	1,44031	4,8	63,2
A7	,83124	*	7	1,19184	4,0	67,2
A8	,72227	*	8	1,10378	3,7	70,9
A9	,68516	*	9	,92818	3,1	74,0
A10	,64681	*	10	,91110	3,0	77,0
A11	,59620	*	11	,87205	2,9	79,9
A12	,85941	*	12	,72961	2,4	82,3
A13	,71442	*	13	,70145	2,3	84,7
A14	,51556	*	14	,57378	1,9	86,6
A15	,57069	*	15	,56045	1,9	88,5
A16	,71526	*	16	,54401	1,8	90,3
A17	,80891	*	17	,47936	1,6	91,9
A18	,81264	*	18	,37755	1,3	93,1
A19	,74567	*	19	,31692	1,1	94,2
A20	,66623	*	20	,28134	,9	95,1
A21	,71200	*	21	,26848	,9	96,0
A22	,79276	*	22	,22942	,8	96,8
A23	,68845	*	23	,21485	,7	97,5
A24	,83663	*	24	,16842	,6	98,1
A25	,76287	*	25	,14728	,5	98,6
A26	,74730	*	26	,14023	,5	99,0
A27	,63793	*	27	,10297	,3	99,4
A28	,81495	*	28	,08644	,3	99,7
A29	,77669	*	29	,06865	,2	99,9
A30	,81092	*	30	,03561	,1	100,0

PAF   extracted   8 factors.   16 iterations required.

----------- F A C T O R   A N A L Y S I S -----------

Factor Matrix:

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
A28	,77139				
A30	,72333				
A5	,68475				
A8	,67532				
A22	,66954				
A12	,66770	-,58922			
A27	,66405				
A18	,65968				
A4	,65250				
A16	,63298				
A3	,62411				
A13	,60958				
A26	,60125				
A17	,58973				
A23	,57580				
A10	,57544				
A29	,56561				
A6	,56239				
A15	,54969				
A25	,53895				
A7	,53577				
A1					
A9					
A20					
A19					
A24		,60477			
A11					
A21				-,52976	
A2				,51430	
A14					

	Factor 6	Factor 7	Factor 8
A28			
A30			
A5			
A8			
A22			
A12			
A27			
A18			
A4			
A16			
A3			
A13			
A26			
A17			
A23			
A10			
A29			
A6			
A15			
A25			
A7			
A1			
A9			
A20			
A19			
A24			

----------- F A C T O R   A N A L Y S I S -----------

	Factor 6	Factor 7	Factor 8
A11			
A21			
A2			
A14			

Final Statistics:

Variable	Communality	*	Factor	Eigenvalue	Pct of Var	Cum Pct
		*				
A1	,38810	*	1	9,58562	32,0	32,0
A2	,50386	*	2	1,77930	5,9	37,9
A3	,57286	*	3	1,59169	5,3	43,2
A4	,60540	*	4	1,38100	4,6	47,8
A5	,79171	*	5	1,34317	4,5	52,3
A6	,71429	*	6	1,05409	3,5	55,8
A7	,74932	*	7	,73940	2,5	58,2
A8	,59380	*	8	,72900	2,4	60,7
A9	,53832	*				
A10	,54022	*				
A11	,54074	*				
A12	,89251	*				
A13	,51465	*				
A14	,35125	*				
A15	,43729	*				
A16	,64767	*				
A17	,63449	*				
A18	,57129	*				
A19	,53085	*				
A20	,52533	*				
A21	,77897	*				
A22	,72400	*				
A23	,48151	*				
A24	,73504	*				
A25	,57217	*				
A26	,56972	*				
A27	,52257	*				
A28	,70322	*				
A29	,79516	*				
A30	,67694	*				

QUARTIMAX rotation 1 for extraction 1 in analysis 1 - Kaiser Normalization.

QUARTIMAX converged in 7 iterations.

Rotated Factor Matrix:

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
A12	,79190				
A28	,75832				
A30	,73233				
A16	,70738				
A22	,69910				
A27	,69595				
A5	,67382				
A18	,66400				
A3	,63987				
A4	,62556				
A8	,61778				
A26	,61721				
A15	,61352				
A13	,58367				
A23	,55743				
A17	,53131				
A25	,52972				
A1					
A7		,69879			
A6		,69336			
A19		,53594			
A29			,61359		
A9			,60786		
A11			,53081		
A10					
A24				,72282	
A14				,56589	
A21					,75259
A20					,62407
A2					

	Factor 6	Factor 7	Factor 8
A12			
A28			
A30			
A16			
A22			
A27			
A5			
A18			
A3			
A4			
A8			
A26			
A15			
A13			
A23			
A17			
A25			
A1			
A7			

----------- F A C T O R   A N A L Y S I S -----------

	Factor 6	Factor 7	Factor 8
A6			
A19			
A29			
A9			
A11			
A10			
A24			
A14			
A21			
A20			
A2	,66973		

Factor Transformation Matrix:

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
Factor 1	,94950	,18660	,18343	,10993	,12133
Factor 2	-,24746	,64866	,13967	,48570	,28654
Factor 3	-,06941	-,56158	,63392	,43780	,16462
Factor 4	-,03979	,03451	,21161	,27829	-,57936
Factor 5	,15213	-,35468	-,67502	,49995	-,02534
Factor 6	-,06406	-,18842	-,06726	-,10480	,72449
Factor 7	-,02548	-,05000	-,14320	,36185	-,02906
Factor 8	-,05394	,25309	-,13980	,30170	,11854

	Factor 6	Factor 7	Factor 8
Factor 1	,04480	,01729	,02941
Factor 2	-,19361	,36892	,08307
Factor 3	-,19704	-,08022	-,11802
Factor 4	,66907	,28818	-,09294
Factor 5	-,14496	,30581	-,17403
Factor 6	,61420	,20458	,03023
Factor 7	,16383	-,42281	,79935
Factor 8	,22120	-,67821	-,54728

APPENDIX 13

EQUIMAX ROTATION - LOADING ± 0.50

- - - - - - - - - - - F A C T O R   A N A L Y S I S - - - - - - - - - - -

Analysis number 1   Listwise deletion of cases with missing values

Extraction   1 for analysis   1, Principal Axis Factoring (PAF)

Initial Statistics:

Variable	Communality	*	Factor	Eigenvalue	Pct of Var	Cum Pct
		*				
A1	,65568	*	1	9,95671	33,2	33,2
A2	,62012	*	2	2,10563	7,0	40,2
A3	,83818	*	3	1,97496	6,6	46,8
A4	,72068	*	4	1,76933	5,9	52,7
A5	,80792	*	5	1,71931	5,7	58,4
A6	,82925	*	6	1,44031	4,8	63,2
A7	,83124	*	7	1,19184	4,0	67,2
A8	,72227	*	8	1,10378	3,7	70,9
A9	,68516	*	9	,92818	3,1	74,0
A10	,64681	*	10	,91110	3,0	77,0
A11	,59620	*	11	,87205	2,9	79,9
A12	,85941	*	12	,72961	2,4	82,3
A13	,71442	*	13	,70145	2,3	84,7
A14	,51556	*	14	,57378	1,9	86,6
A15	,57069	*	15	,56045	1,9	88,5
A16	,71526	*	16	,54401	1,8	90,3
A17	,80891	*	17	,47936	1,6	91,9
A18	,81264	*	18	,37755	1,3	93,1
A19	,74567	*	19	,31692	1,1	94,2
A20	,66623	*	20	,28134	,9	95,1
A21	,71200	*	21	,26848	,9	96,0
A22	,79276	*	22	,22942	,8	96,8
A23	,68845	*	23	,21485	,7	97,5
A24	,83663	*	24	,16842	,6	98,1
A25	,76287	*	25	,14728	,5	98,6
A26	,74730	*	26	,14023	,5	99,0
A27	,63793	*	27	,10297	,3	99,4
A28	,81495	*	28	,08644	,3	99,7
A29	,77669	*	29	,06865	,2	99,9
A30	,81092	*	30	,03561	,1	100,0

PAF   extracted   8 factors.   16 iterations required.

Factor Matrix:

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
A28	,77139				
A30	,72333				
A5	,68475				
A8	,67532				
A22	,66954				
A12	,66770	-,58922			
A27	,66405				
A18	,65968				
A4	,65250				
A16	,63298				
A3	,62411				
A13	,60958				
A26	,60125				
A17	,58973				
A23	,57580				
A10	,57544				
A29	,56561				
A6	,56239				
A15	,54969				
A25	,53895				
A7	,53577				
A1					
A9					
A20					
A19					
A24		,60477			
A11					
A21				-,52976	
A2				,51430	
A14					

	Factor 6	Factor 7	Factor 8
A28			
A30			
A5			
A8			
A22			
A12			
A27			
A18			
A4			
A16			
A3			
A13			
A26			
A17			
A23			
A10			
A29			
A6			
A15			
A25			
A7			
A1			
A9			
A20			
A19			
A24			
A11			

	Factor 6	Factor 7	Factor 8
A21			
A2			
A14			

Final Statistics:

Variable	Communality	*	Factor	Eigenvalue	Pct of Var	Cum Pct
		*				
A1	,38810	*	1	9,58562	32,0	32,0
A2	,50386	*	2	1,77930	5,9	37,9
A3	,57286	*	3	1,59169	5,3	43,2
A4	,60540	*	4	1,38100	4,6	47,8
A5	,79171	*	5	1,34317	4,5	52,3
A6	,71429	*	6	1,05409	3,5	55,8
A7	,74932	*	7	,73940	2,5	58,2
A8	,59380	*	8	,72900	2,4	60,7
A9	,53832	*				
A10	,54022	*				
A11	,54074	*				
A12	,89251	*				
A13	,51465	*				
A14	,35125	*				
A15	,43729	*				
A16	,64767	*				
A17	,63449	*				
A18	,57129	*				
A19	,53085	*				
A20	,52533	*				
A21	,77897	*				
A22	,72400	*				
A23	,48151	*				
A24	,73504	*				
A25	,57217	*				
A26	,56972	*				
A27	,52257	*				
A28	,70322	*				
A29	,79516	*				
A30	,67694	*				

EQUAMAX rotation 1 for extraction 1 in analysis 1 - Kaiser Normalization.

EQUAMAX converged in 29 iterations.

Rotated Factor Matrix:

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
A12	,80703				
A22	,62712				
A15					
A16					
A27					
A5		,71414			
A4		,57216			
A28		,55565			
A30		,53010			
A13					
A29			,73266		
A9			,66560		
A10			,54018		
A11					
A7				,70538	
A6				,68918	
A19				,63039	
A8					
A26					,58024
A17					,53871
A18					,52444
A25					
A21					
A20					
A23					
A2					
A3					
A1					
A24					
A14					

	Factor 6	Factor 7	Factor 8
A12			
A22			
A15			
A16			
A27			
A5			
A4			
A28			
A30			
A13			
A29			
A9			
A10			
A11			
A7			

- - - - - - - - - - - - F A C T O R   A N A L Y S I S - - - - - - - - - - - -

	Factor 6	Factor 7	Factor 8
A6			
A19			
A8			
A26			
A17			
A18			
A25			
A21	,81523		
A20	,67640		
A23			
A2		,70139	
A3			
A1			
A24			,73380
A14			,57259

Factor Transformation Matrix:

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
Factor 1	,40412	,43526	,35760	,35032	,39902
Factor 2	-,66671	-,18913	,01404	,49726	,09789
Factor 3	,04234	-,17131	,59364	-,54795	-,12647
Factor 4	-,15284	-,21286	,14648	-,06184	,18401
Factor 5	,24668	-,14268	-,61755	-,25722	,49515
Factor 6	-,19331	-,16340	-,15972	-,32105	-,07244
Factor 7	-,13745	,66031	-,28116	-,11931	-,49601
Factor 8	,49992	-,46589	-,11017	,37744	-,53375

	Factor 6	Factor 7	Factor 8
Factor 1	,33282	,26786	,23429
Factor 2	,22782	-,16090	,42999
Factor 3	,13396	-,24963	,46899
Factor 4	-,58112	,68402	,25807
Factor 5	,03498	-,15310	,44881
Factor 6	,68488	,56198	-,13120
Factor 7	-,07917	,12902	,42763
Factor 8	,07158	,12749	,26862

APPENDIX 14

Weighted = + score/6*1
1 = 33.2/33.2=1
33.2 = Amount of Variance Factor 1

FACTOR 1
PRO-ACTIVE

	A-12	A-22	A-16	A-15	A-27	A-3	SCORES	Weighted
1	7	7	7	4	4	7	36	6.00
2	5	5	6	6	4	5	31	5.17
3	7	6	7	7	7	4	38	6.33
4	7	6	6	6	6	6	37	6.17
5	5	6	7	3	3	6	30	5.00
6	6	7	6	5	7	5	36	6.00
7	7	7	7	7	7	7	42	7.00
8	7	7	7	7	7	7	42	7.00
9	5	4	7	3	6	5	30	5.00
10	6	6	7	7	7	5	38	6.33
11	7	7	7	7	7	7	42	7.00
12	7	7	7	7	7	7	42	7.00
13	5	4	6	7	4	4	30	5.00
14	6	7	4	4	4	7	32	5.33
15	4	5	5	2	4	3	23	3.83
16	6	4	7	5	5	5	32	5.33
17	7	7	7	3	7	3	34	5.67
18	7	7	7	7	7	7	42	7.00
19	4	4	7	5	4	7	31	5.17
20	7	6	7	6	6	7	39	6.50
21	5	3	3	3	3	3	20	3.33
22	7	7	7	7	7	7	42	7.00
23	4	3	4	3	6	5	25	4.17
24	6	6	6	5	4	6	33	5.50
25	7	6	7	7	7	6	40	6.67
26	7	7	6	6	6	3	35	5.83
27	6	3	6	5	4	5	29	4.83
28	3	3	6	5	6	6	29	4.83
29	2	2	2	2	2	2	12	2.00
30	7	7	7	7	7	7	42	7.00
31	3	5	5	3	4	5	25	4.17
32	5	5	3	3	3	6	25	4.17
33	4	5	2	3	3	6	23	3.83
34	7	4	7	6	3	6	33	5.50
35	5	5	4	4	7	7	32	5.33
36	5	5	6	7	3	7	33	5.50
37	3	4	5	3	4	3	22	3.67
38	4	4	4	7	4	4	27	4.50
39	6	7	4	3	4	3	27	4.50
40	2	4	4	2	3	3	18	3.00
41	4	4	1	4	5	3	21	3.50
42	7	7	5	5	7	5	36	6.00
43	5	3	4	4	4	3	23	3.83
44	5	4	2	2	5	4	22	3.67
45	4	5	7	7	4	6	33	5.50
46	7	4	7	7	7	6	38	6.33
47	6	3	6	2	3	7	27	4.50
48	6	5	4	5	2	7	29	4.83
49	4	6	5	2	3	4	24	4.00
50	5	4	5	5	3	5	27	4.50
51	4	3	3	5	2	6	23	3.83
52	4	4	5	6	1	4	24	4.00
53	5	3	6	3	6	4	27	4.50
54	5	3	5	2	3	2	20	3.33

