

# Crisis management and similar concepts

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**Abstract-** Environmental hazard management is about identifying and solving problems. Problems can include product failures, software defects, material shortages, supplier issues, and more. Problem management includes identifying, monitoring, analyzing and working to solve and prevent future problems.

During its development, crisis management faces significant problems of a practical and theoretical nature. First of all, there are numerous vagueness and ambiguities within the concept of crisis and efforts to clearly demarcate it in relation to similar or related concepts, such as catastrophes and emergency situations, above all. As a result of the above, it is necessary to distinguish the concept of crisis management from related concepts, i.e. related management practices, which include environmental hazard management, emergency or emergency management, risk management or risk management, safety management, disaster management, business continuity management at the level organizations and civil protection.

**Index Terms-** hazard.managment.development.emergency

## I. INTRODUCTION

In modern business conditions, which are characterized by frequent and sudden changes, organizations should, under normal operating conditions, i.e. in a period when there is no crisis, continuously monitor all relevant changes and events in their immediate and wider environment. The mentioned changes need to be analyzed and evaluated in order to identify situations that may represent a possible advantage or favorable opportunity, that is, situations that need to be avoided. Environmental hazard management is a concept that actually arose as a need for large multinational companies to counter the pressures coming from their critics, such as various associations for the protection of consumer rights, environmental activists and others. Therefore, this concept is a product of social activism and increased internal and external pressures on corporations to define and implement the concept of corporate social responsibility.<sup>1</sup> Environmental hazard management or "Issues management" means the management of risks in the environment, that is, in the social environment of an organization."

## II. MANAGEMENT OF EMERGENCY SITUATIONS

If the primary goal of corporate management is aimed at maximizing profits with as few losses as possible in business, respecting the principles of corporate social responsibility, risk management in the environment or issues management should be seen as a crucial element of overall management and planning within a specific organization. There are numerous similarities between crisis management and issues management. Also, there are certain differences.

The concept of risk management in the environment or issues management is, at its base, proactive, bearing in mind that it tends to recognize the potential for changes and to influence the decision-making process, timely preventing incoming changes from negatively affecting the organization. Given that "the problem can develop into a serious crisis, one thinks in the direction of how to avoid and not how to solve the crisis, by looking for problems that can grow over a certain period - considering the problem." Crisis management, on the other hand, represents a more reactive discipline that deals with the situation and problems when they are already on the public agenda and affect the organization."<sup>2</sup>

Emergency management is the creation of plans through which organizations and/or communities reduce their vulnerability to hazards and better deal with accidents. The above does not guarantee that threats will be removed or eliminated. The purpose of planning is for the organization to focus on making plans to reduce the effect. If a plan is not created, the organization may face loss of income and property, and in certain cases, loss of human life.

Events covered by emergency or emergency management include acts of terrorism, natural disasters, fires, industrial plant incidents, communication problems, and more. If circumstances permit, the planning process and the management of emergency or emergency situations should aim to prevent emergencies from occurring. If this is not possible, the organization should develop an appropriate action plan to mitigate the consequences of any type of emergency. Emergency or emergency management includes seven phases, namely prevention, mitigation,

<sup>1</sup> Kešetović Ž., Milašinović S., "Crisis management and similar concepts - an attempt to demarcate", Bezbednost no. 1-2/2008, p. 37-58, 2008, p. 53.

<sup>2</sup> Regester, M., Larkin J. „Risk Issues and Crisis Management/A Casebook of Best Practice, 3rd edition“, Chartered Institute of Public Relations: London/Sterling, VA, 2005., pp. 40-43.

preparedness, local emergency or emergency committees, prepared measures, adequate response and post-emergency recovery. Risk management is one of the oldest recorded activities of human civilization.

Risk management, in the broadest sense, implies a process related to the assessment or measurement of a certain risk. Also, risk management includes the creation of strategies for solving a certain risk. The aforementioned strategies may include risk avoidance, reducing the negative impact of a certain risk, accepting certain or all consequences of the risk, transferring the risk to another subject, and the like.

The so-called "traditional risk management is focused on those risks arising from physical or legal sources (natural disasters, fires, accidents, death, lawsuits, etc.). On the other hand, financial risk management focuses on risks that can be managed through the exchange of financial instruments. Regardless the type of risk, all large corporations have teams and small groups for risk management, and practice it informally and formally. Seen in a broader sense, risk management is an integral part of proactive crisis management. The following table shows a comparative overview of the concepts of risk management and crisis management.

