MANAGING CRISES

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MANAGING CRISES

Threats, Dilemmas, Opportunities

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Charles C Thomas
PUBLISHER • LTD.
SPRINGFIELD • ILLINOIS • U.S.A.

Published and Distributed Throughout the World by

CHARLES C THOMAS • PUBLISHER, LTD.
2600 South First Street
Springfield, Illinois 62704

ISBN 0-398-07223-X (hard)
ISBN 0-398-07224-8 (paper)

Library of Congress Catalog Card Number: 2001027978

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Printed in the United States of America
MM-R-3

Library of Congress Cataloging-in-Publication Data

Managing crises : threats, dilemmas, opportunities / edited by Uriel Rosenthal, Arjen Boin, Louise K. Comfort.
p.cm.
Includes bibliographical references and index.
ISBN 0-398-07223-X -- ISBN 9-398-07224-8 (pbk.)
1. Crisis management. I. Rosenthal, Uriel, 1945-II. Boin, Arjen. III. Comfort, Louise K. (Kouise Kloos), 1935-

HD49 .M36 2001
658.4'06--dc21 2001027978

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PREFACE

This book has been in the works since 1989. In that year, *Coping with Crises* was published.[1] The book contained a number of case studies ranging from terrorist acts to disasters, which had occurred in the 1970s and 1980s. The 1990s witnessed many unforeseen and sometimes inconceivable crises, prompting new questions and generating widening interest in crisis research. By 1997, a revision of the original book would not do; a new book was in order.

The title of this book reflects a shift in our understanding–from *Coping With* to *Managing Crises*. This new title reflects our belief that crises are not the outcome of fate alone. In the theoretical chapters that pave the way towards the case studies, we consider the progress made in our understanding of crises and crisis management since the predecessor of this book appeared in print in 1989. In *Coping*, the editors felt compelled to explain why a generic term such as "crisis" would improve our understanding of riots, disasters, terrorism, and highly undesirable events. Summarizing the research findings of the past decade in *Managing Crises*, the relevance of the crisis concept is now almost self-evident. We describe patterns in the paths towards crises, in the dilemmas and coping mechanisms that emerge during the thick of crisis, and in the pathways that lead away from crisis. To the extent that understanding is the basis for improvement, we claim that a sense of optimism may be justified.

But lest we get ahead of ourselves, current developments shaping our future serve as a warning against overoptimism. What we learn about the development and management of past crises may have limited value for improving the management of tomorrow's crises. The dynamics of future crises will pose new dilemmas for crisis managers. In this book, we have therefore made an effort to relate the findings presented by the authors to the trends and developments shaping our future.

In our efforts to understand the development and management of crises, we have received much help from others. We wish to thank the authors who shared their insights with us (often in more than one draft). The Dutch Science Foundation generously funded a forum held in The Hague (1999) in the context of the "Future of European Crisis Management" conference. Celesta Bos skillfully assisted us in getting this project underway. Martijn Groenleer used infinite patience and great editing skills to bring the project to an end. Michael Thomas waited for years but reconfirmed his commitment over and over again.

THE EDITORS

1. Rosenthal, U., Charles, M.T. & 't Hart, P. (Eds). *Coping with Crises: The Management of Disasters, Riots and Terrorism*. Springfield, IL: Charles C Thomas Publisher.

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MANAGING CRISES

Part 1

INTRODUCTION

Chapter 1

THE CHANGING WORLD OF CRISES AND CRISIS MANAGEMENT

URIEL ROSENTHAL, ARJEN BOIN
AND LOUISE K. COMFORT

1. Introduction: Crises and Crisis Research[1]

Crises are characteristic features of our society. No continent or country in the world is free from hazards and risks, disasters and calamities, conflict and turmoil, revolt and revolutions, riots and terrorism. The history of countries and cultures is woven around unique patterns of dramatic events, often symbolizing hardship, evil, distress, or danger. The labels and names continue to speak for themselves: *Titanic*, the 1918 Spanish Flu epidemic, Black Monday at Wall Street, the Berlin Blockade, Suez, the Cuba Missile Crisis, the Yom Kippur War, Tiananmen Square, Chernobyl, Bhopal, Hurricane Andrew, Northridge, Kobe, KAL 007, Tenerife, Lockerbie, Oklahoma City, Concorde, World Trade Center, Koersk–to name but a few historic examples.