				Weighted = + score/4*21/100	
				21 = 7.0/33.2=0.21	
				7.0 = Amount of Variance Factor 2	
	FACTOR 2				
	DENIAL			*SCORES*	*Weighted*
A - 29	A - 9	A- 10	A - 11		
5	1	4	4	14	0.74
7	6	5	6	24	1.26
7	7	7	4	25	1.31
6	4	3	5	18	0.95
7	3	3	4	17	0.89
6	2	4	4	16	0.84
7	7	4	7	25	1.31
7	7	7	7	28	1.47
5	4	2	3	14	0.74
7	6	6	6	25	1.31
7	7	7	6	27	1.42
7	7	7	7	28	1.47
4	3	2	4	13	0.68
7	5	7	6	25	1.31
3	4	5	4	16	0.84
6	5	5	6	22	1.16
7	7	7	6	27	1.42
7	6	5	4	22	1.16
5	5	7	1	18	0.95
6	6	6	5	23	1.21
4	1	3	5	13	0.68
7	7	7	7	28	1.47
5	6	6	5	22	1.16
6	6	4	5	21	1.10
6	2	3	2	13	0.68
6	6	6	7	25	1.31
6	2	4	6	18	0.95
2	3	5	5	15	0.79
7	7	2	7	23	1.21
7	7	7	7	28	1.47
5	7	4	5	21	1.10
4	6	2	2	14	0.74
6	3	6	7	22	1.16
3	3	3	5	14	0.74
4	5	5	7	21	1.10
6	7	6	7	26	1.37
3	5	5	7	20	1.05
6	4	5	5	20	1.05
6	7	5	6	24	1.26
5	4	3	4	16	0.84
7	4	4	4	19	1.00
5	3	2	7	17	0.89
3	4	2	3	12	0.63
7	6	6	6	25	1.31
3	3	3	4	13	0.68
5	4	4	7	20	1.05
6	4	7	6	23	1.21
4	4	4	4	16	0.84
5	5	4	4	18	0.95
5	3	4	4	16	0.84
5	3	5	5	18	0.95
3	2	4	4	13	0.68
4	4	4	5	17	0.89
4	2	4	5	15	0.79

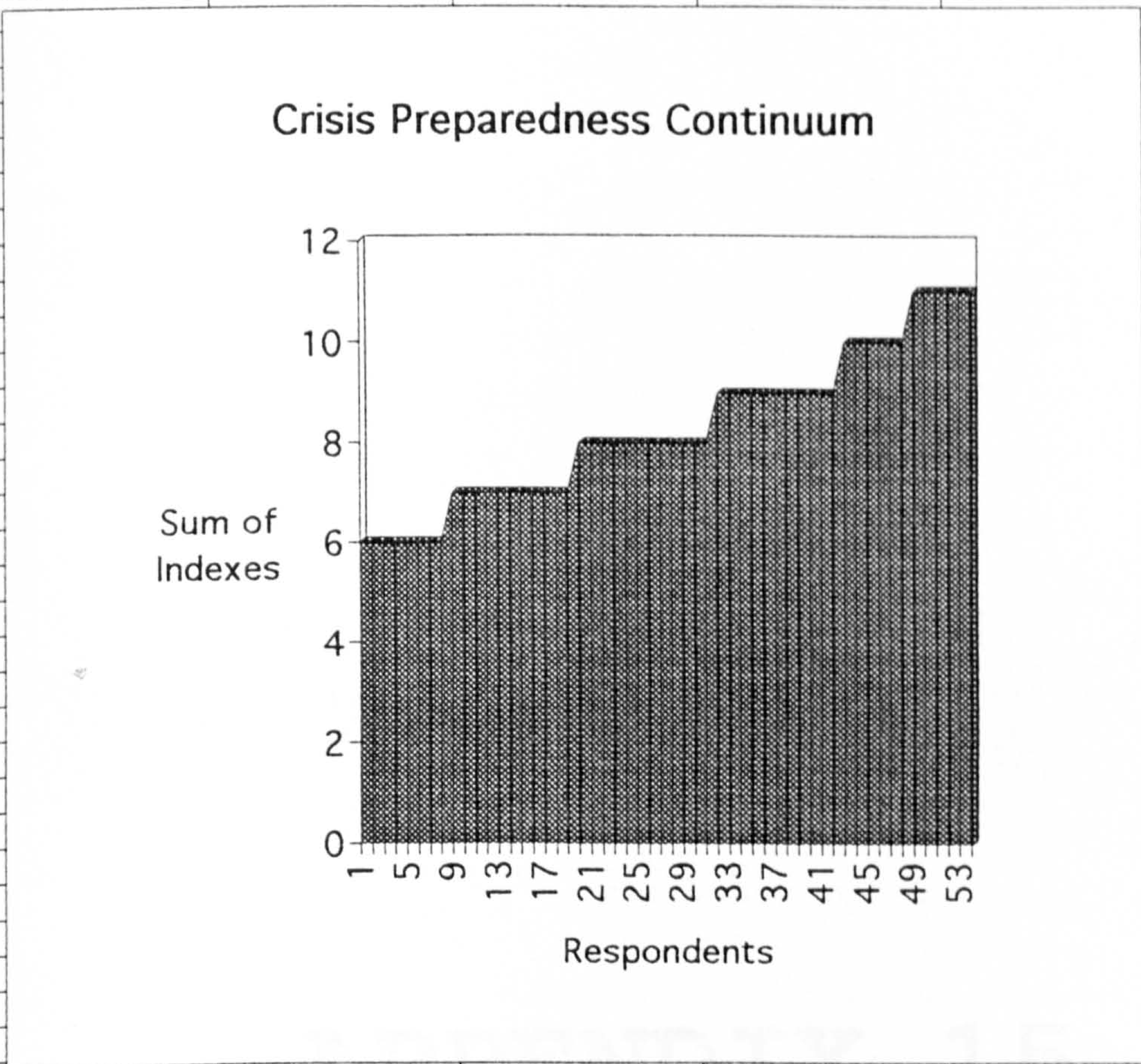
			Weighted = + score/3*20/100	
			20 = 6.6/33.2=0.198=0.20	
			6.6 = Amount of Variance Factor 3	
	FACTOR 3			
	FATALISM		SCORES	Weighted
A - 7	A - 6	A - 19		
5	7	7	19	1.27
7	7	7	21	1.40
4	4	4	12	0.80
6	7	6	19	1.27
7	5	7	19	1.27
7	7	6	20	1.33
6	7	7	20	1.33
7	7	7	21	1.40
7	7	5	19	1.27
7	7	7	21	1.40
7	7	7	21	1.40
7	7	7	21	1.40
7	5	5	17	1.13
7	7	7	21	1.40
6	5	7	18	1.20
7	7	7	21	1.40
7	7	7	21	1.40
5	5	7	17	1.13
7	7	7	21	1.40
7	7	4	18	1.20
2	4	7	13	0.87
7	7	7	21	1.40
7	7	3	17	1.13
5	7	6	18	1.20
5	4	7	16	1.07
7	7	7	21	1.40
4	5	5	14	0.93
7	7	6	20	1.33
7	7	7	21	1.40
7	7	7	21	1.40
3	4	6	13	0.87
4	4	7	15	1.00
4	4	4	12	0.80
6	4	2	12	0.80
7	6	7	20	1.33
7	7	7	21	1.40
4	5	5	14	0.93
4	4	5	13	0.87
3	3	3	9	0.60
7	7	7	21	1.40
5	6	6	17	1.13
4	3	4	11	0.73
4	6	7	17	1.13
5	3	4	12	0.80
5	5	6	16	1.07
7	5	6	18	1.20
7	7	5	19	1.27
7	5	7	19	1.27
6	6	3	15	1.00
6	6	5	17	1.13
5	7	6	18	1.20
2	3	5	10	0.67
5	5	5	15	1.00
5	6	6	17	1.13

				Weighted = + score/4*17/100	
				17 = 5.9/33.2=0.17	
				5.9 = Amount of Variance Factor 4	
	FACTOR 4				
	TECHNICAL			*SCORES*	*Weighted*
A - 17	A- 26	A - 18	A - 25		
4	7	7	7	25	1.06
5	7	5	6	23	0.98
4	7	4	5	20	0.85
4	7	6	5	22	0.94
6	7	5	5	23	0.98
4	7	4	7	22	0.94
7	6	6	7	26	1.11
7	7	7	7	28	1.19
6	4	5	4	19	0.81
5	7	5	7	24	1.02
7	7	7	7	28	1.19
7	7	7	7	28	1.19
5	6	6	6	23	0.98
4	4	6	6	20	0.85
2	6	5	5	18	0.77
5	6	6	4	21	0.89
7	7	7	7	28	1.19
5	7	7	6	25	1.06
4	4	7	4	19	0.81
7	7	5	6	25	1.06
3	4	7	7	21	0.89
7	7	7	5	26	1.11
6	7	6	6	25	1.06
7	7	6	4	24	1.02
2	7	4	5	18	0.77
5	7	5	7	24	1.02
5	3	5	6	19	0.81
7	7	7	6	27	1.15
5	7	2	7	21	0.89
7	7	7	7	28	1.19
4	6	7	6	23	0.98
4	3	4	5	16	0.68
7	5	3	4	19	0.81
5	4	4	7	20	0.85
4	7	7	5	23	0.98
4	4	4	4	16	0.68
6	5	4	5	20	0.85
3	4	4	3	14	0.60
4	4	4	6	18	0.77
3	3	3	3	12	0.51
1	3	2	3	9	0.38
3	3	3	3	12	0.51
3	4	7	5	19	0.81
2	3	4	3	12	0.51
5	5	4	5	19	0.81
6	7	5	5	23	0.98
4	4	4	5	17	0.72
5	7	3	4	19	0.81
4	5	5	4	18	0.77
3	4	3	2	12	0.51
4	4	4	4	16	0.68
2	6	3	6	17	0.72
5	3	4	4	16	0.68
5	6	1	2	14	0.60

TOTAL FACTORS SCORES	TOTAL FACTORS SCORES Rounded Numbers		CASES	TOTAL SCORES	Ascending - Scores
9.06	9		1	9	6
8.80	9		2	9	6
9.30	9	*	3	9	6
9.31	9		4	9	6
8.14	8	*	5	8	6
9.11	9		6	9	6
10.75	11		7	11	6
11.06	11		8	11	6
7.81	8	*	9	8	7
10.07	10		10	10	7
11.01	11		11	11	7
11.06	11	*	12	11	7
7.79	8	*	13	8	7
8.90	9		14	9	7
6.64	7	*	15	7	7
8.78	9		16	9	7
9.67	10		17	10	7
10.35	10		18	10	7
8.32	8		19	8	7
9.97	10		20	10	8
5.78	6		21	6	8
10.98	11	*	22	11	8
7.52	8		23	8	8
8.82	9		24	9	8
9.18	9		25	9	8
9.57	10		26	10	8
7.52	8		27	8	8
8.10	8		28	8	8
5.50	6		29	6	8
11.06	11		30	11	8
7.11	7		31	7	8
6.58	7		32	7	9
6.60	7		33	7	9
7.89	8		34	8	9
8.75	9		35	9	9
8.95	9		36	9	9
6.50	7		37	7	9
7.01	7		38	7	9
7.13	7		39	7	9
5.75	6	*	40	6	9
6.01	6		41	6	9
8.14	8		42	8	9
6.40	6		43	6	10
6.29	6		44	6	10
8.06	8		45	8	10
9.56	10		46	10	10
7.70	8		47	8	10
7.75	8		48	8	10
6.71	7		49	7	11
6.98	7		50	7	11
6.66	7		51	7	11
6.07	6		52	6	11
7.07	7		53	7	11
5.85	6		54	6	11

* = Organizations with a formal Crisis Management Structure

* Only 8 organizations


Crisis Preparedness Continuum
Sum of Indexes
12
10
8
6
4
2
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13
17
21
25
29
33
37
41
45
49
53
Respondents

APPENDIX 15

FREQUENCY ANALYSIS OF "GUILTY" SITUATION

M.V.G management victims - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	7	13.0	100.0	100.0
	.	47	87.0	Missing	
	Total	54	100.0	100.0	

Valid cases 7 Missing cases 47

- -

M.H.G management heroes - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	.	54	100.0	Missing	
	Total	54	100.0	100.0	

Valid cases 0 Missing cases 54

- -

M.R.G management rescuers - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	10	18.5	100.0	100.0
	.	44	81.5	Missing	
	Total	54	100.0	100.0	

Valid cases 10 Missing cases 44

- -

M.E.G management enemies - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	3	5.6	100.0	100.0
	.	51	94.4	Missing	
	Total	54	100.0	100.0	

Valid cases 3 Missing cases 51

- -

M.A.G management allies - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	1	1.9	100.0	100.0
	.	53	98.1	Missing	
	Total	54	100.0	100.0	

Valid cases 1 Missing cases 53

M.P.G management protectors - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	1	1.9	100.0	100.0
	.	53	98.1	Missing	
	Total	54	100.0	100.0	

Valid cases 1 Missing cases 53

M.VL.G management villains - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	30	55.6	100.0	100.0
	.	24	44.4	Missing	
	Total	54	100.0	100.0	

Valid cases 30 Missing cases 24

ST.V.G stockholders victims - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	20	37.0	100.0	100.0
	.	34	63.0	Missing	
	Total	54	100.0	100.0	

Valid cases 20 Missing cases 34

ST.H.G stokholders heroes - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	1	1.9	100.0	100.0
	.	53	98.1	Missing	
	Total	54	100.0	100.0	

Valid cases 1 Missing cases 53

ST.R.G stokholders rescuers - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	7	13.0	100.0	100.0
	.	47	87.0	Missing	
	Total	54	100.0	100.0	

Valid cases 7 Missing cases 47

ST.E.G stokholders enemies - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	4	7.4	100.0	100.0
	.	50	92.6	Missing	
	Total	54	100.0	100.0	

Valid cases 4 Missing cases 50

- -

ST.A.G stokholders allies - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	14	25.9	100.0	100.0
	.	40	74.1	Missing	
	Total	54	100.0	100.0	

Valid cases 14 Missing cases 40

- -

ST.P.G stokholders protectors - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	1	1.9	100.0	100.0
	.	53	98.1	Missing	
	Total	54	100.0	100.0	

Valid cases 1 Missing cases 53

- -

ST.VL.G stokholders villains - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	5	9.3	100.0	100.0
	.	49	90.7	Missing	
	Total	54	100.0	100.0	

Valid cases 5 Missing cases 49

- -

W.V.G workers victims - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	13	24.1	100.0	100.0
	.	41	75.9	Missing	
	Total	54	100.0	100.0	

Valid cases 13 Missing cases 41

W.H.G workers heroes - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	1	1.9	100.0	100.0
	.	53	98.1	Missing	
	Total	54	100.0	100.0	

Valid cases 1 Missing cases 53

- -

W.R.G workers rescuers - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	11	20.4	100.0	100.0
	.	43	79.6	Missing	
	Total	54	100.0	100.0	

Valid cases 11 Missing cases 43

- -

W.E.G workers enemies - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	6	11.1	100.0	100.0
	.	48	88.9	Missing	
	Total	54	100.0	100.0	

Valid cases 6 Missing cases 48

- -

W.A.G workers allies - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	3	5.6	100.0	100.0
	.	51	94.4	Missing	
	Total	54	100.0	100.0	

Valid cases 3 Missing cases 51

- -

W.P.G workers protectors - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	4	7.4	100.0	100.0
	.	50	92.6	Missing	
	Total	54	100.0	100.0	

Valid cases 4 Missing cases 50

W.VL.G workers villains "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	14	25.9	100.0	100.0
	.	40	74.1	Missing	
	Total	54	100.0	100.0	

