

INTERNAL CRISIS COMMUNICATION AND CORPORATE CULTURE: FORGING THE LINKS

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Abstract: *The purpose of this paper is to investigate the relationship between corporate culture and internal crisis communication by comparing the internal crisis communication practice of Swiss companies, the features of their corporate culture and how representatives of these companies interpret the influence of culture. The results indicate that misalignment between the different levels of corporate culture would lead to inconsistencies and loss of effectiveness in the internal crisis communication.*

Keywords: *Strategic crisis communication, corporate culture, internal and employee communication.*

1. INTRODUCTION

With the rise of social media and increasing expectations of stakeholder groups crisis communication has become essential for the successful resolution of a crisis and thus the company reputation. Internal stakeholders, employees in particular, are considered to play a key role in the management of a crisis. They have a defined legal stake at and develop an emotional relationship with the organization. Furthermore, they play a role as both senders and receivers of the internal communication [11]. Therefore, internal crisis communication requires similar analytical preciseness as external crisis communication [6]. Surprisingly, the focus of crisis communication and management has traditionally been on external stakeholders such as media and clients, and few researchers have addressed the role of internal stakeholders [19] [11] [14].

Culture has been identified as an important influencing factor for crisis management and communication [8] [19]. In recent years, corporate culture has become a top priority for management [9]. But crisis communication theory seems to lack cultural contextualization [13] and a long-standing tradition for including an intercultural perspective [10]. Most sources investigate the relationship between culture and communication in general [19]. Especially in times of crisis, it is of high significance to understand the dynamics and the potential change of corporate culture in order to be less irritated or anxious with the unfamiliar and irrational behaviors of people within an organization [22].

This manuscript seeks to contribute with insights on the relationship between corporate culture and the internal crisis communication. Because the internal crisis communication is targeting the internal stakeholders and takes place inside of the organization, the impact of the culture on the crisis communication practice is considered to be high.

Semi-structured interviews with representatives of mid- to big-sized Swiss manufacturing and service companies have been conducted. Managers in the field of corporate communication

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and crisis management or employees who have access to sufficient information about this topic within the chosen organization have been interviewed. Each of the companies have experienced an organizational crisis situation. The size is an important criterion as companies of bigger size tend to have a well-developed communication and crisis management and communication infrastructure and concept as well as tend to put considerable effort in managing the corporate culture. The purpose of the research was to explore how the companies communicate internally in a crisis situation, what are the features of their corporate culture and how the culture is influencing their crisis communication.

2. THEORETICAL FOUNDATIONS

Internal Crisis Communication

Internal crisis communication is “the communicative interaction among managers and employees, in a private or public organization, before, during, and after an organizational or social crisis” [12]. As any communicative interaction it is characterized by objectives, target groups, content and messaging, channels of communication and coordination and direction setting [17] [18] [1] [5] [6]. Internal crisis communication is shaped by the existing internal communication as well as the crisis situation type and crisis management practice. Figure 1 illuminates the key elements of an internal crisis communication.

The effects a crisis can produce on individuals are important to be identified in order to establish the internal crisis communication objectives to address these effects [6] [18] [24]. As a consequence of a crisis, affective reactions such as anger or fear can be challenging. Anxieties among employees decrease performance and motivation demonstrably [19]. Rumors, decreasing working morale and questioning loyalty to the organization impact daily business, and thus influence the entire organization [18].

Based on qualitative analysis, [7] defines four objectives of the internal crisis communication to deal with the negative effects of a crisis:

- Lead in the crisis: explain, mobilize, listen, reflect.
- Stabilize corporate climate, anticipate and combat conflicts, regulate rumors.
- Maintain trust and secure engagement for crisis resolution.
- Create open culture for «mistakes», i.e. create a «crisis culture”.

As members of the organization, employees identify with the corporate values and share a common understanding and language. Depending on how the organization communicates in the crisis, employees will act as supporters or adversaries [7]. Despite well-planned and formulated internal communication, a comparison of managers’ intentions and employees’ interpretations shows often misinterpretation and resistance. Effective crisis communication is based on a trust relationship that are built over time with the help of communication and respondent actions [14].