### III. SECURITY MANAGEMENT

Security management refers to making decisions related to the goals of organizational systems in the field of security. It also includes means and ways to avoid or reduce negative impacts from the security aspect that originate in the external environment and/or within the organization itself. According to the traditional view of security management, the role of the manager in the area of security included activities related to suppressing the possibility of property loss due to the action of various types of criminal acts of an external and internal character. On the other hand, the simplified concept of security reduces "to the control of physical access to the organization and the monitoring of the movement of assets, and lately it has been expanded to health and safety issues, risk assessment and management components, taking into account a wider range of risks (terrorism, extraordinary situations)." <sup>3</sup> There is a difference between security management within organizations that provide services in the field of security to other subjects as their basic activity and security management within organizations that have social or economic activity where security management is in the function of protection and ensuring the growth and development of the organization. Activities and tasks in the field of security are often divided in the corporate environment into an organizational part that is in charge of financial risks, a part that deals with building maintenance, and a specialized service that takes care of fire safety issues. Issues related to the supervision and control of what goes out or enters

the organization are, for the most part, the responsibility of the security service.

In situations of "major incidents, this fragmented responsibility has negative effects on the organization's ability to return to normality and learn from the crisis." It's as if everyone is reasoning according to the principle "don't tell me what's going on, because if I know, I'll be responsible." Today, the traditional view of the security manager as someone who is solely responsible for preventing property loss is increasingly being abandoned in favor of a much more comprehensive understanding of this function." <sup>4</sup> Disaster management includes activities related to taking appropriate actions aimed at reduction, that is, elimination of the negative effects of natural and other types of unfortunate events that have the character of a disaster. Disaster management differs from crisis management, to the extent that a disaster, as an event for which there is basically no possibility of management, differs from a crisis situation. Disaster management includes activities that are carried out before, during and after a disaster.

Business Continuity Management at the level of the organization or Business Continuity Management is a field of academic studies and a field of professional activities that is more recent. The main goal of business continuity management at the organization level is to make it easier to "mitigate emergencies, crises and disasters in the organization." <sup>5</sup>

Business continuity management enables the organization to have at its disposal the necessary available resources and business processes in order to ensure the realization of the defined key goals of the organization on a continuous basis. Civil protection is a term that has a double meaning, i.e. it is used as a term that denotes an activity related to the protection and rescue of people and property from destruction due to acts of war, natural disasters and other types of disasters, and as a term that denotes an organization that deals with issues of rescue and protection. "Very close to the concept of civil protection is the concept of societal security, which refers to establishing and improving the capacities of public and private stakeholders to prepare for and respond to a wide range of threats and hazards." <sup>6</sup>

### IV. CRISIS MANAGEMENT

The modern concept of crisis originates "from the medical literature, in which it means a dangerous state of health of the organism from which it cannot recover without permanent damage, external intervention or basic restructuring, given that the organism's self-defense (immunological) mechanisms are not sufficient to protect it get out of the crisis. Social scientists have borrowed the aforementioned basic medical metaphor to describe crises in economic, political, social, and cultural systems." <sup>7</sup>

<sup>3</sup> Regester, M., Larkin J. „Risk Issues and Crisis Management/A Casebook of Best Practice, 3rd edition“, Chartered Institute of Public Relations: London/Sterling, VA, 2005., pp. 78–82.

<sup>4</sup> Kešetović Ž., Milašinović S., "Crisis management and similar concepts - an attempt to demarcate", *Bezbednost* no. 1-2/2008, p. 37-58, 2008, p. 56.

<sup>5</sup> *Ibid.*, p. 56-57.

<sup>6</sup> Kešetović Ž., Milašinović S., "Crisis management and similar concepts - an attempt to demarcate", *Bezbednost* no. 1-2/2008, p. 37-58, 2008, p. 55.

<sup>7</sup> Đukić S., "Crisis management and emergency situation", *Vojno delo*, 2/2017, 2017, p. 335.

## V. TYPES OF CRISES

Crises at the organizational level can be seen and presented as processes with a certain duration that can be different and can be segmented into several stages. It is considered possible to distinguish between two and four stages of an individual crisis. From the aspect of time impact, crises can be classified as hidden, possible and acute. When it comes to acute crises, they can be further divided into acute crises that cannot be overcome and acute crises that can be overcome. From the perspective of the time period from the occurrence of a crisis event to the perception of a critical situation, crises can be classified into crises that arise quickly and crises that arise slowly. Slow-onset crises are also slower to detect than rapid-onset crises characterized by sudden change. Examples of extreme forms of crisis are crises that have a long duration and that successively accelerate, as well as crises that occur very quickly or suddenly and that are characterized by rapid acceleration and an extremely short duration. Examples are floods, fires and the like.