Valid cases 14 Missing cases 40

- -

U.V.G union victims - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	1	1.9	100.0	100.0
	.	53	98.1	Missing	
	Total	54	100.0	100.0	

Valid cases 1 Missing cases 53

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U.H.G union heroes - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	.	54	100.0	Missing	
	Total	54	100.0	100.0	

Valid cases 0 Missing cases 54

- -

U.R.G union rescuers - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	5	9.3	100.0	100.0
	.	49	90.7	Missing	
	Total	54	100.0	100.0	

Valid cases 5 Missing cases 49

- -

U.E.G union enemies - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	22	40.7	100.0	100.0
	.	32	59.3	Missing	
	Total	54	100.0	100.0	

Valid cases 22 Missing cases 32

U.A.G union allies - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	9	16.7	100.0	100.0
	.	45	83.3	Missing	
	Total	54	100.0	100.0	

Valid cases 9 Missing cases 45

- -

U.P.G union protectors - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	5	9.3	100.0	100.0
	.	49	90.7	Missing	
	Total	54	100.0	100.0	

Valid cases 5 Missing cases 49

- -

U.VL.G union villains - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	2	3.7	100.0	100.0
	.	52	96.3	Missing	
	Total	54	100.0	100.0	

Valid cases 2 Missing cases 52

- -

ME.V.G media victims - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	.	54	100.0	Missing	
	Total	54	100.0	100.0	

Valid cases 0 Missing cases 54

- -

ME.H.G media heroes - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	1	1.9	100.0	100.0
	.	53	98.1	Missing	
	Total	54	100.0	100.0	

Valid cases 1 Missing cases 53

ME.R.G media rescuers - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	2	3.7	100.0	100.0
	.	52	96.3	Missing	
	Total	54	100.0	100.0	

Valid cases 2 Missing cases 52

- -

ME.E.G media enemies - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	24	44.4	100.0	100.0
	.	30	55.6	Missing	
	Total	54	100.0	100.0	

Valid cases 24 Missing cases 30

- -

ME.A.G media allies - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	12	22.2	100.0	100.0
	.	42	77.8	Missing	
	Total	54	100.0	100.0	

Valid cases 12 Missing cases 42

- -

ME.P.G media protectors - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	1	1.9	100.0	100.0
	.	53	98.1	Missing	
	Total	54	100.0	100.0	

Valid cases 1 Missing cases 53

- -

ME.VL.G media villains - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	11	20.4	100.0	100.0
	.	43	79.6	Missing	
	Total	54	100.0	100.0	

Valid cases 11 Missing cases 43

SU.V.G suppliers victims - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	11	20.4	100.0	100.0
	.	43	79.6	Missing	
	Total	54	100.0	100.0	

Valid cases 11 Missing cases 43

- -

SU.H.G suppliers heroes - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	.	54	100.0	Missing	
	Total	54	100.0	100.0	

Valid cases 0 Missing cases 54

- -

SU.R.G suppliers rescuers - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	6	11.1	100.0	100.0
	.	48	88.9	Missing	
	Total	54	100.0	100.0	

Valid cases 6 Missing cases 48

- -

SU.E.G suppliers enemies - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	5	9.3	100.0	100.0
	.	49	90.7	Missing	
	Total	54	100.0	100.0	

Valid cases 5 Missing cases 49

- -

SU.A.G suppliers allies - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	26	48.1	100.0	100.0
	.	28	51.9	Missing	
	Total	54	100.0	100.0	

Valid cases 26 Missing cases 28

SU.P.G suppliers protectors - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	3	5.6	100.0	100.0
	.	51	94.4	Missing	
	Total	54	100.0	100.0	

Valid cases 3 Missing cases 51

- -

SU.VL.G suppliers villains - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	1	1.9	100.0	100.0
	.	53	98.1	Missing	
	Total	54	100.0	100.0	

Valid cases 1 Missing cases 53

- -

CP.V.G competitors victims - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	.	54	100.0	Missing	
	Total	54	100.0	100.0	

Valid cases 0 Missing cases 54

- -

CP.H.G competitors heroes - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	2	3.7	100.0	100.0
	.	52	96.3	Missing	
	Total	54	100.0	100.0	

Valid cases 2 Missing cases 52

- -

CP.R.G competitors rescuers - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	5	9.3	100.0	100.0
	.	49	90.7	Missing	
	Total	54	100.0	100.0	

Valid cases 5 Missing cases 49

CP.E.G competitors enemies - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	19	35.2	100.0	100.0
	.	35	64.8	Missing	
	Total	54	100.0	100.0	

Valid cases 19 Missing cases 35

CP.A.G competitors allies - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	22	40.7	100.0	100.0
	.	32	59.3	Missing	
	Total	54	100.0	100.0	

Valid cases 22 Missing cases 32

CP.P.G competitors protectors - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	2	3.7	100.0	100.0
	.	52	96.3	Missing	
	Total	54	100.0	100.0	

Valid cases 2 Missing cases 52

CP.VL.G competitors villains - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	2	3.7	100.0	100.0
	.	52	96.3	Missing	
	Total	54	100.0	100.0	

Valid cases 2 Missing cases 52

SIG.V.G sp. int. groups victims - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	2	3.7	100.0	100.0
	.	52	96.3	Missing	
	Total	54	100.0	100.0	

Valid cases 2 Missing cases 52

SIG.H.G sp. int. groups heroes - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	2	3.7	100.0	100.0
	.	52	96.3	Missing	
	Total	54	100.0	100.0	

Valid cases 2 Missing cases 52

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SIG.R.G sp. int. groups rescuers - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	1	1.9	100.0	100.0
	.	53	98.1	Missing	
	Total	54	100.0	100.0	

Valid cases 1 Missing cases 53

- -

SIG.E.G sp. int. groups enemies - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	23	42.6	100.0	100.0
	.	31	57.4	Missing	
	Total	54	100.0	100.0	

Valid cases 23 Missing cases 31

- -

SIG.A.G sp. int. groups allies - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	9	16.7	100.0	100.0
	.	45	83.3	Missing	
	Total	54	100.0	100.0	

Valid cases 9 Missing cases 45

- -

SIG.P.G sp. int. groups protectors - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	5	9.3	100.0	100.0
	.	49	90.7	Missing	
	Total	54	100.0	100.0	

Valid cases 5 Missing cases 49

SIG.VL.G sp. int. groups villains - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	10	18.5	100.0	100.0
	.	44	81.5	Missing	
	Total	54	100.0	100.0	

Valid cases 10 Missing cases 44

R.V.G regulators victims - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	1	1.9	100.0	100.0
	.	53	98.1	Missing	
	Total	54	100.0	100.0	

Valid cases 1 Missing cases 53

R.H.G regulators heroes - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	3	5.6	100.0	100.0
	.	51	94.4	Missing	
	Total	54	100.0	100.0	

Valid cases 3 Missing cases 51

R.R.G regulators rescuers - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	5	9.3	100.0	100.0
	.	49	90.7	Missing	
	Total	54	100.0	100.0	

Valid cases 5 Missing cases 49

R.E.G regulators enemies - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	14	25.9	100.0	100.0
	.	40	74.1	Missing	
	Total	54	100.0	100.0	

Valid cases 14 Missing cases 40

R.A.G regulators allies - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	17	31.5	100.0	100.0
	.	37	68.5	Missing	
	Total	54	100.0	100.0	

Valid cases 17 Missing cases 37

- -

R.P.G regulators protectors - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	11	20.4	100.0	100.0
	.	43	79.6	Missing	
	Total	54	100.0	100.0	

Valid cases 11 Missing cases 43

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R.VL.G regulators villains - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	1	1.9	100.0	100.0
	.	53	98.1	Missing	
	Total	54	100.0	100.0	

Valid cases 1 Missing cases 53

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CS.V.G consumers victims - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	31	57.4	100.0	100.0
	.	23	42.6	Missing	
	Total	54	100.0	100.0	

Valid cases 31 Missing cases 23

- -

CS.H.G consumers heroes - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	1	1.9	100.0	100.0
	.	53	98.1	Missing	
	Total	54	100.0	100.0	

Valid cases 1 Missing cases 53

CS.R.G consumers rescuers - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	4	7.4	100.0	100.0
	.	50	92.6	Missing	
	Total	54	100.0	100.0	

Valid cases 4 Missing cases 50

CS.E.G consumers enemies - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	4	7.4	100.0	100.0
	.	50	92.6	Missing	
	Total	54	100.0	100.0	

Valid cases 4 Missing cases 50

CS.A.G consumers allies - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	8	14.8	100.0	100.0
	.	46	85.2	Missing	
	Total	54	100.0	100.0	

Valid cases 8 Missing cases 46

CS.P.G consumers protectors - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	3	5.6	100.0	100.0
	.	51	94.4	Missing	
	Total	54	100.0	100.0	

Valid cases 3 Missing cases 51

CS.VL.G consumers villains - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	1	1.9	100.0	100.0
	.	53	98.1	Missing	
	Total	54	100.0	100.0	

Valid cases 1 Missing cases 53

FI.V.G   financial institutions victims - "guilty

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	21	38.9	100.0	100.0
	.	33	61.1	Missing	
	Total	54	100.0	100.0	

Valid cases 21   Missing cases 33

FI.H.G   financial institutions heroes - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	.	54	100.0	Missing	
	Total	54	100.0	100.0	

Valid cases 0   Missing cases 54

FI.R.G   financial institutions rescuers - "guilt

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	14	25.9	100.0	100.0
	.	40	74.1	Missing	
	Total	54	100.0	100.0	

Valid cases 14   Missing cases 40

FI.E.G   financial institutions enemies - "guilty

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	4	7.4	100.0	100.0
	.	50	92.6	Missing	
	Total	54	100.0	100.0	

Valid cases 4   Missing cases 50

FI.A.G   financial institutions allies - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	6	11.1	100.0	100.0
	.	48	88.9	Missing	
	Total	54	100.0	100.0	

Valid cases 6   Missing cases 48

FI.P.G financial institutions protectors - "gui

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	6	11.1	100.0	100.0
	.	48	88.9	Missing	
	Total	54	100.0	100.0	

Valid cases 6 Missing cases 48

FI.VL.G financial institutions villains - "guilt

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	1	1.9	100.0	100.0
	.	53	98.1	Missing	
	Total	54	100.0	100.0	

Valid cases 1 Missing cases 53

IC.V.G insurance companies victims - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	15	27.8	100.0	100.0
	.	39	72.2	Missing	
	Total	54	100.0	100.0	

Valid cases 15 Missing cases 39

IC.H.G insurance companies heroes - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	2	3.7	100.0	100.0
	.	52	96.3	Missing	
	Total	54	100.0	100.0	

Valid cases 2 Missing cases 52

IC.R.G insurance companies rescuers - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	15	27.8	100.0	100.0
	.	39	72.2	Missing	
	Total	54	100.0	100.0	

Valid cases 15 Missing cases 39

IC.E.G insurance companies enemies - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	5	9.3	100.0	100.0
	.	49	90.7	Missing	
	Total	54	100.0	100.0	

Valid cases 5 Missing cases 49

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IC.A.G insurance companies allies - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	8	14.8	100.0	100.0
	.	46	85.2	Missing	
	Total	54	100.0	100.0	

Valid cases 8 Missing cases 46

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IC.P.G insurance companies protectors - "guilty

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	6	11.1	100.0	100.0
	.	48	88.9	Missing	
	Total	54	100.0	100.0	

Valid cases 6 Missing cases 48

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IC.VL.G insurance companies villains - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	1	1.9	100.0	100.0
	.	53	98.1	Missing	
	Total	54	100.0	100.0	

Valid cases 1 Missing cases 53

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LC.V.G local community victims - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	17	31.5	100.0	100.0
	.	37	68.5	Missing	
	Total	54	100.0	100.0	

Valid cases 17 Missing cases 37

LC.H.G local community heroes - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	1	1.9	100.0	100.0
	.	53	98.1	Missing	
	Total	54	100.0	100.0	

Valid cases 1 Missing cases 53

- -

LC.R.G local community rescuers - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	7	13.0	100.0	100.0
	.	47	87.0	Missing	
	Total	54	100.0	100.0	

Valid cases 7 Missing cases 47

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LC.E.G local community enemies - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	9	16.7	100.0	100.0
	.	45	83.3	Missing	
	Total	54	100.0	100.0	

Valid cases 9 Missing cases 45

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LC.A.G local community allies - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	13	24.1	100.0	100.0
	.	41	75.9	Missing	
	Total	54	100.0	100.0	

Valid cases 13 Missing cases 41

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LC.P.G local community protectors - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	2	3.7	100.0	100.0
	.	52	96.3	Missing	
	Total	54	100.0	100.0	

Valid cases 2 Missing cases 52

LC.VL.G local community villains - "guilty"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	3	5.6	100.0	100.0
	.	51	94.4	Missing	
	Total	54	100.0	100.0	

Valid cases 3 Missing cases 51

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NC.V.G national (wider community) villains - "g

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	17	31.5	100.0	100.0
	.	37	68.5	Missing	
	Total	54	100.0	100.0	

Valid cases 17 Missing cases 37

- -

NC.H.G national (wider community) heroes - "gui

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	1	1.9	100.0	100.0
	.	53	98.1	Missing	
	Total	54	100.0	100.0	

Valid cases 1 Missing cases 53

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NC.R.G national (wider community) recuers - "gu

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	5	9.3	100.0	100.0
	.	49	90.7	Missing	
	Total	54	100.0	100.0	

Valid cases 5 Missing cases 49

- -

NC.E.G national (wider community) enemies - "gu

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	9	16.7	100.0	100.0
	.	45	83.3	Missing	
	Total	54	100.0	100.0	

Valid cases 9 Missing cases 45

NC.A.G national (wider community) allies - "gui

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	11	20.4	100.0	100.0
	.	43	79.6	Missing	
	Total	54	100.0	100.0	

Valid cases 11 Missing cases 43

- -

NC.P.G national (wider community) protectors -

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	4	7.4	100.0	100.0
	.	50	92.6	Missing	
	Total	54	100.0	100.0	

Valid cases 4 Missing cases 50

- -

NC.VL.G national (wider community) villains - "g

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	3	5.6	100.0	100.0
	.	51	94.4	Missing	
	Total	54	100.0	100.0	

Valid cases 3 Missing cases 51

- -

APPENDIX 16

CROSSTABULATION ANALYSIS OF "GUILTY" SITUATION

```
PREPORNO  Prepared and Not Prepared Org.
by  M.V.G  management victims - "guilty"

                     M.V.G       Page 1 of 1
            Count   |
            Row Pct |ticked
            Col Pct |           Row
            Tot Pct |    1,00| Total
PREPORNO    --------+--------+
              2,00  |    1   |    1
  Not Prepared      | 100,0  | 100,0
                    | 100,0  |
                    | 100,0  |
                    +--------+
             Column      1        1
              Total  100,0    100,0

Number of Missing Observations:  53
```

```
PREPORNO  Prepared and Not Prepared Org.
by  M.R.G  management rescuers - "guilty"

                     M.R.G       Page 1 of 1
            Count   |
            Row Pct |ticked
            Col Pct |           Row
            Tot Pct |    1,00| Total
PREPORNO    --------+--------+
              1,00  |    1   |    1
  Prepared          | 100,0  |  50,0
                    |  50,0  |
                    |  50,0  |
                    +--------+
              2,00  |    1   |    1
  Not Prepared      | 100,0  |  50,0
                    |  50,0  |
                    |  50,0  |
                    +--------+
             Column      2        2
              Total  100,0    100,0

Number of Missing Observations:  52
```

```
PREPORNO  Prepared and Not Prepared Org.
by  M.VL.G  management villains - "guilty"

                     M.VL.G      Page 1 of 1
            Count   |
            Row Pct |ticked
            Col Pct |           Row
            Tot Pct |    1,00| Total
PREPORNO    --------+--------+
              1,00  |    4   |    4
  Prepared          | 100,0  |  57,1
                    |  57,1  |
                    |  57,1  |
                    +--------+
              2,00  |    3   |    3
  Not Prepared      | 100,0  |  42,9
                    |  42,9  |
                    |  42,9  |
                    +--------+
             Column      7        7
              Total  100,0    100,0

Number of Missing Observations:  47
```