The objectives of internal crisis communication can operate on the cognitive, affective, or behavioral reactions of employees [17] [18]. The cognitive objective aims to decrease incertitude and to increase reasonable expectations among the workforce. The affective objective attempts to raise the employee’s sense of belonging by rising the identification and trust of the company with the practiced communication strategies. Simultaneously, behavioral objectives seek to maintain employee’s commitment towards the organization and thus activating behaviors [15].

Thus, internal crisis communication messaging is content-focused and value-focused [1]. Often the informative content during a crisis is scarce, so that the value-focused content becomes more important. Value-focused content use statements that create trustworthiness through honest, frequent and open dialogue with employees such as focusing on the corporate culture and identity. In order to reach the mentioned objectives, internal crisis communication try to achieve a balance.

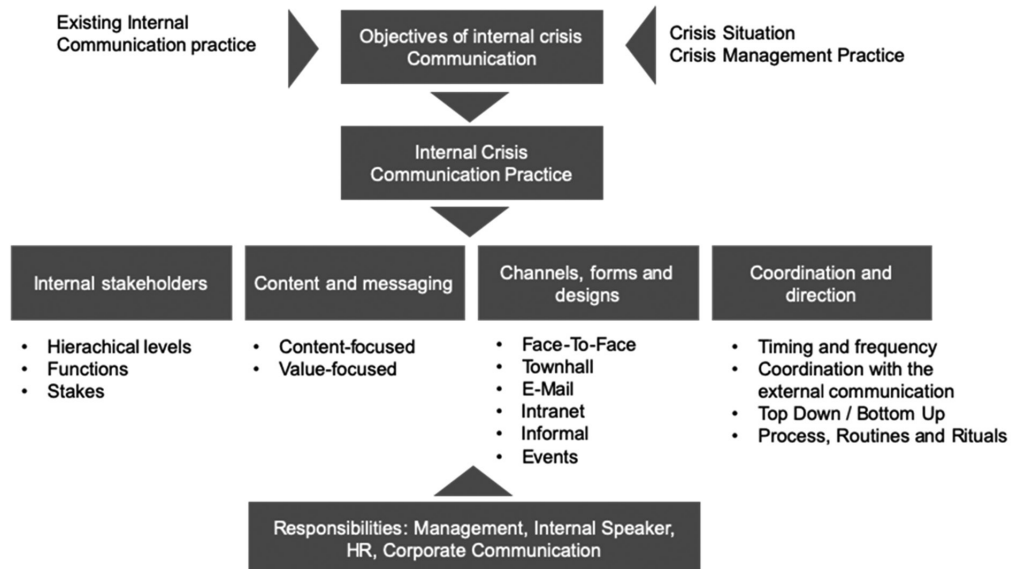


Figure 1: Elements of an internal crisis communication concept (adapted from [7])

Open dialogue means the use of direct communication channels, especially face-to-face-communication, which are considered critical for employee satisfaction [16]. Open communication climate, regular dialogue with management, recognition of bottom-up suggestions and good management communication abilities strengthen the employee engagement and their readiness to actively support the management efforts [2].

Corporate Culture

The culture of a group can be defined as the group's shared learning as it solves its problems of external adaptation and internal integration. The groups accumulated learning eventually builds its culture by defining what is valid and, therefore, to be taught to new members as the correct way to perceive, think, feel, and behave in relation to those problems. According [22], this accumulated learning is a pattern or system of beliefs, values, and behavioral norms that come to be taken for granted as basic assumptions and "eventually drop out of awareness". Corporate culture in this sense can be understood to be the culture of a particular and unique social group – namely the corporation.