Authors Seymour and Moore used a snake as a metaphor to support the claim that crises occur in two forms. The mentioned authors presented it as follows:

- "cobra" - "sudden" crisis - this is an accident that strikes suddenly and finds the company completely unprepared, surprised and leaves it in a crisis situation,
- python - a "slow-burning or smoldering" crisis or "creeping crisis", an accumulation of problems that creep up on a company one by one and slowly crush it."<sup>8</sup>

Both, the sudden crisis and the simmering crisis as a consequence for the organization have a damage to its reputation and image in the public. The specificity of a sudden crisis is that it occurs without any prior notice, such as earthquakes, fires, floods and other natural disasters.

When it comes to a simmering crisis, it can refer to harassment by superiors within the organization, safety violations, which may result in fines, violations of health norms and other or violations of the rules of conduct in a fire situation. The organization's management should focus on crises that are likely to occur and establish detailed plans for the situation in which a crisis actually occurs. A crisis that occurs suddenly or a cobra represents "the appearance of a completely unpredictable, difficult situation, which the company did not count on in almost any case and at any moment." In such a situation, the organization should "evaluate from the first time whether it is an acute crisis or just a minor disturbance." Since in sudden crises there is no time left for preventive action, this type of crisis hits with all its force on the image of the company." In this case, it is about an adequate and quick reaction of the organization with the aim of reducing the extent of potential damage to a minimum.

Spontaneous crises are also called "surprise crises" or "overnight crises" and are characterized by unpredictability and occurrence in places with the highest degree of vulnerability.

A slow-burning or smoldering crisis or python crisis lasts a long time and is very slow, and it arises through a problem whose resolution is constantly postponed. The causes of this type of crisis are found within the organization. With this type of crisis, the main and biggest problem is the moment of its occurrence, given that it cannot be noticed and is, for the most part, surprising. Also, there is a type of crisis called wave crisis. The basic characteristic of this type of crisis is that they are repeated at certain intervals with an increase in the tendency that is connected to the general interest. The eruptive crisis is the crisis that most often occurs in practice. The basic characteristics of this type of crisis refer to the intense growth of the level of public interest, which, when it reaches its maximum point, decreases also with great intensity. When it comes to management's responsibility in the context of this type of crisis, timely elimination of this type of crisis is especially important. In this sense, it is of particular importance to identify the symptoms of the crisis at an early stage, that is, when public interest has not yet reached a high level. The flow of public interest can, to a certain extent, be influenced by taking appropriate countermeasures with the aim of keeping the point of greatest public interest at the lowest possible level. The aforementioned requires the existence of a high level of knowledge and skills among all actors within the organization and quick decision-making.

A simmering or creeping crisis is characterized by slow growth of public interest. In the case of a periodic crisis, there is a constant rise and fall of public interest with a continuous growing trend of public interest, which returns to an increasingly higher level after each decline. In accordance with that, this type of crisis can be interpreted as a sequence of a large number of eruptive crises, with the fact that with each drop in public interest, a new factor leads to a renewed increase in the level of public interest. Generally speaking, in practice, slow-moving crises most often occur, which indicates the importance of "crisis prevention and functioning issue management."<sup>9</sup>

## VI. CRISIS AND RELATED CONCEPTS

The term crisis is often confused with terms such as emergency, conflict or a situation with the characteristics of a disaster. For this reason, it is necessary to delimit the mentioned concepts and terms. The difference "between the concept of crisis and emergency situation is relatively precise and logical. The key distinguishing elements are the clarity of the nature, character and dimensions of the events that exist in an emergency, but not in a crisis. Unlike a crisis, an emergency situation is mostly resolved by routine operational procedures within the existing capacities of the organization, that is, the community. Another distinction is the sufficiency (sufficiency) of resources to deal with an emergency situation, as opposed to a crisis."<sup>10</sup>

The concept of an emergency situation is a broader concept in relation to a crisis, given that each crisis represents a specific situation at the same time. On the other hand, every emergency

<sup>8</sup> Seymour M. i Moore S. „Effective Crisis Management“, Worldwide Principles and Practice, Cassel, London, 2000., p. 10.

<sup>9</sup> Senic, V, Senić R., "Communication in crisis conditions", Marketing 2015, vol. 46, no. 3, 2015, p. 159.