PREPORNO Prepared and Not Prepared Org.
by ST.V.G stockholders victims - "guilty"

ST.V.G Page 1 of 1

PREPORNO	Count / Row Pct / Col Pct / Tot Pct	ticked 1,00	Row Total
Prepared	1,00	3 100,0 100,0 100,0	3 100,0
	Column Total	3 100,0	3 100,0

Number of Missing Observations: 51

PREPORNO Prepared and Not Prepared Org.
by ST.H.G stokholders heroes - "guilty"

ST.H.G Page 1 of 1

PREPORNO	Count / Row Pct / Col Pct / Tot Pct	ticked 1,00	Row Total
Not Prepared	2,00	1 100,0 100,0 100,0	1 100,0
	Column Total	1 100,0	1 100,0

Number of Missing Observations: 53

PREPORNO Prepared and Not Prepared Org.
by ST.R.G stokholders rescuers - "guilty"

ST.R.G Page 1 of 1

PREPORNO	Count / Row Pct / Col Pct / Tot Pct	ticked 1,00	Row Total
Not Prepared	2,00	2 100,0 100,0 100,0	2 100,0
	Column Total	2 100,0	2 100,0

Number of Missing Observations: 52

```
PREPORNO  Prepared and Not Prepared Org.
by  ST.A.G  stokholders allies - "guilty"

                         ST.A.G       Page 1 of 1
            Count   |
            Row Pct |ticked
            Col Pct |              Row
            Tot Pct |      1,00|  Total
PREPORNO    --------+---------+
              2,00  |      1  |      1
  Not Prepared      |  100,0  |  100,0
                    |  100,0  |
                    |  100,0  |
                    +---------+
            Column         1         1
             Total     100,0     100,0

Number of Missing Observations:  53
```

```
PREPORNO  Prepared and Not Prepared Org.
by  ST.VL.G  stokholders villains - "guilty"

                         ST.VL.G      Page 1 of 1
            Count   |
            Row Pct |ticked
            Col Pct |              Row
            Tot Pct |      1,00|  Total
PREPORNO    --------+---------+
              1,00  |      2  |      2
  Prepared          |  100,0  |  100,0
                    |  100,0  |
                    |  100,0  |
                    +---------+
            Column         2         2
             Total     100,0     100,0

Number of Missing Observations:  52
```

```
PREPORNO  Prepared and Not Prepared Org.  by  W.V.G  workers victims -
"guilty"

                         W.V.G        Page 1 of 1
            Count   |
            Row Pct |ticked
            Col Pct |              Row
            Tot Pct |      1,00|  Total
PREPORNO    --------+---------+
              1,00  |      1  |      1
  Prepared          |  100,0  |   33,3
                    |   33,3  |
                    |   33,3  |
                    +---------+
              2,00  |      2  |      2
  Not Prepared      |  100,0  |   66,7
                    |   66,7  |
                    |   66,7  |
                    +---------+
            Column         3         3
             Total     100,0     100,0

Number of Missing Observations:  51
```

```
PREPORNO  Prepared and Not Prepared Org.  by  W.R.G  workers rescuers -
"guilty"

                    W.R.G       Page 1 of 1
          Count    |
          Row Pct  |ticked
          Col Pct  |           Row
          Tot Pct  |     1,00| Total
PREPORNO  --------+---------+
            2,00   |    2   |     2
  Not Prepared     | 100,0  | 100,0
                   | 100,0  |
                   | 100,0  |
                   +--------+
          Column        2         2
           Total    100,0     100,0

Number of Missing Observations:  52
```

```
PREPORNO  Prepared and Not Prepared Org.
by  W.P.G  workers protectors - "guilty"

                    W.P.G       Page 1 of 1
          Count    |
          Row Pct  |ticked
          Col Pct  |           Row
          Tot Pct  |     1,00| Total
PREPORNO  --------+---------+
            2,00   |    1   |     1
  Not Prepared     | 100,0  | 100,0
                   | 100,0  |
                   | 100,0  |
                   +--------+
          Column        1         1
           Total    100,0     100,0

Number of Missing Observations:  53
```

```
PREPORNO  Prepared and Not Prepared Org.  by  W.VL.G  workers villains
"guilty"

                    W.VL.G      Page 1 of 1
          Count    |
          Row Pct  |ticked
          Col Pct  |           Row
          Tot Pct  |     1,00| Total
PREPORNO  --------+---------+
            1,00   |    4   |     4
  Prepared         | 100,0  | 100,0
                   | 100,0  |
                   | 100,0  |
                   +--------+
          Column        4         4
           Total    100,0     100,0

Number of Missing Observations:  50
```

PREPORNO Prepared and Not Prepared Org. by U.R.G union rescuers - "guilty"

```
                        U.R.G        Page 1 of 1
            Count      |
            Row Pct    |ticked
            Col Pct    |             Row
            Tot Pct    |      1,00|  Total
PREPORNO    --------+---------+
              2,00     |     2   |     2
  Not Prepared         | 100,0   |  100,0
                       | 100,0   |
                       | 100,0   |
                       +---------+
            Column          2          2
             Total      100,0      100,0
```

Number of Missing Observations: 52

PREPORNO Prepared and Not Prepared Org. by U.E.G union enemies - "guilty"

```
                        U.E.G        Page 1 of 1
            Count      |
            Row Pct    |ticked
            Col Pct    |             Row
            Tot Pct    |      1,00|  Total
PREPORNO    --------+---------+
              1,00     |     1   |     1
  Prepared             | 100,0   |   50,0
                       |  50,0   |
                       |  50,0   |
                       +---------+
              2,00     |     1   |     1
  Not Prepared         | 100,0   |   50,0
                       |  50,0   |
                       |  50,0   |
                       +---------+
            Column          2          2
             Total      100,0      100,0
```

Number of Missing Observations: 52

PREPORNO Prepared and Not Prepared Org. by U.A.G union allies - "guilty"

```
                        U.A.G        Page 1 of 1
            Count      |
            Row Pct    |ticked
            Col Pct    |             Row
            Tot Pct    |      1,00|  Total
PREPORNO    --------+---------+
              2,00     |     1   |     1
  Not Prepared         | 100,0   |  100,0
                       | 100,0   |
                       | 100,0   |
                       +---------+
            Column          1          1
             Total      100,0      100,0
```

Number of Missing Observations: 53

PREPORNO Prepared and Not Prepared Org. by U.P.G union protectors - "guilty"

U.P.G — Page 1 of 1

PREPORNO	Count / Row Pct / Col Pct / Tot Pct	ticked 1,00	Row Total
Not Prepared	2,00	1 100,0 100,0 100,0	1 100,0
	Column Total	1 100,0	1 100,0

Number of Missing Observations: 53

PREPORNO Prepared and Not Prepared Org. by ME.R.G media rescuers - "guilty"

ME.R.G — Page 1 of 1

PREPORNO	Count / Row Pct / Col Pct / Tot Pct	ticked 1,00	Row Total
Not Prepared	2,00	1 100,0 100,0 100,0	1 100,0
	Column Total	1 100,0	1 100,0

Number of Missing Observations: 53

PREPORNO Prepared and Not Prepared Org. by ME.E.G media enemies - "guilty"

ME.E.G — Page 1 of 1

PREPORNO	Count / Row Pct / Col Pct / Tot Pct	ticked 1,00	Row Total
Prepared	1,00	4 100,0 80,0 80,0	4 80,0
Not Prepared	2,00	1 100,0 20,0 20,0	1 20,0
	Column Total	5 100,0	5 100,0

Number of Missing Observations: 49

PREPORNO Prepared and Not Prepared Org. by ME.A.G media allies - "guilty"

```
                        ME.A.G      Page 1 of 1
                Count  |
              Row Pct  |ticked
              Col Pct  |            Row
              Tot Pct  |     1,00|  Total
PREPORNO      --------+--------+
                1,00   |     1  |      1
  Prepared             | 100,0  |  100,0
                       | 100,0  |
                       | 100,0  |
                       +--------+
               Column        1         1
                Total    100,0     100,0
```

Number of Missing Observations: 53

PREPORNO Prepared and Not Prepared Org. by ME.VL.G media villains - "guilty"

```
                        ME.VL.G     Page 1 of 1
                Count  |
              Row Pct  |ticked
              Col Pct  |            Row
              Tot Pct  |     1,00|  Total
PREPORNO      --------+--------+
                2,00   |     3  |      3
  Not Prepared         | 100,0  |  100,0
                       | 100,0  |
                       | 100,0  |
                       +--------+
               Column        3         3
                Total    100,0     100,0
```

Number of Missing Observations: 51

PREPORNO Prepared and Not Prepared Org.
by SU.V.G suppliers victims - "guilty"

```
                        SU.V.G      Page 1 of 1
                Count  |
              Row Pct  |ticked
              Col Pct  |            Row
              Tot Pct  |     1,00|  Total
PREPORNO      --------+--------+
                1,00   |     1  |      1
  Prepared             | 100,0  |   50,0
                       |  50,0  |
                       |  50,0  |
                       +--------+
                2,00   |     1  |      1
  Not Prepared         | 100,0  |   50,0
                       |  50,0  |
                       |  50,0  |
                       +--------+
               Column        2         2
                Total    100,0     100,0
```

Number of Missing Observations: 52

```
PREPORNO  Prepared and Not Prepared Org.
by  SU.R.G  suppliers rescuers - "guilty"

                      SU.R.G      Page 1 of 1
            Count   |
           Row Pct  |ticked
           Col Pct  |             Row
           Tot Pct  |     1,00|  Total
PREPORNO   --------+--------+
            2,00    |     3   |     3
  Not Prepared      | 100,0   |  100,0
                    | 100,0   |
                    | 100,0   |
                    +--------+
            Column       3          3
             Total   100,0      100,0

Number of Missing Observations:  51
```

```
PREPORNO  Prepared and Not Prepared Org.
by  SU.A.G  suppliers allies - "guilty"

                      SU.A.G      Page 1 of 1
            Count   |
           Row Pct  |ticked
           Col Pct  |             Row
           Tot Pct  |     1,00|  Total
PREPORNO   --------+--------+
            1,00    |     4   |     4
  Prepared          | 100,0   |   80,0
                    |  80,0   |
                    |  80,0   |
                    +--------+
            2,00    |     1   |     1
  Not Prepared      | 100,0   |   20,0
                    |  20,0   |
                    |  20,0   |
                    +--------+
            Column       5          5
             Total   100,0      100,0

Number of Missing Observations:  49
```

```
PREPORNO  Prepared and Not Prepared Org.
by  CP.R.G  competitors rescuers - "guilty"

                      CP.R.G      Page 1 of 1
            Count   |
           Row Pct  |ticked
           Col Pct  |             Row
           Tot Pct  |     1,00|  Total
PREPORNO   --------+--------+
            2,00    |     1   |     1
  Not Prepared      | 100,0   |  100,0
                    | 100,0   |
                    | 100,0   |
                    +--------+
            Column       1          1
             Total   100,0      100,0

Number of Missing Observations:  53
```

```
PREPORNO  Prepared and Not Prepared Org.
by  CP.E.G  competitors enemies - "guilty"

                        CP.E.G       Page 1 of 1
              Count    |
              Row Pct  |ticked
              Col Pct  |               Row
              Tot Pct  |      1,00|   Total
PREPORNO      ---------+---------+
              1,00     |     1   |       1
  Prepared             |  100,0  |    33,3
                       |   33,3  |
                       |   33,3  |
                       +---------+
              2,00     |     2   |       2
  Not Prepared         |  100,0  |    66,7
                       |   66,7  |
                       |   66,7  |
                       +---------+
              Column         3           3
               Total     100,0       100,0

Number of Missing Observations:   51
```

```
PREPORNO  Prepared and Not Prepared Org.
by  CP.A.G  competitors allies - "guilty"

                        CP.A.G       Page 1 of 1
              Count    |
              Row Pct  |ticked
              Col Pct  |               Row
              Tot Pct  |      1,00|   Total
PREPORNO      ---------+---------+
              1,00     |     4   |       4
  Prepared             |  100,0  |    80,0
                       |   80,0  |
                       |   80,0  |
                       +---------+
              2,00     |     1   |       1
  Not Prepared         |  100,0  |    20,0
                       |   20,0  |
                       |   20,0  |
                       +---------+
              Column         5           5
               Total     100,0       100,0

Number of Missing Observations:   49
```

```
PREPORNO  Prepared and Not Prepared Org.
by  CP.VL.G  competitors villains - "guilty"

                        CP.VL.G      Page 1 of 1
              Count    |
              Row Pct  |ticked
              Col Pct  |               Row
              Tot Pct  |      1,00|   Total
PREPORNO      ---------+---------+
              2,00     |     1   |       1
  Not Prepared         |  100,0  |   100,0
                       |  100,0  |
                       |  100,0  |
                       +---------+
              Column         1           1
               Total     100,0       100,0

Number of Missing Observations:   53
```

PREPORNO Prepared and Not Prepared Org.
by SIG.E.G sp. int. groups enemies - "guilty"

SIG.E.G Page 1 of 1

PREPORNO	Count / Row Pct / Col Pct / Tot Pct	ticked 1,00	Row Total
Prepared	1,00	2 100,0 100,0 100,0	2 100,0
	Column Total	2 100,0	2 100,0

Number of Missing Observations: 52

PREPORNO Prepared and Not Prepared Org.
by SIG.A.G sp. int. groups allies - "guilty"

SIG.A.G Page 1 of 1

PREPORNO	Count / Row Pct / Col Pct / Tot Pct	ticked 1,00	Row Total
Prepared	1,00	3 100,0 75,0 75,0	3 75,0
Not Prepared	2,00	1 100,0 25,0 25,0	1 25,0
	Column Total	4 100,0	4 100,0

Number of Missing Observations: 50

PREPORNO Prepared and Not Prepared Org.
by SIG.P.G sp. int. groups protectors - "guilty"

SIG.P.G Page 1 of 1

PREPORNO	Count / Row Pct / Col Pct / Tot Pct	ticked 1,00	Row Total
Not Prepared	2,00	2 100,0 100,0 100,0	2 100,0
	Column Total	2 100,0	2 100,0