According to [22] organizational culture can be dissected into three levels. First, the level of artifacts refers to the visible, explicit behavioral regularities, explicit rules of interaction, formal rituals. Second, the level of espoused beliefs and values includes the officially acclaimed values, identity and purpose. These elements are often implemented in the philosophy or ideology of the organization in order to act as a guidance for uncontrollable or difficult events such as an organizational crisis. Third, the level of basic underlying assumptions or the cultural DNA describes the implicit rules of interaction between people, how they feel, their instantaneous and subjective assessments, perceptions and reactions. [3] [4] identified in addition to the theory of

Schein, that basic assumptions are comparable to theories-in-use that actually guide behavior and tell people how to perceive, think and feel.

Culture and communication are interrelated. Whereas cultures are created through human interaction and social communication, the reverse is also the case; that is, communication practices are largely created, shaped, and transmitted by culture [20].

Being the focus of this paper, the latter needs some explanation: Cultures are subjective. Shared culture guarantees shared subjectivity. And shared subjectivity enables cooperation among those who share that same particular subjectivity. A shared value system as well as shared and implicit pattern of communication enables successful communication – successful in the sense of what needed to be told has been understood correctly – respectively decrease the danger of misunderstanding – misunderstanding in the sense of what needed to be told has been understood falsely.

A shared value system and implicit rules of social interaction also create trust and effective communication as already mentioned is a matter of trust. The level of trust decides about the credibility of the sender's message (hidden agenda? Lip service? Manipulative effort? Fake news) and whom the information is given to and whether and how much information is given to the receiver.

3. FINDINGS AND DISCUSSION

In this section, the results of the interviews will be presented in a synthesized form. To analyze and structure the interview answers the Edgar Schein's Corporate Culture model and the presented internal crisis communication elements were used. The study points out to deeply rooted links between the corporate culture and the internal crisis communication.

First, all three levels of corporate culture touch upon elements of the internal crisis communication practice:

1. Level 1 "Artefacts and Behavior" is reflected by the used channels of communication (face-to-face, e-mail, intranet), its dispersion (to all, only those concerned, only management), its direction and coordination (cascade top down, at once to all employee), responsibilities (centralized and coordinated by a specific unit, top management task) or feedback loops.
2. Level 2 "Espoused Values" refer to the objectives of the crisis communication being content oriented (task and goal oriented, what next? what to do?) or value oriented (as a mean to signal control and care) and gives guidance on the questions such as who should know, who should act or is responsible.
3. Level 3 "Basic Assumptions" explain implicit employee expectations, routines, rituals, informal rules of responsibility, engagement, entitlement, appropriateness.

Second, five recurrent and prominent opposing pairs in internal crisis communication pattern emerged that are connected to corporate culture. The five themes concern the company's normative approach on:

1. Process and routines,
2. Dispersion and involved internal stakeholders,
3. Timing,
4. Objectives such as crisis culture,
5. Responsibilities.

Table 1: Internal Crisis Communication Practices according to interviews

1	Regulated and Prepared <ul style="list-style-type: none"> • Clear (pre-defined) communication guidelines (often top down) • Communication processes are centralized • Communication is coordinated through specifically appointed units 	Flexible and Spontaneous <ul style="list-style-type: none"> • Ad hoc, topic dependent communication. • Communication happens randomly (for example communication software Yammer) • Processes are not defined other than there is a tool with which everyone can use to communicate.
2	Confidential and Selective <ul style="list-style-type: none"> • Selective information provision • Communication to particular receiver groups only • Focus: avoidance of leakage (leakage of information due to mass distribution) 	Open and transparent <ul style="list-style-type: none"> • Full information provision • Information provision to all • Focus: Avoidance of rumor (rumor creation due to incomplete information)
3	Accuracy / Quality <ul style="list-style-type: none"> • Detailed and accurate situation analysis preceding crisis communication • Focus: no false information 	Speed <ul style="list-style-type: none"> • Instantaneous information delivery • Focus: no anxiety among staff
4	Mistake avoidance <ul style="list-style-type: none"> • Shame avoidance • Risk averse • Zero-error culture 	Solution oriented <ul style="list-style-type: none"> • Mistake tolerant • Risk tolerant • Transparency concerning one's mistakes
5	Divided responsibility <ul style="list-style-type: none"> • Division of communication roles (legal department) and cascade down • Indirect communication of CEO (indirect channels such as intranet) • Slow reaction because of approvals and participation of different teams • Development of rumors and decrease of trust and credibility 	Top management responsibility <ul style="list-style-type: none"> • CEO leads personally the communication • CEO directly addresses employees face-to-face • Quick and flexible reaction because CEO in the lead • Employees take the messages seriously; credibility is increased, and trust is secured