For a long period of time, social scientists have felt a bit uncomfortable about crises. Crises were antithetical to the strenuous efforts of mainstream social science to study safe and sound objects, quantifiable trends, patterns, and regularities. The traditional preoccupation with questions of social and political order, the Descartian logic, and the longing for a reflection of natural science's rigor all nurtured a preference for predictability, regularity, and periodicity. The analysis of social and political change–questions of *discontinuities*–was fitted within this framework of social and political order. Crises were viewed in functional terms as facilitators of long-awaited change; crisis management was interpreted as a mechanism towards the restoration of normalcy.

The world of crisis research, in turn, has long been dominated by natural agents, foreign enemies, and sudden disasters (Rosenthal, 1998). Crises were studied as the manifestation of "unness" (Hewitt, 1983). The natural disaster–the archetype of crisis–epitomizes this perception of unness: An act of God that is unwanted, unexpected, unprecedented, and almost unmanageable, causing widespread unbelief and uncertainty. Crises were the disasters that visited death and destruction upon communities, wreaking havoc before settling into collective memory. They were the primary threat to the nation-state: war, revolution, and revolt challenged the national authorities and their agents. Crises were distinct events, easily demarcated in time and space, and if necessary, easy to hide from the outside world.

We argue that this conception of crisis is too narrow in today's world of receding borders, spectacular technological advancements, and increased pace. Crises can no longer be considered as external features of everyday life, as threatening events

1. The authors wish to thank Yehezkel Dror, Henry Quarantelli, Paul 't Hart, Eric Stern and Fredrik Bynander for their constructive comments on earlier versions of this chapter.

awaiting us "somewhere out there." They have become part of our world, part of the way we live and want to live.

Crises should be understood as periods of upheaval and collective stress, disturbing everyday patterns and threatening core values and structures of a social system in unexpected, often unconceivable, ways (Rosenthal, Charles & 't Hart, 1989). Today's crisis is not a discrete event, but a process unfolding as manifold forces interact in unforeseen and disturbing ways. Modern crises are increasingly characterized by complexity, interdependence, and politicization. Tomorrow's crisis, in turn, will look different from today and yesterday's crises.

Many social scientists, public officials, and corporate executives now share an urge to understand how and why crises occur, what could have been done to avoid them, and what can be done to prevent them from happening in the future.[2] The study of crisis and crisis management is gaining momentum, but the changing nature of crisis poses conceptual and theoretical problems to the crisis researcher. The study of disasters and crises must, therefore, reach far beyond the traditional concerns of disaster sociologists, White House students, and "Kremlin watchers." In this book, we try to bridge the discrepancy between the conventional social science view and the changing world of crises. We provide the outline of a dynamic and contingent approach to crises and crisis management that may help crisis researchers and practitioners to deal with today and tomorrow's crisis challenges.

2. The State of Affairs

The field of crisis research has seen interesting developments in recent years. For instance, the field has become less attached to its intellectual roots of disaster research and international conflict studies. The distinction between "man-made disasters" and acts of God has become obsolete (Quarantelli, 1998; Steinberg, 2000); the preoccupation with nuclear escalation has yielded to new forms of crisis. The proliferation of old and new academic journals and the topics treated in these journals testify to a broadening of scope and focus.[3]

The field is continuously enriched with many new case studies which are increasingly studied from a multidisciplinary perspective. In addition to disaster sociologists and international relations experts, students of business administration, psychology, public administration, organization theory, law, risk analysis, and economics have taken a strong interest in the crisis topic. Practitioners, as well, have demonstrated an increased willingness to reflect upon their experiences.

Our understanding of crises is further enhanced by the attention that crisis researchers pay to the different stages of crises and crisis management. The preoccupation with tragic choices and critical decisions has given way to a widespread understanding that other phases also matter for the course and outcome of a crisis. In studies of crisis management, issues of planning, prevention, and aftercare have gained importance. The field now possesses full-fledged theories on the causes and developments of different types of crises, a set of regularities of the crisis process, and a well-developed understanding of the consequences of crises and crisis management. Let us briefly explore some of the key characteristics, conditions, and consequences of modern crises as they emerge from the literature.

CRISIS CHARACTERISTICS

In an omnibus definition, a crisis can be understood in terms of "a serious threat to the basic structures or the fundamental values and norms of a system, which under time pressure and highly uncertain circumstances necessitates making critical

2. In terms of financial damages and human suffering, the costs of disasters have risen dramatically (Cuny, 1983; Albala-Bertrand, 1993; Hills, 1998; for the financial costs and donor contributions for complex emergencies and natural disasters, see <www.reliefweb.int>).