Number of Missing Observations: 52

```
PREPORNO  Prepared and Not Prepared Org.
by  SIG.VL.G  sp. int. groups villains - "guilty"

                     SIG.VL.G     Page 1 of 1
           Count   |
           Row Pct |ticked
           Col Pct |                Row
           Tot Pct |      1,00|  Total
PREPORNO   --------+--------+
            2,00   |     2   |      2
  Not Prepared     | 100,0   |  100,0
                   | 100,0   |
                   | 100,0   |
                   +--------+
           Column        2          2
            Total    100,0      100,0

Number of Missing Observations:  52
```

```
PREPORNO  Prepared and Not Prepared Org.
by  R.H.G  regulators heroes - "guilty"

                     R.H.G        Page 1 of 1
           Count   |
           Row Pct |ticked
           Col Pct |                Row
           Tot Pct |      1,00|  Total
PREPORNO   --------+--------+
            2,00   |     1   |      1
  Not Prepared     | 100,0   |  100,0
                   | 100,0   |
                   | 100,0   |
                   +--------+
           Column        1          1
            Total    100,0      100,0

Number of Missing Observations:  53
```

```
PREPORNO  Prepared and Not Prepared Org.
by  R.E.G  regulators enemies - "guilty"

                     R.E.G        Page 1 of 1
           Count   |
           Row Pct |ticked
           Col Pct |                Row
           Tot Pct |      1,00|  Total
PREPORNO   --------+--------+
            1,00   |     1   |      1
  Prepared         | 100,0   |  100,0
                   | 100,0   |
                   | 100,0   |
                   +--------+
           Column        1          1
            Total    100,0      100,0

Number of Missing Observations:  53
```

PREPORNO Prepared and Not Prepared Org.
by R.A.G regulators allies - "guilty"

R.A.G — Page 1 of 1

PREPORNO	Count / Row Pct / Col Pct / Tot Pct	ticked 1,00	Row Total
Prepared	1,00	4 100,0 66,7 66,7	4 66,7
Not Prepared	2,00	2 100,0 33,3 33,3	2 33,3
	Column Total	6 100,0	6 100,0

Number of Missing Observations: 48

PREPORNO Prepared and Not Prepared Org.
by R.P.G regulators protectors - "guilty"

R.P.G — Page 1 of 1

PREPORNO	Count / Row Pct / Col Pct / Tot Pct	ticked 1,00	Row Total
Not Prepared	2,00	2 100,0 100,0 100,0	2 100,0
	Column Total	2 100,0	2 100,0

Number of Missing Observations: 52

PREPORNO Prepared and Not Prepared Org.
by CS.V.G consumers victims - "guilty"

CS.V.G — Page 1 of 1

PREPORNO	Count / Row Pct / Col Pct / Tot Pct	ticked 1,00	Row Total
Prepared	1,00	4 100,0 57,1 57,1	4 57,1
Not Prepared	2,00	3 100,0 42,9 42,9	3 42,9
	Column Total	7 100,0	7 100,0

Number of Missing Observations: 47

PREPORNO Prepared and Not Prepared Org.
by CS.E.G consumers enemies - "guilty"

```
                     CS.E.G       Page 1 of 1
            Count   |
            Row Pct |ticked
            Col Pct |               Row
            Tot Pct |      1,00|  Total
PREPORNO    --------+---------+
              1,00  |      1   |      1
  Prepared          | 100,0    |  100,0
                    | 100,0    |
                    | 100,0    |
                    +---------+
            Column         1          1
             Total     100,0      100,0
```

Number of Missing Observations: 53

PREPORNO Prepared and Not Prepared Org.
by CS.A.G consumers allies - "guilty"

```
                     CS.A.G       Page 1 of 1
            Count   |
            Row Pct |ticked
            Col Pct |               Row
            Tot Pct |      1,00|  Total
PREPORNO    --------+---------+
              2,00  |      1   |      1
  Not Prepared      | 100,0    |  100,0
                    | 100,0    |
                    | 100,0    |
                    +---------+
            Column         1          1
             Total     100,0      100,0
```

Number of Missing Observations: 53

PREPORNO Prepared and Not Prepared Org.
by CS.P.G consumers protectors - "guilty"

```
                     CS.P.G       Page 1 of 1
            Count   |
            Row Pct |ticked
            Col Pct |               Row
            Tot Pct |      1,00|  Total
PREPORNO    --------+---------+
              2,00  |      1   |      1
  Not Prepared      | 100,0    |  100,0
                    | 100,0    |
                    | 100,0    |
                    +---------+
            Column         1          1
             Total     100,0      100,0
```

Number of Missing Observations: 53

```
PREPORNO  Prepared and Not Prepared Org.
by  FI.V.G  financial institutions victims - "guilty

                        FI.V.G      Page 1 of 1
            Count    |
            Row Pct  |ticked
            Col Pct  |               Row
            Tot Pct  |      1,00|  Total
PREPORNO    ---------+---------+
              1,00   |      3   |      3
  Prepared           |  100,0   |   60,0
                     |   60,0   |
                     |   60,0   |
                     +---------+
              2,00   |      2   |      2
  Not Prepared       |  100,0   |   40,0
                     |   40,0   |
                     |   40,0   |
                     +---------+
            Column          5          5
             Total      100,0      100,0

Number of Missing Observations:  49
```

```
PREPORNO  Prepared and Not Prepared Org.
by  FI.R.G  financial institutions rescuers - "guilt

                        FI.R.G      Page 1 of 1
            Count    |
            Row Pct  |ticked
            Col Pct  |               Row
            Tot Pct  |      1,00|  Total
PREPORNO    ---------+---------+
              1,00   |      2   |      2
  Prepared           |  100,0   |   66,7
                     |   66,7   |
                     |   66,7   |
                     +---------+
              2,00   |      1   |      1
  Not Prepared       |  100,0   |   33,3
                     |   33,3   |
                     |   33,3   |
                     +---------+
            Column          3          3
             Total      100,0      100,0

Number of Missing Observations:  51
```

```
PREPORNO  Prepared and Not Prepared Org.
by  FI.P.G  financial institutions protectors - "gui

                        FI.P.G      Page 1 of 1
            Count    |
            Row Pct  |ticked
            Col Pct  |               Row
            Tot Pct  |      1,00|  Total
PREPORNO    ---------+---------+
              2,00   |      1   |      1
  Not Prepared       |  100,0   |  100,0
                     |  100,0   |
                     |  100,0   |
                     +---------+
            Column          1          1
             Total      100,0      100,0

Number of Missing Observations:  53
```

PREPORNO Prepared and Not Prepared Org.
by FI.VL.G financial institutions villains - "guilt

```
                         FI.VL.G      Page 1 of 1
            Count    |
            Row Pct  |ticked
            Col Pct  |             Row
            Tot Pct  |     1,00|  Total
PREPORNO    ---------+---------+
              2,00   |      1  |      1
  Not Prepared       | 100,0   |  100,0
                     | 100,0   |
                     | 100,0   |
                     +---------+
            Column         1          1
             Total     100,0      100,0
```

Number of Missing Observations: 53

PREPORNO Prepared and Not Prepared Org.
by IC.V.G insurance companies victims - "guilty"

```
                         IC.V.G       Page 1 of 1
            Count    |
            Row Pct  |ticked
            Col Pct  |             Row
            Tot Pct  |     1,00|  Total
PREPORNO    ---------+---------+
              1,00   |      4  |      4
  Prepared           | 100,0   |  100,0
                     | 100,0   |
                     | 100,0   |
                     +---------+
            Column         4          4
             Total     100,0      100,0
```

Number of Missing Observations: 50

PREPORNO Prepared and Not Prepared Org.
by IC.H.G insurance companies heroes - "guilty"

```
                         IC.H.G       Page 1 of 1
            Count    |
            Row Pct  |ticked
            Col Pct  |             Row
            Tot Pct  |     1,00|  Total
PREPORNO    ---------+---------+
              2,00   |      1  |      1
  Not Prepared       | 100,0   |  100,0
                     | 100,0   |
                     | 100,0   |
                     +---------+
            Column         1          1
             Total     100,0      100,0
```

Number of Missing Observations: 53

PREPORNO Prepared and Not Prepared Org.
by IC.R.G insurance companies rescuers - "guilty"

IC.R.G Page 1 of 1

PREPORNO	Count / Row Pct / Col Pct / Tot Pct	ticked 1,00	Row Total
Prepared	1,00	1 100,0 33,3 33,3	1 33,3
Not Prepared	2,00	2 100,0 66,7 66,7	2 66,7
	Column Total	3 100,0	3 100,0

Number of Missing Observations: 51

PREPORNO Prepared and Not Prepared Org.
by IC.P.G insurance companies protectors - "guilty

IC.P.G Page 1 of 1

PREPORNO	Count / Row Pct / Col Pct / Tot Pct	ticked 1,00	Row Total
Not Prepared	2,00	1 100,0 100,0 100,0	1 100,0
	Column Total	1 100,0	1 100,0

Number of Missing Observations: 53

PREPORNO Prepared and Not Prepared Org.
by IC.VL.G insurance companies villains - "guilty"

IC.VL.G Page 1 of 1

PREPORNO	Count / Row Pct / Col Pct / Tot Pct	ticked 1,00	Row Total
Not Prepared	2,00	1 100,0 100,0 100,0	1 100,0
	Column Total	1 100,0	1 100,0

Number of Missing Observations: 53

PREPORNO Prepared and Not Prepared Org.
by LC.V.G local community victims - "guilty"

```
                     LC.V.G       Page 1 of 1
            Count   |
            Row Pct |ticked
            Col Pct |              Row
            Tot Pct |      1,00|  Total
PREPORNO    --------+---------+
            1,00    |    2    |     2
  Prepared          | 100,0   |   40,0
                    |  40,0   |
                    |  40,0   |
                    +---------+
            2,00    |    3    |     3
  Not Prepared      | 100,0   |   60,0
                    |  60,0   |
                    |  60,0   |
                    +---------+
           Column        5          5
            Total    100,0      100,0
```

Number of Missing Observations: 49

PREPORNO Prepared and Not Prepared Org.
by LC.E.G local community enemies - "guilty"

```
                     LC.E.G       Page 1 of 1
            Count   |
            Row Pct |ticked
            Col Pct |              Row
            Tot Pct |      1,00|  Total
PREPORNO    --------+---------+
            1,00    |    1    |     1
  Prepared          | 100,0   |   50,0
                    |  50,0   |
                    |  50,0   |
                    +---------+
            2,00    |    1    |     1
  Not Prepared      | 100,0   |   50,0
                    |  50,0   |
                    |  50,0   |
                    +---------+
           Column        2          2
            Total    100,0      100,0
```

Number of Missing Observations: 52

PREPORNO Prepared and Not Prepared Org.
by LC.A.G local community allies - "guilty"

```
                     LC.A.G       Page 1 of 1
            Count   |
            Row Pct |ticked
            Col Pct |              Row
            Tot Pct |      1,00|  Total
PREPORNO    --------+---------+
            1,00    |    2    |     2
  Prepared          | 100,0   |  100,0
                    | 100,0   |
                    | 100,0   |
                    +---------+
           Column        2          2
            Total    100,0      100,0
```

Number of Missing Observations: 52

```
PREPORNO  Prepared and Not Prepared Org.
by  LC.VL.G  local community villains - "guilty"

                         LC.VL.G      Page 1 of 1
            Count    |
            Row Pct  |ticked
            Col Pct  |              Row
            Tot Pct  |      1,00|  Total
PREPORNO    --------+--------+
              2,00   |     1    |     1
  Not Prepared       | 100,0    |  100,0
                     | 100,0    |
                     | 100,0    |
                     +--------+
            Column         1          1
             Total     100,0      100,0

Number of Missing Observations:   53
```

```
PREPORNO  Prepared and Not Prepared Org.
by  NC.V.G  national (wider community) villains - "g

                         NC.V.G       Page 1 of 1
            Count    |
            Row Pct  |ticked
            Col Pct  |              Row
            Tot Pct  |      1,00|  Total
PREPORNO    --------+--------+
              2,00   |     4    |     4
  Not Prepared       | 100,0    |  100,0
                     | 100,0    |
                     | 100,0    |
                     +--------+
            Column         4          4
             Total     100,0      100,0

Number of Missing Observations:   50
```

```
PREPORNO  Prepared and Not Prepared Org.
by  NC.E.G  national (wider community) enemies - "gu

                         NC.E.G       Page 1 of 1
            Count    |
            Row Pct  |ticked
            Col Pct  |              Row
            Tot Pct  |      1,00|  Total
PREPORNO    --------+--------+
              1,00   |     1    |     1
  Prepared           | 100,0    |  100,0
                     | 100,0    |
                     | 100,0    |
                     +--------+
            Column         1          1
             Total     100,0      100,0

Number of Missing Observations:   53
```

```
PREPORNO  Prepared and Not Prepared Org.
by  NC.A.G  national (wider community) allies - "gui

                     NC.A.G      Page 1 of 1
          Count     |
          Row Pct   |ticked
          Col Pct   |            Row
          Tot Pct   |     1,00|  Total
PREPORNO            --------+--------+
            1,00    |    3    |     3
  Prepared          | 100,0   |  100,0
                    | 100,0   |
                    | 100,0   |
                    +---------+
          Column        3           3
           Total    100,0       100,0

Number of Missing Observations:  51
```

```
PREPORNO  Prepared and Not Prepared Org.
by  NC.P.G  national (wider community) protectors -

                     NC.P.G      Page 1 of 1
          Count     |
          Row Pct   |ticked
          Col Pct   |            Row
          Tot Pct   |     1,00|  Total
PREPORNO            --------+--------+
            1,00    |    1    |     1
  Prepared          | 100,0   |  100,0
                    | 100,0   |
                    | 100,0   |
                    +---------+
          Column        1           1
           Total    100,0       100,0

Number of Missing Observations:  53
```

```
PREPORNO  Prepared and Not Prepared Org.
by  NC.VL.G  national (wider community) villains - "g

                     NC.VL.G     Page 1 of 1
          Count     |
          Row Pct   |ticked
          Col Pct   |            Row
          Tot Pct   |     1,00|  Total
PREPORNO            --------+--------+
            2,00    |    1    |     1
  Not Prepared      | 100,0   |  100,0
                    | 100,0   |
                    | 100,0   |
                    +---------+
          Column        1           1
           Total    100,0       100,0

Number of Missing Observations:  53
```

APPENDIX 17

FREQUENCY ANALYSIS OF "VICTIM" SITUATION

M.V.V management victims - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	29	53.7	100.0	100.0
	.	25	46.3	Missing	
	Total	54	100.0	100.0	

Valid cases 29 Missing cases 25

- -

M.H.V management heroes - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	6	11.1	100.0	100.0
	.	48	88.9	Missing	
	Total	54	100.0	100.0	

Valid cases 6 Missing cases 48

- -

M.R.V management rescuers - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	11	20.4	100.0	100.0
	.	43	79.6	Missing	
	Total	54	100.0	100.0	

Valid cases 11 Missing cases 43

- -

M.E.V management enemies - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	.	54	100.0	Missing	
	Total	54	100.0	100.0	

Valid cases 0 Missing cases 54

- -

M.A.V management allies - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	3	5.6	100.0	100.0
	.	51	94.4	Missing	
	Total	54	100.0	100.0	

Valid cases 3 Missing cases 51

M.P.V management protectors - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	3	5.6	100.0	100.0
	.	51	94.4	Missing	
	Total	54	100.0	100.0	

Valid cases 3 Missing cases 51

- -

M.VL.V management villains - "villains"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	.	54	100.0	Missing	
	Total	54	100.0	100.0	

Valid cases 0 Missing cases 54

- -

ST.V.V stockholders victims - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	32	59.3	100.0	100.0
	.	22	40.7	Missing	
	Total	54	100.0	100.0	

Valid cases 32 Missing cases 22

- -

ST.H.V stokholders heroes - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	4	7.4	100.0	100.0
	.	50	92.6	Missing	
	Total	54	100.0	100.0	

Valid cases 4 Missing cases 50

- -

ST.R.V stokholders rescuers - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	7	13.0	100.0	100.0
	.	47	87.0	Missing	
	Total	54	100.0	100.0	