<sup>10</sup> Kešetović Ž, Keković Z., "Crisis and crisis management - contribution to conceptual and terminological demarcation", Megatrend magazine 2008, vol. 5, no. 1, 2008, p. 183.

situation does not necessarily represent a crisis. Conflicts are one of the basic social phenomena in the modern world. Social conflicts arise from differences between groups or individuals and are related to group or personal interests, needs, and specific goals. Conflicts are characteristic of all societies, regardless of their level of development. Bearing in mind the historical development of social communities that move from compact ones with a simple structure to complex and divided communities, the spectrum of social conflicts is constantly expanding. Social conflicts can be defined "as struggles between and within a social group for the realization of interests and values that are mutually contradictory, whereby the participants in this struggle make it difficult for each other, that is, make it impossible to achieve goals." <sup>11</sup>

The concepts that denote conflict and crisis are fundamentally the same. It is necessary to distinguish between a crisis that does not contain conflict and a crisis that is determined by conflict. Crises determined by conflict can be seen as the result of the existence of dysfunctional conflicts. The foundations of a large number of crises, such as economic conflicts, conflicts and crises due to the existence of cultural differences, wars and acts of terrorism, are formed by conflicts of interest that exist between groups and individuals.

The term disturbance or disorder represents a time-specific dysfunction that exists in the conditions of so-called normal events for which it is not necessary to invest a lot of effort to overcome the problem. Disturbances or disorders are almost a daily occurrence. They do not always carry with them elements of danger for the organization or elements that can threaten the realization of goals important for the survival of the organization, but they can have an impact on the degree of their realization.

The term disaster comes from the Greek word *katastrophe*, which means upheaval, upheaval, upheaval. *Katastrophe*, in most cases, is used in the context of a major accident that has huge and far-reaching consequences, ruin, breakdown, and the like. Often, the terms disaster and crisis are treated as synonyms. "The concept of disaster is generally approached from four main angles:

- According to the source, that is, the origin (natural or technological);
- According to the consequences (degree of loss and damage, intensity and duration);
- According to the flow (interventions of different actors, response capacities, organizations and communities)
- According to the degree of risk involved." <sup>12</sup>

A disaster can also be seen as the final expression of a certain crisis situation. Namely, if in a crisis situation it is not managed effectively, a disaster can occur. A disaster does not represent a crisis in the classic sense of the term. It covers issues related to the context of large-scale emergency events with elements of threat and injury, including loss of human life, and includes certain management procedures. As can be seen from the above, in practice it is often quite difficult, if not impossible, to distinguish between an extraordinary situation, a crisis and a disaster.

<sup>11</sup> Kešetović Ž, Keković Z., "Crisis and crisis management - contribution to conceptual and terminological demarcation", *Megatrend magazine* 2008, vol. 5, no. 1, 2008, p. 188.

## VII. CONCLUSION

Managing the activities of a specific organization in crisis conditions is different from the usual management of a specific organization. In order to adequately manage the organization, including the period of crisis, managers should be familiar with the basic features of the crisis. Given that crises differ from each other in terms of content, consequences, duration and intensity, it is not possible to systematize all its features. The three basic characteristics of a crisis that are common to all crises include urgency, threat, and uncertainty. If serious threats do not produce immediate and acute consequences for the organization, then they do not generate the feeling of the presence of a crisis. "Time compression is a defining element of crisis." If the response to an emergency exceeds the institutional capacity of a certain organization to the extent that the resulting situation can cause serious irreversible damage in essential sectors, the emergency turns into a crisis." <sup>13</sup>

In order for crisis management to be successful, it is necessary for "managers to be aware of it and to respect it when designing appropriate management programs, first of all, when building a system for easier crisis detection and crisis planning." The experience of crisis is accompanied by a high level of uncertainty regarding the nature and possible consequences of the threat. In addition to the above characteristics of the crisis, a fourth characteristic is often mentioned, which refers to the inadequacy of the resources needed to undertake activities in response to the crisis. "The crisis calls into question the fundamental values of the social system and the techniques applied to accomplish tasks within it, as well as the systematic rules of organization, which may prove useful in current or future crisis management."

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<sup>12</sup> Kešetović Ž, Keković Z., "Crisis and crisis management - contribution to conceptual and terminological demarcation", *Megatrend magazine* 2008, vol. 5, no. 1, 2008, p. 184.

<sup>13</sup> Borodzic E.: *Risk, „Crisis and Security Management“*, Chichester: John Wiley & Sons Ltd., 2005., pp.79.-84.

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