

DECISION – MAKING OF THE CRISIS MANAGEMENT



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Concept of crisis management

- Crisis management is the application of strategies designed to help an organization deal with a sudden and significant negative event.
- A crisis can occur as a result of an unpredictable event or as an unforeseeable consequence of some event that had been considered a potential risk. In either case, crises almost invariably require that decisions be made quickly to limit damage to the organization. **For that reason, one of the first actions in crisis management planning is to identify an individual to serve as crisis manager...**

Different Types Of crisis 8



- 1) Technological crisis** : Nowadays most of the business work depends on [technology](#). Any breakdown in technological appliances creates hindrance in the service of customers. Let us take a very simple example of a coffee shop. The business of coffee shop entirely depends on the coffee machine. **On some days when the coffee machine gets out of order the entire business slows down and customers go cranky.**



2) Financial crisis: Financial crisis happens when an organization is hit by the sudden loss of a large amount of money. Financial issues such as **bankruptcy, revenue losses, inflation or sudden change of trend in the market can cause the financial crisis in an organization.**

Financial crisis can happen in any organization. This type of crisis is very difficult and damaging for the entire organization. Customers can lose their trust if the financial crisis are not handled carefully and quickly.

These types of crisis make the negative reputation of the organization in the market and inefficiency to handle such crisis can cause permanent damage that may lead to the permanent shut down of the business. **Keeping a certain amount of funds aside for such situations is one solution. other than that, management should take important decisions such as changing business as per market requirement.**



3) Natural crisis : Natural crisis takes place because of the occurrence of natural phenomena such as **earthquake, volcano, floods, storms or any other act of nature**. Damages caused by these calamities are classified as a natural crisis. Natural crisis are not in the hands of anyone. These crisis can be on large scale. **The best way to deal with such crisis is by planning for them beforehand, such as, building an earthquake resistant building, making emergency exit doors and providing training to employees for what to do and not to do under such circumstances...**

4) A crisis of malice :

The success of any business attracts many adversaries. Every business has its competitors and usually, companies play tactics to become better from one another and get better business. Healthy competition is good and it gives room to grow. However, sometimes some competitors forget where to stop and play real nasty tactics to ruin the image of their opponent.

This could include hacking into the website of the company and posting wrong information about it, tampering with the product or software of the company or spreading rumors. These types of crises are difficult to handle and they require utmost expertise to clear out.





- 5) A crisis of deception : In an organization, when thousands of people work together, it becomes difficult to keep the important information secret. A crisis of deception can prove to be outlandish for an organization. A person from the organization itself misrepresents the information about the organization with the intent of causing harm to the organization. These situations can be handled by discussing the matter with the legal practitioner and taking the required steps to mitigate the damage.



6) **Confrontation crisis** : These types of crisis happen when a group of people or an individual have certain demands and they fight against the organization, institute or government to make them accept their demands and fulfill their expectations.

The common methods confrontation crises are boycotts, strikes, blockade or occupation of a workplace, picketing outside the organization, giving an ultimatum to the people in authority, destroying the property of the organization. There is no cooked way to deal with such situations. However, taking the help of police and law might help to deal with confrontation crisis.

7) A crisis of organizational misdeeds :

A crisis of organizational misdeeds happens when the management take decisions without taking precautions which are not favorable for the employees or the stakeholders. These type of crises leads to court cases and cause financial as well as reputational damage to the organization.

Crisis of organizational misdeeds





8) Workplace violence :

These types of crisis happen very frequently among the labor class of the organization. When employees of an organization fight within the premises of the organization and disturb the work – environment is called workplace violence. **It is a crisis which has long term influence and also disturbs the mental health of employees within an organization and it should be dealt with harshly.**

8 Steps For Formulating Your



STEP 1: **Identification of *the purpose of the decision***

In this step, the **problem** is thoroughly **analysed**.

STEP 2: **Information gathering**

In the process of solving the problem, you will have to gather as much information related to the factors and stakeholders involved in the problem.

STEP 3: Principles for judging the alternatives

In this step, the baseline criteria for judging the alternatives should be set up.

STEP 4: Brainstorm and analyses the different choices

For this step, brainstorming to list down all the ideas is the best option. Before the idea generation step, it is vital to understand the causes of the problem and prioritization of causes.

STEP 5: Evaluation of alternatives

Use your judgment principles and decision-making criteria to evaluate each alternative.

STEP 6: Select the best alternative

Once you go through from Step 1 to Step 5, this step is easy. In addition, the selection of the best alternative is an informed decision since you have already followed a methodology to derive and select the best alternative.

STEP 7: Execute the decision

Convert your decision into a plan or a sequence of activities. Execute your plan by yourself or with the help of subordinates.

STEP 8: Evaluate the results

Evaluate the outcome of your decision. See whether there is anything you should learn and then correct in future decision making.

Kettle that looks like Hitler brews trouble for JCPenney

Trouble is brewing for an American retailer after customers noted that one of its tea kettles bears a striking resemblance to Adolf Hitler.



Thank You
For
Your
Attention