Valid cases 7 Missing cases 47

ST.E.V stokholders enemies - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	.	54	100.0	Missing	
	Total	54	100.0	100.0	

Valid cases 0 Missing cases 54

- -

ST.A.V stokholders allies - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	6	11.1	100.0	100.0
	.	48	88.9	Missing	
	Total	54	100.0	100.0	

Valid cases 6 Missing cases 48

- -

ST.P.V stokholders protectors - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	3	5.6	100.0	100.0
	.	51	94.4	Missing	
	Total	54	100.0	100.0	

Valid cases 3 Missing cases 51

- -

ST.VL.V stokholders villains - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	.	54	100.0	Missing	
	Total	54	100.0	100.0	

Valid cases 0 Missing cases 54

- -

W.V.V workers victims - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	29	53.7	100.0	100.0
	.	25	46.3	Missing	
	Total	54	100.0	100.0	

Valid cases 29 Missing cases 25

W.H.V workers heroes - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	7	13.0	100.0	100.0
	.	47	87.0	Missing	
	Total	54	100.0	100.0	

Valid cases 7 Missing cases 47

- -

W.R.V workers rescuers - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	14	25.9	100.0	100.0
	.	40	74.1	Missing	
	Total	54	100.0	100.0	

Valid cases 14 Missing cases 40

- -

W.E.V workers enemies - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	1	1.9	100.0	100.0
	.	53	98.1	Missing	
	Total	54	100.0	100.0	

Valid cases 1 Missing cases 53

- -

W.A.V workers allies - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	1	1.9	100.0	100.0
	.	53	98.1	Missing	
	Total	54	100.0	100.0	

Valid cases 1 Missing cases 53

- -

W.P.V workers protectors - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	.	54	100.0	Missing	
	Total	54	100.0	100.0	

Valid cases 0 Missing cases 54

W.VL.V workers villains "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	.	54	100.0	Missing	
	Total	54	100.0	100.0	

Valid cases 0 Missing cases 54

- -

U.V.V union victims - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	9	16.7	100.0	100.0
	.	45	83.3	Missing	
	Total	54	100.0	100.0	

Valid cases 9 Missing cases 45

- -

U.H.V union heroes - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	.	54	100.0	Missing	
	Total	54	100.0	100.0	

Valid cases 0 Missing cases 54

- -

U.R.V union rescuers - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	7	13.0	100.0	100.0
	.	47	87.0	Missing	
	Total	54	100.0	100.0	

Valid cases 7 Missing cases 47

- -

U.E.V union enemies - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	1	1.9	100.0	100.0
	.	53	98.1	Missing	
	Total	54	100.0	100.0	

Valid cases 1 Missing cases 53

U.A.V union allies - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	22	40.7	100.0	100.0
	.	32	59.3	Missing	
	Total	54	100.0	100.0	

Valid cases 22 Missing cases 32

- -

U.P.V union protectors - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	4	7.4	100.0	100.0
	.	50	92.6	Missing	
	Total	54	100.0	100.0	

Valid cases 4 Missing cases 50

- -

U.VL.V union villains - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	1	1.9	100.0	100.0
	.	53	98.1	Missing	
	Total	54	100.0	100.0	

Valid cases 1 Missing cases 53

- -

ME.V.V media victims - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	.	54	100.0	Missing	
	Total	54	100.0	100.0	

Valid cases 0 Missing cases 54

- -

ME.H.V media heroes - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	.	54	100.0	Missing	
	Total	54	100.0	100.0	

Valid cases 0 Missing cases 54

ME.R.V media rescuers - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	4	7.4	100.0	100.0
	.	50	92.6	Missing	
	Total	54	100.0	100.0	

Valid cases 4 Missing cases 50

- -

ME.E.V media enemies - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	6	11.1	100.0	100.0
	.	48	88.9	Missing	
	Total	54	100.0	100.0	

Valid cases 6 Missing cases 48

- -

ME.A.V media allies - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	35	64.8	100.0	100.0
	.	19	35.2	Missing	
	Total	54	100.0	100.0	

Valid cases 35 Missing cases 19

- -

ME.P.V media protectors - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	3	5.6	100.0	100.0
	.	51	94.4	Missing	
	Total	54	100.0	100.0	

Valid cases 3 Missing cases 51

- -

ME.VL.V media villains - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	4	7.4	100.0	100.0
	.	50	92.6	Missing	
	Total	54	100.0	100.0	

Valid cases 4 Missing cases 50

SU.V.V suppliers victims - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	9	16.7	100.0	100.0
	.	45	83.3	Missing	
	Total	54	100.0	100.0	

Valid cases 9 Missing cases 45

- -

SU.H.V suppliers heroes - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	.	54	100.0	Missing	
	Total	54	100.0	100.0	

Valid cases 0 Missing cases 54

- -

SU.R.V suppliers rescuers - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	8	14.8	100.0	100.0
	.	46	85.2	Missing	
	Total	54	100.0	100.0	

Valid cases 8 Missing cases 46

- -

SU.E.V suppliers enemies - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	1	1.9	100.0	100.0
	.	53	98.1	Missing	
	Total	54	100.0	100.0	

Valid cases 1 Missing cases 53

- -

SU.A.V suppliers allies - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	27	50.0	100.0	100.0
	.	27	50.0	Missing	
	Total	54	100.0	100.0	

Valid cases 27 Missing cases 27

SU.P.V suppliers protectors - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	7	13.0	100.0	100.0
	.	47	87.0	Missing	
	Total	54	100.0	100.0	

Valid cases 7 Missing cases 47

- -

SU.VL.V suppliers villains - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	.	54	100.0	Missing	
	Total	54	100.0	100.0	

Valid cases 0 Missing cases 54

- -

CP.V.V competitors victims - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	.	54	100.0	Missing	
	Total	54	100.0	100.0	

Valid cases 0 Missing cases 54

- -

CP.H.V competitors heroes - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	1	1.9	100.0	100.0
	.	53	98.1	Missing	
	Total	54	100.0	100.0	

Valid cases 1 Missing cases 53

- -

CP.R.V competitors rescuers - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	5	9.3	100.0	100.0
	.	49	90.7	Missing	
	Total	54	100.0	100.0	

Valid cases 5 Missing cases 49

CP.E.V competitors enemies - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	10	18.5	100.0	100.0
	.	44	81.5	Missing	
	Total	54	100.0	100.0	

Valid cases 10 Missing cases 44

- -

CP.A.V competitors allies - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	32	59.3	100.0	100.0
	.	22	40.7	Missing	
	Total	54	100.0	100.0	

Valid cases 32 Missing cases 22

- -

CP.P.V competitors protectors - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	4	7.4	100.0	100.0
	.	50	92.6	Missing	
	Total	54	100.0	100.0	

Valid cases 4 Missing cases 50

- -

CP.VL.V competitors villains - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	.	54	100.0	Missing	
	Total	54	100.0	100.0	

Valid cases 0 Missing cases 54

- -

SIG.V.V sp. int. groups victims - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	1	1.9	100.0	100.0
	.	53	98.1	Missing	
	Total	54	100.0	100.0	

Valid cases 1 Missing cases 53

SIG.H.V sp. int. groups heroes - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	.	54	100.0	Missing	
	Total	54	100.0	100.0	

Valid cases 0 Missing cases 54

- -

SIG.R.V sp. int. groups rescuers - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	4	7.4	100.0	100.0
	.	50	92.6	Missing	
	Total	54	100.0	100.0	

Valid cases 4 Missing cases 50

- -

SIG.E.V sp. int. groups enemies - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	10	18.5	100.0	100.0
	.	44	81.5	Missing	
	Total	54	100.0	100.0	

Valid cases 10 Missing cases 44

- -

SIG.A.V sp. int. groups allies - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	25	46.3	100.0	100.0
	.	29	53.7	Missing	
	Total	54	100.0	100.0	

Valid cases 25 Missing cases 29

- -

SIG.P.V sp. int. groups protectors - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	9	16.7	100.0	100.0
	.	45	83.3	Missing	
	Total	54	100.0	100.0	

Valid cases 9 Missing cases 45

SIG.VL.V sp. int. groups villains - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	3	5.6	100.0	100.0
	.	51	94.4	Missing	
	Total	54	100.0	100.0	

Valid cases 3 Missing cases 51

R.V.V regulators victims - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	.	54	100.0	Missing	
	Total	54	100.0	100.0	

Valid cases 0 Missing cases 54

R.H.V regulators heroes - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	.	54	100.0	Missing	
	Total	54	100.0	100.0	

Valid cases 0 Missing cases 54

R.R.V regulators rescuers - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	5	9.3	100.0	100.0
	.	49	90.7	Missing	
	Total	54	100.0	100.0	

Valid cases 5 Missing cases 49

R.E.V regulators enemies - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	.	54	100.0	Missing	
	Total	54	100.0	100.0	

Valid cases 0 Missing cases 54

R.A.V regulators allies - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	28	51.9	100.0	100.0
	.	26	48.1	Missing	
	Total	54	100.0	100.0	

Valid cases 28 Missing cases 26

- -

R.P.V regulators protectors - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	18	33.3	100.0	100.0
	.	36	66.7	Missing	
	Total	54	100.0	100.0	

Valid cases 18 Missing cases 36

- -

R.VL.V regulators villains - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	1	1.9	100.0	100.0
	.	53	98.1	Missing	
	Total	54	100.0	100.0	

Valid cases 1 Missing cases 53

- -

CS.V.V consumers victims - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	32	59.3	100.0	100.0
	.	22	40.7	Missing	
	Total	54	100.0	100.0	

Valid cases 32 Missing cases 22

- -

CS.H.V consumers heroes - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	2	3.7	100.0	100.0
	.	52	96.3	Missing	
	Total	54	100.0	100.0	

Valid cases 2 Missing cases 52

CS.R.V consumers rescuers - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	4	7.4	100.0	100.0
	.	50	92.6	Missing	
	Total	54	100.0	100.0	

Valid cases 4 Missing cases 50

- -

CS.E.V consumers enemies - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	.	54	100.0	Missing	
	Total	54	100.0	100.0	

Valid cases 0 Missing cases 54

- -

CS.A.V consumers allies - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	11	20.4	100.0	100.0
	.	43	79.6	Missing	
	Total	54	100.0	100.0	

Valid cases 11 Missing cases 43

- -

CS.P.V consumers protectors - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	3	5.6	100.0	100.0
	.	51	94.4	Missing	
	Total	54	100.0	100.0	

Valid cases 3 Missing cases 51

- -

CS.VL.V consumers villains - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	.	54	100.0	Missing	
	Total	54	100.0	100.0	

Valid cases 0 Missing cases 54

FI.V.V financial institutions victims - "victim

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	17	31.5	100.0	100.0
	.	37	68.5	Missing	
	Total	54	100.0	100.0	

Valid cases 17 Missing cases 37

- -

FI.H.V financial institutions heroes - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	2	3.7	100.0	100.0
	.	52	96.3	Missing	
	Total	54	100.0	100.0	

Valid cases 2 Missing cases 52

- -

FI.R.V financial institutions rescuers - "victi

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	13	24.1	100.0	100.0
	.	41	75.9	Missing	
	Total	54	100.0	100.0	

Valid cases 13 Missing cases 41

- -

FI.E.V financial institutions enemies - "victim

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	2	3.7	100.0	100.0
	.	52	96.3	Missing	
	Total	54	100.0	100.0	

Valid cases 2 Missing cases 52

- -

FI.A.V financial institutions allies - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	11	20.4	100.0	100.0
	.	43	79.6	Missing	
	Total	54	100.0	100.0	

Valid cases 11 Missing cases 43

FI.P.V financial institutions protectors - "vic

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	6	11.1	100.0	100.0
	.	48	88.9	Missing	
	Total	54	100.0	100.0	

Valid cases 6 Missing cases 48

FI.VL.V financial institutions villains - "victi

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	1	1.9	100.0	100.0
	.	53	98.1	Missing	
	Total	54	100.0	100.0	

Valid cases 1 Missing cases 53

IC.V.V insurance companies victims - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	15	27.8	100.0	100.0
	.	39	72.2	Missing	
	Total	54	100.0	100.0	

Valid cases 15 Missing cases 39

IC.H.V insurance companies heroes - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	.	54	100.0	Missing	
	Total	54	100.0	100.0	

Valid cases 0 Missing cases 54

IC.R.V insurance companies rescuers - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	19	35.2	100.0	100.0
	.	35	64.8	Missing	
	Total	54	100.0	100.0	

Valid cases 19 Missing cases 35

IC.E.V insurance companies enemies - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	2	3.7	100.0	100.0
	.	52	96.3	Missing	
	Total	54	100.0	100.0	

Valid cases 2 Missing cases 52

- -

IC.A.V insurance companies allies - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	10	18.5	100.0	100.0
	.	44	81.5	Missing	
	Total	54	100.0	100.0	

Valid cases 10 Missing cases 44

- -

IC.P.V insurance companies protectors - "victim

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	6	11.1	100.0	100.0
	.	48	88.9	Missing	
	Total	54	100.0	100.0	

Valid cases 6 Missing cases 48

- -

IC.VL.V insurance companies villains - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	.	54	100.0	Missing	
	Total	54	100.0	100.0	

Valid cases 0 Missing cases 54

- -

LC.V.V local community victims - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	23	42.6	100.0	100.0
	.	31	57.4	Missing	
	Total	54	100.0	100.0	

Valid cases 23 Missing cases 31

LC.H.V local community heroes - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	6	11.1	100.0	100.0
	.	48	88.9	Missing	
	Total	54	100.0	100.0	

Valid cases 6 Missing cases 48

LC.R.V local community rescuers - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	5	9.3	100.0	100.0
	.	49	90.7	Missing	
	Total	54	100.0	100.0	

Valid cases 5 Missing cases 49

LC.E.V local community enemies - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	1	1.9	100.0	100.0
	.	53	98.1	Missing	
	Total	54	100.0	100.0	

Valid cases 1 Missing cases 53

LC.A.V local community allies - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	17	31.5	100.0	100.0
	.	37	68.5	Missing	
	Total	54	100.0	100.0	

Valid cases 17 Missing cases 37

LC.P.V local community protectors - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	.	54	100.0	Missing	
	Total	54	100.0	100.0	

Valid cases 0 Missing cases 54

LC.VL.V local community villains - "victim"

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	.	54	100.0	Missing	
	Total	54	100.0	100.0	

Valid cases 0 Missing cases 54

- -

NC.V.V national (wider community) villains - "v

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	19	35.2	100.0	100.0
	.	35	64.8	Missing	
	Total	54	100.0	100.0	

Valid cases 19 Missing cases 35

- -

NC.H.V national (wider community) heroes - "vic

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	3	5.6	100.0	100.0
	.	51	94.4	Missing	
	Total	54	100.0	100.0	

Valid cases 3 Missing cases 51

- -

NC.R.V national (wider community) recuers - "vi

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	5	9.3	100.0	100.0
	.	49	90.7	Missing	
	Total	54	100.0	100.0	

Valid cases 5 Missing cases 49

- -

NC.E.V national (wider community) enemies - "vi

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	.	54	100.0	Missing	
	Total	54	100.0	100.0	

Valid cases 0 Missing cases 54

NC.A.V national (wider community) allies - "vic

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	19	35.2	100.0	100.0
	.	35	64.8	Missing	
	Total	54	100.0	100.0	