Third, for effective internal crisis communication the practices, which fall into level 1 “Artefacts and Behavior”, are largely in line with level 2 “Espoused Values” confirming previous studies [14]. New is the finding, that effective internal crisis communication is also strongly correlated to the congruence between level 2 “Espoused Values”, on the one hand, and level 3 “Basic Assumptions” within the company on the other hand.

Two cases illustrate this relationship:

Case 1: Mistake avoidance versus error tolerance

1. “Espoused Values”: As a company we support transparency and openness (also concerning mistakes). We support open and honest communication in order to avoid mistakes being carried on for long time causing way more damage than when they have been communicated at an earlier point in time.
2. “Artefacts and Behavior”: It appears, though, that in more often than not mistakes were not communicated because people feared punitive repercussion.
3. “Basic Assumptions”: at the end of the day, people fear mistakes and are more risk averse than they cherish innovation. As long as it is routine, one is on the safe side. As soon as one tries something new, there is greater risk of making mistakes. If there is no direct repercussion, it definitely impacts one’s career path if one admits to too many mistakes.
4. Result: No full and prompt disclosure of problems at the beginning of a crisis.

Case 2: High versus low power distance / Endorsement versus flexibility

1. “Espoused values”: Flat hierarchy and “You”-culture (informal)
2. “Artefacts and Behavior”: People often still use “You” (formal) and communicate in a hierarchical way. In crisis situation some people fall back into their hierarchical position and expect internal crisis communication to proceed top down in cascades along the line.
3. “Basic Assumptions”: We are a German manufacturing company with a long tradition of hierarchy – why should it be different now all of a sudden? To a large extent trust is correlated with position. It makes a difference whether a crisis is communicated by the CEO or via an open company chat-app. What information can be trusted, how credible is the content of the information and how should the information be classified? As stated above, the level of trust decides about the credibility of the sender’s message.
4. Result: Credibility and classification problems.

Whatever one’s choice between the opposite pairs described above, for an effective internal crisis communication consistency between “Espoused Values” and “Basic Assumption” is important.

Fifth, all the company representatives confirmed that their respective corporate culture reflects the internal crisis communication practices.

4. CONCLUSION, LIMITATIONS AND FURTHER RESEARCH

This study reveals that corporate culture is rooted in the internal crisis communication practice. There are indications that successful internal crisis communication practices require congruence between the three levels of corporate culture, between “Artefacts & Behavior” (level 1) and “Espoused Values” (level 2), on the one side, and between “Espoused Values” (level 2) and “Basic Assumptions” (level 3). Inconsistencies can lead to less effective communication effort, rumors and loss of trust and engagement.

The results of the study have numerous limitations. First, different types of crisis call for different crisis management and communication effort. The interviews focus on organizational crises, and not on emergency situations with strong external trigger such as environmental disasters or terror attacks. Second, the influence of corporate culture before, during and after the crisis is not investigated. Further research should explore in more detail which parameters of corporate culture can be adjusted as a part of the organizational crisis preparedness. Third, a crisis situation always triggers change in the corporate culture. Future research could investigate how internal crisis communication can accompany and intensify the learning from the crisis and mistakes and how it can contribute to a new resilient culture. Forth, the insights were won in Swiss companies operating in international context, reflecting Swiss corporate values. The interviews are of limited number, and mainly in the manufacturing industry. Last but not least, the interview partners represent the management level; the employee’s perspective should be integrated.

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