3. For instance, the *Journal of Contingencies and Crisis Management* publishes articles on a wide variety of crises in both the private and public sector (Rosenthal & Kouzmin, 1993). Topics include the demise of BCCI and Pan Am, the brain-drain in Lebanon, the Ebola virus, technological innovations, the maintenance of nuclear power plants, product recalls, mega-cities, and risk management in the chemical industry.

decisions" (Rosenthal, Charles, & 't Hart 1989: 10). This definition reconciles two distinctive research traditions. The conceptualization of crisis as a period of discontinuity, marking the breaking point in a patterned process of linearity, builds upon classic lines of inquiry in sociology and political science (see f.i. Crozier, 1964; Almond, Flanagan & Mundt, 1973; Linz & Stepan, 1978; Hall, 1993; Stinchcombe, 1997). But this definition also captures the decisional challenges faced by crisis managers, a line of research fruitfully explored by social psychologists (Janis & Mann, 1977; Vertzberger, 1990; 't Hart, 1994). Let us consider the constituting elements of this "catchall" definition in somewhat more detail.

Crises are typically defined in terms of severe *threat*: "Inherent in most disasters is the threat of death or of damage, destruction, and mutilation of the body that might lead to serious injury and even death" (Raphael, 1986: 26). The threat of crisis pertains in equal force to situations devoid of tangible mass destruction but which, instead, feature invisible or indirectly observable perils (Erikson, 1994). Such "disasters without a footprint" may have a devastating impact on the functioning of a society or community (Berren et al., 1989: 52). Seen from this perspective, the crisis threat can be defined in terms of collective stress (Barton, 1969).

But what is a crisis to some, may be an opportunity to others. Crisis agencies, for instance, may welcome the moment they can prove their right to exist. In a more general sense, we can point to the strong notion, strongly supported by intuition, that crises may be a precondition for large-scale change in conservative systems (Keeler, 1993; Boin & 't Hart, 2000). Crises cannot, therefore, be studied in absolute terms. Crises give rise to multiple, if not divergent perceptions and definitions of the situation. A social and political construction by itself, a crisis should be explored in terms of multiple realities.[4]

Crises are further characterized by a high degree of *uncertainty*, or, as Dror argues in the final part of this book, *inconceivability*. This may pertain to the specific nature of the threat, to people's initial and emergent responses, to the dynamics of the situation and to the future consequences of the crisis. The ability of politicians, administrators, and managers to understand what goes on inside or outside the organization at hand is, even in "routine" situations, rather limited (Simon, 1945; Thompson, 1967; Vertzberger, 1990). Crises disturb regularities, rendering normal conceptual anchors and rules of thumb quite useless, if not counterproductive. An intriguing element in crisis situations is the inception of unwanted yet self-imposed uncertainty. For instance, the isolation of a disaster site, however understandable, may reduce the amount and quality of the available information and, consequently, may increase the degree of uncertainty.

The most commanding dimension of uncertainty may be surprise (Hermann, 1969: 29). Surprise may imbue the decision maker and his planners with sudden ignorance and a devastating loss of orientation, or it may lead to acquiescence and discomfort. For the intelligence analyst, nothing will outdo the impact of the full-fledged surprise attack (Kam, 1988). The most damaging forces of nature strike at unsuspected times and places. But surprise can also be interpreted as the result of a deliberate assessment of mitigatory costs and benefits, lack of planning, benign neglect, and information-processing deficiencies–the Pearl Harbor case being a perfect illustration (Wohlstetter, 1962). Moreover, it may be part of the crisis game to deliberately create uncertainty.

Crises induce a sense of *urgency*; especially for crisis managers, they represent "occasions for decisions" (Robinson, 1969: 81; Brecher & Wilkenfeld, 1997). If one is to avert the threat, one must act immediately (or so we think). In some types of crisis, decisions must be made on matters of life and death within a few hours, minutes, or even a split second. Time pressure may be so high that notions of management and rational decision making become meaningless and must accede to situational dominance and instinctive or routinized responses.

4. We can take this one step further by including notions of self-initiated and planned threat. Self-initiated threat may be the unintended result of efforts to mitigate risks and dangers. The history of constitutional dictatorship and crisis government (Rossiter, 1948), as well as such cases of crisis mismanagement as the MOVE sect in Philadelphia (Assefa & Wahrhaftig, 1989) attest to the fact that pseudo-crises instigated by political elites may take on compulsive proportions and may, subsequently, turn into irreversible crises.