Valid cases 19 Missing cases 35

NC.P.V national (wider community) protectors -

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	4	7.4	100.0	100.0
	.	50	92.6	Missing	
	Total	54	100.0	100.0	

Valid cases 4 Missing cases 50

NC.VL.V national (wider community) villains - "v

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
ticked	1.00	1	1.9	100.0	100.0
	.	53	98.1	Missing	
	Total	54	100.0	100.0	

Valid cases 1 Missing cases 53

APPENDIX 18

CROSSTABULATION ANALYSIS OF "VICTIM" SITUATION

```
PREPORNO  Prepared and Not Prepared Org.
by  M.V.V  management victims - "victim"

                   M.V.V         Page 1 of 1
          Count   |
         Row Pct  |ticked
         Col Pct  |               Row
         Tot Pct  |      1,00|   Total
PREPORNO          --------+--------+
           1,00   |      1  |       1
  Prepared        |  100,0  |     25,0
                  |   25,0  |
                  |   25,0  |
                  +---------+
           2,00   |      3  |       3
  Not Prepared    |  100,0  |     75,0
                  |   75,0  |
                  |   75,0  |
                  +---------+
          Column         4          4
           Total     100,0      100,0

Number of Missing Observations:  50
```

```
PREPORNO  Prepared and Not Prepared Org.
by  M.R.V  management rescuers - "victim"

                   M.R.V         Page 1 of 1
          Count   |
         Row Pct  |ticked
         Col Pct  |               Row
         Tot Pct  |      1,00|   Total
PREPORNO          --------+--------+
           1,00   |      1  |       1
  Prepared        |  100,0  |     50,0
                  |   50,0  |
                  |   50,0  |
                  +---------+
           2,00   |      1  |       1
  Not Prepared    |  100,0  |     50,0
                  |   50,0  |
                  |   50,0  |
                  +---------+
          Column         2          2
           Total     100,0      100,0

Number of Missing Observations:  52
```

```
PREPORNO  Prepared and Not Prepared Org.
by  M.A.V  management allies - "victim"

                   M.A.V         Page 1 of 1
          Count   |
         Row Pct  |ticked
         Col Pct  |               Row
         Tot Pct  |      1,00|   Total
PREPORNO          --------+--------+
           1,00   |      1  |       1
  Prepared        |  100,0  |     50,0
                  |   50,0  |
                  |   50,0  |
                  +---------+
           2,00   |      1  |       1
  Not Prepared    |  100,0  |     50,0
                  |   50,0  |
                  |   50,0  |
                  +---------+
          Column         2          2
           Total     100,0      100,0

Number of Missing Observations:  52
```

```
PREPORNO  Prepared and Not Prepared Org.
by  M.P.V  management protectors - "victim"

                      M.P.V       Page 1 of 1
          Count    |
          Row Pct  |ticked
          Col Pct  |            Row
          Tot Pct  |      1,00| Total
PREPORNO  --------+--------+
            1,00   |    2   |    2
  Prepared         | 100,0  | 100,0
                   | 100,0  |
                   | 100,0  |
                   +--------+
          Column       2         2
           Total     100,0     100,0

Number of Missing Observations:  52
```

```
PREPORNO  Prepared and Not Prepared Org.
by  ST.V.V  stockholders victims - "victim"

                      ST.V.V      Page 1 of 1
          Count    |
          Row Pct  |ticked
          Col Pct  |            Row
          Tot Pct  |      1,00| Total
PREPORNO  --------+--------+
            1,00   |    3   |    3
  Prepared         | 100,0  |  50,0
                   |  50,0  |
                   |  50,0  |
                   +--------+
            2,00   |    3   |    3
  Not Prepared     | 100,0  |  50,0
                   |  50,0  |
                   |  50,0  |
                   +--------+
          Column       6         6
           Total     100,0     100,0

Number of Missing Observations:  48
```

```
PREPORNO  Prepared and Not Prepared Org.
by  ST.R.V  stokholders rescuers - "victim"

                      ST.R.V      Page 1 of 1
          Count    |
          Row Pct  |ticked
          Col Pct  |            Row
          Tot Pct  |      1,00| Total
PREPORNO  --------+--------+
            2,00   |    2   |    2
  Not Prepared     | 100,0  | 100,0
                   | 100,0  |
                   | 100,0  |
                   +--------+
          Column       2         2
           Total     100,0     100,0

Number of Missing Observations:  52
```

```
PREPORNO  Prepared and Not Prepared Org.
by  ST.A.V  stokholders allies - "victim"

                         ST.A.V       Page 1 of 1
            Count    |
            Row Pct  |ticked
            Col Pct  |             Row
            Tot Pct  |      1,00|  Total
PREPORNO    --------+---------+
            1,00     |      1   |      1
  Prepared           |  100,0   |  100,0
                     |  100,0   |
                     |  100,0   |
                     +---------+
            Column          1          1
             Total      100,0      100,0

Number of Missing Observations:  53
```

```
PREPORNO  Prepared and Not Prepared Org.
by  ST.P.V  stokholders protectors - "victim"

                         ST.P.V       Page 1 of 1
            Count    |
            Row Pct  |ticked
            Col Pct  |             Row
            Tot Pct  |      1,00|  Total
PREPORNO    --------+---------+
            1,00     |      1   |      1
  Prepared           |  100,0   |  100,0
                     |  100,0   |
                     |  100,0   |
                     +---------+
            Column          1          1
             Total      100,0      100,0

Number of Missing Observations:  53
```

```
PREPORNO  Prepared and Not Prepared Org.  by  W.V.V  workers victims -
"victim"

                         W.V.V        Page 1 of 1
            Count    |
            Row Pct  |ticked
            Col Pct  |             Row
            Tot Pct  |      1,00|  Total
PREPORNO    --------+---------+
            2,00     |      2   |      2
  Prepared           |  100,0   |   40,0
                     |   40,0   |
                     |   40,0   |
                     +---------+
            2,00     |      3   |      3
  Not Prepared       |  100,0   |   60,0
                     |   60,0   |
                     |   60,0   |
                     +---------+
            Column          5          5
             Total      100,0      100,0

Number of Missing Observations:  49
```

PREPORNO Prepared and Not Prepared Org. by W.H.V workers heroes - "victim"

W.H.V Page 1 of 1

PREPORNO	Count / Row Pct / Col Pct / Tot Pct	ticked 1,00	Row Total
Prepared	1,00	1 100,0 100,0 100,0	1 100,0
	Column Total	1 100,0	1 100,0

Number of Missing Observations: 53

PREPORNO Prepared and Not Prepared Org. by W.R.V workers rescuers - "victim"

W.R.V Page 1 of 1

PREPORNO	Count / Row Pct / Col Pct / Tot Pct	ticked 1,00	Row Total
Prepared	1,00	2 100,0 66,7 66,7	2 66,7
Not Prepared	2,00	1 100,0 33,3 33,3	1 33,3
	Column Total	3 100,0	3 100,0

Number of Missing Observations: 51

PREPORNO Prepared and Not Prepared Org. by W.E.V workers enemies - "victim"

W.E.V Page 1 of 1

PREPORNO	Count / Row Pct / Col Pct / Tot Pct	ticked 1,00	Row Total
Not Prepared	2,00	1 100,0 100,0 100,0	1 100,0
	Column Total	1 100,0	1 100,0

Number of Missing Observations: 53

PREPORNO Prepared and Not Prepared Org. by U.V.V union victims - "victim"

U.V.V Page 1 of 1

PREPORNO	Count / Row Pct / Col Pct / Tot Pct	U.V.V ticked 1,00	Row Total
Not Prepared	2,00	2 100,0 100,0 100,0	2 100,0
	Column Total	2 100,0	2 100,0

Number of Missing Observations: 52

PREPORNO Prepared and Not Prepared Org. by U.R.V union rescuers - "victim"

U.R.V Page 1 of 1

PREPORNO	Count / Row Pct / Col Pct / Tot Pct	U.R.V ticked 1,00	Row Total
Not Prepared	2,00	2 100,0 100,0 100,0	2 100,0
	Column Total	2 100,0	2 100,0

Number of Missing Observations: 52

PREPORNO Prepared and Not Prepared Org. by U.A.V union allies - "victim"

U.A.V Page 1 of 1

PREPORNO	Count / Row Pct / Col Pct / Tot Pct	U.A.V ticked 1,00	Row Total
Prepared	1,00	1 100,0 50,0 50,0	1 50,0
Not Prepared	2,00	1 100,0 50,0 50,0	1 50,0
	Column Total	2 100,0	2 100,0

Number of Missing Observations: 52

PREPORNO Prepared and Not Prepared Org. by ME.E.V media enemies - "victim"

```
                    ME.E.V      Page 1 of 1
           Count   |
         Row Pct   |ticked
         Col Pct   |              Row
         Tot Pct   |     1,00|  Total
PREPORNO  --------+--------+
            2,00   |    1    |     1
  Not Prepared     | 100,0   |  100,0
                   | 100,0   |
                   | 100,0   |
                   +--------+
          Column        1          1
           Total    100,0      100,0
```

Number of Missing Observations: 53

PREPORNO Prepared and Not Prepared Org. by ME.A.V media allies - "victim"

```
                    ME.A.V      Page 1 of 1
           Count   |
         Row Pct   |ticked
         Col Pct   |              Row
         Tot Pct   |     1,00|  Total
PREPORNO  --------+--------+
            1,00   |    5    |     5
  Prepared         | 100,0   |   71,4
                   |  71,4   |
                   |  71,4   |
                   +--------+
            2,00   |    2    |     2
  Not Prepared     | 100,0   |   28,6
                   |  28,6   |
                   |  28,6   |
                   +--------+
          Column        7          7
           Total    100,0      100,0
```

Number of Missing Observations: 47

PREPORNO Prepared and Not Prepared Org.
by ME.P.V media protectors - "victim"

```
                    ME.P.V      Page 1 of 1
           Count   |
         Row Pct   |ticked
         Col Pct   |              Row
         Tot Pct   |     1,00|  Total
PREPORNO  --------+--------+
            2,00   |    1    |     1
  Not Prepared     | 100,0   |  100,0
                   | 100,0   |
                   | 100,0   |
                   +--------+
          Column        1          1
           Total    100,0      100,0
```

Number of Missing Observations: 53

PREPORNO Prepared and Not Prepared Org. by ME.VL.V media villains - "victim"

```
                    ME.VL.V      Page 1 of 1
           Count   |
           Row Pct |ticked
           Col Pct |              Row
           Tot Pct |     1,00|  Total
PREPORNO   --------+--------+
             2,00  |     1   |     1
  Not Prepared     |  100,0  |  100,0
                   |  100,0  |
                   |  100,0  |
                   +--------+
           Column       1          1
            Total    100,0      100,0
```

Number of Missing Observations: 53

PREPORNO Prepared and Not Prepared Org.
by SU.V.V suppliers victims - "victim"

```
                    SU.V.V       Page 1 of 1
           Count   |
           Row Pct |ticked
           Col Pct |              Row
           Tot Pct |     1,00|  Total
PREPORNO   --------+--------+
             2,00  |     1   |     1
  Not Prepared     |  100,0  |  100,0
                   |  100,0  |
                   |  100,0  |
                   +--------+
           Column       1          1
            Total    100,0      100,0
```

Number of Missing Observations: 53

PREPORNO Prepared and Not Prepared Org.
by SU.R.V suppliers rescuers - "victim"

```
                    SU.R.V       Page 1 of 1
           Count   |
           Row Pct |ticked
           Col Pct |              Row
           Tot Pct |     1,00|  Total
PREPORNO   --------+--------+
             1,00  |     1   |     1
  Prepared         |  100,0  |  100,0
                   |  100,0  |
                   |  100,0  |
                   +--------+
           Column       1          1
            Total    100,0      100,0
```

Number of Missing Observations: 53

PREPORNO Prepared and Not Prepared Org.
by SU.E.V suppliers enemies - "victim"

```
                    SU.E.V       Page 1 of 1
           Count   |
           Row Pct |ticked
           Col Pct |              Row
           Tot Pct |     1,00|  Total
PREPORNO   --------+--------+
             2,00  |     1   |     1
  Not Prepared     |  100,0  |  100,0
                   |  100,0  |
                   |  100,0  |
                   +--------+
           Column       1          1
            Total    100,0      100,0
```

Number of Missing Observations: 53
PREPORNO Prepared and Not Prepared Org.

by SU.A.V suppliers allies - "victim"

```
                          SU.A.V       Page 1 of 1
            Count       |
            Row Pct     |ticked
            Col Pct     |              Row
            Tot Pct     |      1,00|   Total
PREPORNO    --------+--------+
                1,00    |     4    |       4
  Prepared              |  100,0   |    80,0
                        |   80,0   |
                        |   80,0   |
                        +--------+
                2,00    |     1    |       1
  Not Prepared          |  100,0   |    20,0
                        |   20,0   |
                        |   20,0   |
                        +--------+
              Column          5            5
               Total      100,0        100,0
```

Number of Missing Observations: 49

PREPORNO Prepared and Not Prepared Org.
by SU.P.V suppliers protectors - "victim"

```
                          SU.P.V       Page 1 of 1
            Count       |
            Row Pct     |ticked
            Col Pct     |              Row
            Tot Pct     |      1,00|   Total
PREPORNO    --------+--------+
                2,00    |     2    |       2
  Not Prepared          |  100,0   |   100,0
                        |  100,0   |
                        |  100,0   |
                        +--------+
              Column          2            2
               Total      100,0        100,0
```

Number of Missing Observations: 52

PREPORNO Prepared and Not Prepared Org.
by CP.R.V competitors rescuers - "victim"

```
                          CP.R.V       Page 1 of 1
            Count       |
            Row Pct     |ticked
            Col Pct     |              Row
            Tot Pct     |      1,00|   Total
PREPORNO    --------+--------+
                1,00    |     1    |       1
  Prepared              |  100,0   |   100,0
                        |  100,0   |
                        |  100,0   |
                        +--------+
              Column          1            1
               Total      100,0        100,0
```

Number of Missing Observations: 53

```
PREPORNO  Prepared and Not Prepared Org.
by  CP.E.V  competitors enemies - "victim"

                    CP.E.V      Page 1 of 1
            Count  |
          Row Pct  |ticked
          Col Pct  |           Row
          Tot Pct  |     1,00| Total
PREPORNO  --------+--------+
             2,00  |    2   |     2
  Not Prepared     | 100,0  |  100,0
                   | 100,0  |
                   | 100,0  |
                   +--------+
           Column       2         2
            Total   100,0     100,0

Number of Missing Observations:  52

PREPORNO  Prepared and Not Prepared Org.
by  CP.A.V  competitors allies - "victim"

                    CP.A.V      Page 1 of 1
            Count  |
          Row Pct  |ticked
          Col Pct  |           Row
          Tot Pct  |     1,00| Total
PREPORNO  --------+--------+
             1,00  |    4   |     4
  Prepared         | 100,0  |   66,7
                   |  66,7  |
                   |  66,7  |
                   +--------+
             2,00  |    2   |     2
  Not Prepared     | 100,0  |   33,3
                   |  33,3  |
                   |  33,3  |
                   +--------+
           Column       6         6
            Total   100,0     100,0

Number of Missing Observations:  48

PREPORNO  Prepared and Not Prepared Org.
by  CP.P.V  competitors protectors - "victim"

                    CP.P.V      Page 1 of 1
            Count  |
          Row Pct  |ticked
          Col Pct  |           Row
          Tot Pct  |     1,00| Total
PREPORNO  --------+--------+
             2,00  |    1   |     1
  Not Prepared     | 100,0  |  100,0
                   | 100,0  |
                   | 100,0  |
                   +--------+
           Column       1         1
            Total   100,0     100,0

Number of Missing Observations:  53
```

```
PREPORNO  Prepared and Not Prepared Org.
by  SIG.V.V  sp. int. groups victims - "victim"

                       SIG.V.V     Page 1 of 1
             Count  |
           Row Pct  |ticked
           Col Pct  |           Row
           Tot Pct  |     1,00| Total
PREPORNO   --------+--------+
              2,00  |    1    |     1
   Not Prepared     | 100,0   | 100,0
                    | 100,0   |
                    | 100,0   |
                    +--------+
            Column       1          1
             Total    100,0     100,0

Number of Missing Observations:  53
```

```
PREPORNO  Prepared and Not Prepared Org.
by  SIG.R.V  sp. int. groups rescuers - "victim"

                       SIG.R.V     Page 1 of 1
             Count  |
           Row Pct  |ticked
           Col Pct  |           Row
           Tot Pct  |     1,00| Total
PREPORNO   --------+--------+
              2,00  |    1    |     1
   Not Prepared     | 100,0   | 100,0
                    | 100,0   |
                    | 100,0   |
                    +--------+
            Column       1          1
             Total    100,0     100,0

Number of Missing Observations:  53
```

```
PREPORNO  Prepared and Not Prepared Org.
by  SIG.E.V  sp. int. groups enemies - "victim"

                       SIG.E.V     Page 1 of 1
             Count  |
           Row Pct  |ticked
           Col Pct  |           Row
           Tot Pct  |     1,00| Total
PREPORNO   --------+--------+
              2,00  |    1    |     1
   Not Prepared     | 100,0   | 100,0
                    | 100,0   |
                    | 100,0   |
                    +--------+
            Column       1          1
             Total    100,0     100,0

Number of Missing Observations:  53
```

PREPORNO Prepared and Not Prepared Org.
by SIG.A.V sp. int. groups allies - "victim"

SIG.A.V Page 1 of 1

PREPORNO	Count / Row Pct / Col Pct / Tot Pct	ticked 1,00	Row Total
Prepared	1,00	4 100,0 80,0 80,0	4 80,0
Not Prepared	2,00	1 100,0 20,0 20,0	1 20,0
	Column Total	5 100,0	5 100,0

Number of Missing Observations: 49

PREPORNO Prepared and Not Prepared Org.
by SIG.P.V sp. int. groups protectors - "victim"

SIG.P.V Page 1 of 1

PREPORNO	Count / Row Pct / Col Pct / Tot Pct	ticked 1,00	Row Total
Prepared	1,00	1 100,0 50,0 50,0	1 50,0
Not Prepared	2,00	1 100,0 50,0 50,0	1 50,0
	Column Total	2 100,0	2 100,0

Number of Missing Observations: 52

PREPORNO Prepared and Not Prepared Org.
by R.R.V regulators rescuers - "victim"

R.R.V Page 1 of 1

PREPORNO	Count / Row Pct / Col Pct / Tot Pct	ticked 1,00	Row Total
Not Prepared	2,00	2 100,0 100,0 100,0	2 100,0
	Column Total	2 100,0	2 100,0

Number of Missing Observations: 52

```
PREPORNO  Prepared and Not Prepared Org.
by  R.A.V  regulators allies - "victim"

                    R.A.V       Page 1 of 1
           Count   |
         Row Pct   |ticked
         Col Pct   |            Row
         Tot Pct   |     1,00|  Total
PREPORNO  --------+--------+
            1,00   |    4   |     4
  Prepared         | 100,0  |   80,0
                   |  80,0  |
                   |  80,0  |
                   +--------+
            2,00   |    1   |     1
  Not Prepared     | 100,0  |   20,0
                   |  20,0  |
                   |  20,0  |
                   +--------+
           Column       5         5
            Total   100,0     100,0

Number of Missing Observations:  49
```

```
PREPORNO  Prepared and Not Prepared Org.
by  R.P.V  regulators protectors - "victim"

                    R.P.V       Page 1 of 1
           Count   |
         Row Pct   |ticked
         Col Pct   |            Row
         Tot Pct   |     1,00|  Total
PREPORNO  --------+--------+
            1,00   |    1   |     1
  Prepared         | 100,0  |   33,3
                   |  33,3  |
                   |  33,3  |
                   +--------+
            2,00   |    2   |     2
  Not Prepared     | 100,0  |   66,7
                   |  66,7  |
                   |  66,7  |
                   +--------+
           Column       3         3
            Total   100,0     100,0

Number of Missing Observations:  51
```

```
PREPORNO  Prepared and Not Prepared Org.
by  CS.V.V  consumers victims - "victim"

                    CS.V.V      Page 1 of 1
           Count   |
         Row Pct   |ticked
         Col Pct   |            Row
         Tot Pct   |     1,00|  Total
PREPORNO  --------+--------+
            1,00   |    3   |     3
  Prepared         | 100,0  |   60,0
                   |  60,0  |
                   |  60,0  |
                   +--------+
            2,00   |    2   |     2
  Not Prepared     | 100,0  |   40,0
                   |  40,0  |
                   |  40,0  |
                   +--------+
           Column       5         5
            Total   100,0     100,0

Number of Missing Observations:  49
```

PREPORNO Prepared and Not Prepared Org.
by CS.H.V consumers heroes - "victim"

PREPORNO	Count / Row Pct / Col Pct / Tot Pct	CS.H.V ticked 1,00	Row Total
Not Prepared	2,00	1 100,0 100,0 100,0	1 100,0
	Column Total	1 100,0	1 100,0

Page 1 of 1

Number of Missing Observations: 53

PREPORNO Prepared and Not Prepared Org.
by CS.R.V consumers rescuers - "victim"

PREPORNO	Count / Row Pct / Col Pct / Tot Pct	CS.R.V ticked 1,00	Row Total
Not Prepared	2,00	1 100,0 100,0 100,0	1 100,0
	Column Total	1 100,0	1 100,0

Page 1 of 1

Number of Missing Observations: 53

PREPORNO Prepared and Not Prepared Org.
by CS.A.V consumers allies - "victim"

PREPORNO	Count / Row Pct / Col Pct / Tot Pct	CS.A.V ticked 1,00	Row Total
Prepared	1,00	2 100,0 66,7 66,7	2 66,7
Not Prepared	2,00	1 100,0 33,3 33,3	1 33,3
	Column Total	3 100,0	3 100,0

Page 1 of 1

Number of Missing Observations: 51

```
PREPORNO  Prepared and Not Prepared Org.
by  FI.V.V  financial institutions victims - "victim

                      FI.V.V      Page 1 of 1
            Count   |
            Row Pct |ticked
            Col Pct |           Row
            Tot Pct |     1,00| Total
PREPORNO    --------+--------+
              1,00  |     1   |     1
  Prepared          |  100,0  |  100,0
                    |  100,0  |
                    |  100,0  |
                    +--------+
            Column        1         1
             Total    100,0     100,0

Number of Missing Observations:  53
```

```
PREPORNO  Prepared and Not Prepared Org.
by  FI.H.V  financial institutions heroes - "victim"

                      FI.H.V      Page 1 of 1
            Count   |
            Row Pct |ticked
            Col Pct |           Row
            Tot Pct |     1,00| Total
PREPORNO    --------+--------+
              2,00  |     1   |     1
  Not Prepared      |  100,0  |  100,0
                    |  100,0  |
                    |  100,0  |
                    +--------+
            Column        1         1
             Total    100,0     100,0

Number of Missing Observations:  53
```

```
PREPORNO  Prepared and Not Prepared Org.
by  FI.R.V  financial institutions rescuers - "victi

                      FI.R.V      Page 1 of 1
            Count   |
            Row Pct |ticked
            Col Pct |           Row
            Tot Pct |     1,00| Total
PREPORNO    --------+--------+
              1,00  |     2   |     2
  Prepared          |  100,0  |   50,0
                    |   50,0  |
                    |   50,0  |
                    +--------+
              2,00  |     2   |     2
  Not Prepared      |  100,0  |   50,0
                    |   50,0  |
                    |   50,0  |
                    +--------+
            Column        4         4
             Total    100,0     100,0

Number of Missing Observations:  50
```

```
PREPORNO  Prepared and Not Prepared Org.
by  FI.A.V  financial institutions allies - "victim"

                   FI.A.V      Page 1 of 1
           Count  |
         Row Pct  |ticked
         Col Pct  |           Row
         Tot Pct  |     1,00| Total
PREPORNO ---------+--------+
            2,00  |     1   |     1
  Not Prepared    |  100,0  |  100,0
                  |  100,0  |
                  |  100,0  |
                  +---------+
          Column        1        1
           Total    100,0    100,0

Number of Missing Observations:  53

PREPORNO  Prepared and Not Prepared Org.
by  FI.P.V  financial institutions protectors - "vic

                   FI.P.V      Page 1 of 1
           Count  |
         Row Pct  |ticked
         Col Pct  |           Row
         Tot Pct  |     1,00| Total
PREPORNO ---------+--------+
            1,00  |     2   |     2
  Prepared        |  100,0  |  100,0
                  |  100,0  |
                  |  100,0  |
                  +---------+
          Column        2        2
           Total    100,0    100,0

Number of Missing Observations:  52

PREPORNO  Prepared and Not Prepared Org.
by  FI.VL.V  financial institutions villains - "victi

                   FI.VL.V     Page 1 of 1
           Count  |
         Row Pct  |ticked
         Col Pct  |           Row
         Tot Pct  |     1,00| Total
PREPORNO ---------+--------+
            2,00  |     1   |     1
  Not Prepared    |  100,0  |  100,0
                  |  100,0  |
                  |  100,0  |
                  +---------+
          Column        1        1
           Total    100,0    100,0

Number of Missing Observations:  53
```

PREPORNO Prepared and Not Prepared Org.
by IC.V.V insurance companies victims - "victim"

IC.V.V Page 1 of 1

PREPORNO	Count / Row Pct / Col Pct / Tot Pct	IC.V.V ticked 1,00	Row Total
Prepared	1,00	1 100,0 50,0 50,0	1 50,0
Not Prepared	2,00	1 100,0 50,0 50,0	1 50,0
	Column Total	2 100,0	2 100,0

Number of Missing Observations: 52

PREPORNO Prepared and Not Prepared Org.
by IC.R.V insurance companies rescuers - "victim"

IC.R.V Page 1 of 1

PREPORNO	Count / Row Pct / Col Pct / Tot Pct	IC.R.V ticked 1,00	Row Total
Prepared	1,00	2 100,0 40,0 40,0	2 40,0
Not Prepared	2,00	3 100,0 60,0 60,0	3 60,0
	Column Total	5 100,0	5 100,0

Number of Missing Observations: 49

PREPORNO Prepared and Not Prepared Org.
by IC.A.V insurance companies allies - "victim"

IC.A.V Page 1 of 1

PREPORNO	Count / Row Pct / Col Pct / Tot Pct	IC.A.V ticked 1,00	Row Total
Not Prepared	2,00	1 100,0 100,0 100,0	1 100,0
	Column Total	1 100,0	1 100,0

Number of Missing Observations: 53

```
PREPORNO  Prepared and Not Prepared Org.
by  IC.P.V  insurance companies protectors - "victim

                      IC.P.V      Page 1 of 1
             Count   |
           Row Pct   |ticked
           Col Pct   |            Row
           Tot Pct   |      1,00| Total
PREPORNO    --------+--------+
              1,00   |    2   |      2
  Prepared           | 100,0  |  100,0
                     | 100,0  |
                     | 100,0  |
                     +--------+
            Column        2          2
             Total    100,0      100,0

Number of Missing Observations:  52
```

```
PREPORNO  Prepared and Not Prepared Org.
by  LC.V.V  local community victims - "victim"

                      LC.V.V      Page 1 of 1
             Count   |
           Row Pct   |ticked
           Col Pct   |            Row
           Tot Pct   |      1,00| Total
PREPORNO    --------+--------+
              1,00   |    2   |      2
  Prepared           | 100,0  |   33,3
                     |  33,3  |
                     |  33,3  |
                     +--------+
              2,00   |    4   |      4
  Not Prepared       | 100,0  |   66,7
                     |  66,7  |
                     |  66,7  |
                     +--------+
            Column        6          6
             Total    100,0      100,0

Number of Missing Observations:  48
```

```
PREPORNO  Prepared and Not Prepared Org.
by  LC.E.V  local community enemies - "victim"

                      LC.E.V      Page 1 of 1
             Count   |
           Row Pct   |ticked
           Col Pct   |            Row
           Tot Pct   |      1,00| Total
PREPORNO    --------+--------+
              2,00   |    1   |      1
  Not Prepared       | 100,0  |  100,0
                     | 100,0  |
                     | 100,0  |
                     +--------+
            Column        1          1
             Total    100,0      100,0

Number of Missing Observations:  53
```

PREPORNO Prepared and Not Prepared Org.
by LC.A.V local community allies - "victim"

```
                      LC.A.V       Page 1 of 1
           Count    |
           Row Pct  |ticked
           Col Pct  |            Row
           Tot Pct  |     1,00|  Total
PREPORNO   --------+--------+
            1,00    |     3   |     3
  Prepared          |  100,0  |  100,0
                    |  100,0  |
                    |  100,0  |
                    +--------+
           Column         3         3
            Total     100,0     100,0
```

Number of Missing Observations: 51

PREPORNO Prepared and Not Prepared Org.
by NC.V.V national (wider community) villains - "v

```
                      NC.V.V       Page 1 of 1
           Count    |
           Row Pct  |ticked
           Col Pct  |            Row
           Tot Pct  |     1,00|  Total
PREPORNO   --------+--------+
            1,00    |     1   |     1
  Prepared          |  100,0  |   25,0
                    |   25,0  |
                    |   25,0  |
                    +--------+
            2,00    |     3   |     3
  Not Prepared      |  100,0  |   75,0
                    |   75,0  |
                    |   75,0  |
                    +--------+
           Column         4         4
            Total     100,0     100,0
```

Number of Missing Observations: 50

PREPORNO Prepared and Not Prepared Org.
by NC.A.V national (wider community) allies - "vic

```
                      NC.A.V       Page 1 of 1
           Count    |
           Row Pct  |ticked
           Col Pct  |            Row
           Tot Pct  |     1,00|  Total
PREPORNO   --------+--------+
            1,00    |     4   |     4
  Prepared          |  100,0  |  100,0
                    |  100,0  |
                    |  100,0  |
                    +--------+
           Column         4         4
            Total     100,0     100,0
```

Number of Missing Observations: 50

PREPORNO Prepared and Not Prepared Org.
by NC.P.V national (wider community) protectors -

NC.P.V — Page 1 of 1

PREPORNO	Count / Row Pct / Col Pct / Tot Pct	ticked 1,00	Row Total
Not Prepared	2,00	1 100,0 100,0 100,0	1 100,0
	Column Total	1 100,0	1 100,0

Number of Missing Observations: 53

PREPORNO Prepared and Not Prepared Org.
by NC.VL.V national (wider community) villains - "v

NC.VL.V — Page 1 of 1

PREPORNO	Count / Row Pct / Col Pct / Tot Pct	ticked 1,00	Row Total
Not Prepared	2,00	1 100,0 100,0 100,0	1 100,0
	Column Total	1 100,0	1 100,0

Number of Missing Observations: 53