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# Communication in times of crisis: The stakeholder relationship under pressure

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## ABSTRACT

This paper studies how stakeholder relationships change when an organization undergoes a crisis as compared to routine circumstances. During crises, the stakeholder relationships are under pressure, and therewith the organization's reputation and the crisis intensity. This paper's purpose is to investigate how, during a crisis, pressure from both internal stakeholders (i.e., management and employees) and external stakeholders (i.e., news media and interested citizens) influences public-relations professionals' communicative relationships with these stakeholders. 444 PR European professionals, who experienced crises, were surveyed about crisis and routine times. Special focus was on the mediation role of time pressure and uncertainty. Structural-equation models revealed that, in crisis, the increased pressure from news media, citizens, and employees negatively affects the communicative relationship with these stakeholders, whereas management pressure was found to have a positive effect. This observation might point to organizational isolation on a managerial level in the initial crisis phase, partly as a result of stakeholder pressure.

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## 1. Introduction

No organization is immune to the occurrence of a crisis. Indeed, public relations (PR) professionals report to frequently encounter a crisis, defined as an unpredictable organizational event that potentially generates negative outcomes for the stakeholders of the organization and its performance (Ulmer, 2012; Verhoeven, Tench, Zerfass, Moreno, & Verčič, 2014). Examples are the well-studied BP's Deepwater Horizon oil spill in the Gulf of Mexico in 2010 (Kleinnijenhuis, Schultz, Utz, & Oegema, 2013) and the more recent 2015 Volkswagen emission scandal. During such crisis situations the reputation of the organization is at stake (Coombs, 2007; Coombs & Holladay, 2002). Stakeholder relationships are considered crucial for the formation of the organization's reputation, in normal times as well as during and after a crisis. Therefore, organizations should work and communicate closely with their stakeholders in order to prevent or decrease the emergence of negative consequences of a crisis (Porter, 2012; Ulmer, 2001; Ulmer, Seeger, & Sellnow, 2007; Veil & Ojeda, 2010). Scholars have argued that an organization's ability to prevent or effectively respond to a crisis depends on stakeholders' relationships and the accuracy of an organization's understanding of how its stakeholders might behave in the context of crises (Alpaslan, Green, & Mitroff, 2009; Ulmer, 2001). Therefore, this paper investigates how stakeholder relationships change when an organization undergoes a crisis as compared to routine circumstances.

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A research deficit remains regarding the understanding of the *interplay* between the organization and its stakeholders during an organizational crisis, especially considering the media and interested citizens (Kleinnijenhuis et al., 2013; Schultz, Kleinnijenhuis, Oegema, Utz, & van Atteveldt, 2012; Van der Meer, Verhoeven, Beentjes, & Vliegenthart, 2014). So far, crisis-communication research is mainly approached from an organization-centered perspective and has experimentally studied the effects of communication strategies on organizational post-crisis reputation with limited consideration of individual stakeholders' role in the communication process (Coombs, 2007; Kim & Cameron, 2011). As a first step to obtain a more complete understanding of the complex communicative dynamics during a crisis and go beyond the predominant focus on organizational performance variables, this study emphasizes the relationship with multiple individual stakeholders. Also, understanding of this process, and the attendance and consequence of crises, may be advanced by a comparison between normal circumstances and crisis times (Avery, 2010). Therefore, a survey study is designed among organizations' PR professionals addressing the communicative relationship with and influence of news media, interested citizens, and internal stakeholders during an organizational crisis compared to normal circumstances[1].

During a crisis, stakeholders are likely to increase the pressure on the stricken organization and its PR professionals through various media. Due to the high news value of crisis situations (Galtung & Ruge, 1965; Kleinnijenhuis et al., 2013; Seeger, Sellnow, & Ulmer, 2003) organizations might be pushed by journalists and mass media (Neuwirth, 2010; Veil & Ojeda, 2010) to provide information quickly. Moreover, since social media have become an integral aspect of organizational crisis communication (Freberg, Palenchar, & Veil, 2013; Hallahan, 2010), interested citizens also are able to put more and direct (online) pressure on the organization (Avery, 2010; Jin, Liu, & Austin, 2014; Perry, Taylor, & Doerfel, 2003). Additionally, PR professionals might also be pushed by the management and other employees (David, 2011; Frandsen & Johansen, 2011) to act or communicate in a certain way. These various forms of pressure might alter the stakeholder relationships in a crisis. The question is how the organizations' PR professionals deal with the various forms of pressure and if this results in the organization isolating itself from its stakeholders or if the pressure improves the collaboration. Furthermore, other characteristics of an organizational crisis-situation, being time pressure and uncertainty, might affect the communication between PR professionals and stakeholders (Fleischer, 2013; Stephens, Malone, & Bailey, 2005).

The current study incorporates the interplay of the organizations' PR professionals and internal and external stakeholders as a starting point to study the effect of stakeholder pressure on stakeholder relationship in times of crisis and in normal situations. The research question reads as follows: *How do communicative stakeholder relationships differ when the organization undergoes a crisis, compared to routine circumstances?*

## 2. Theoretical framework

### 2.1. Stakeholder relationships

Organizations operate in unstable environments where they must constantly evaluate how to interact with stakeholders (Stephens et al., 2005). To be successful, organizations need to acknowledge the importance of their relationships with stakeholders (Lewis, Hamel, & Richardson, 2001; Tampere, 2007; Ulmer, 2001) and recognize stakeholders' ability to negatively impact the organization's performance (Lerbinger, 1997). This is in accordance with the well-established stakeholder theory (Freeman, 1984; Fassin, 2008). The fundament of Freeman's original stakeholder theory has been conceptualized into a stakeholder model, which focuses on the legitimate interests of any group or individual who can affect or is affected by the organization. This stakeholder model shows the relationships among various groups of actors in and around the organization (Freeman, 1984), emphasizing the influence of numerous internal (e.g., employees, management, and financiers) as well as external stakeholders (e.g., mass media, interested citizens, and governments) (Fassin, 2008).

Stakeholder theory has been criticized because it fails to cover specific situations such as crisis events (Alpaslan et al., 2009). Nevertheless, this stakeholder-relation approach has frequently been recommended as a useful perspective to study crisis communication (Patterson & Allen, 1997; Ulmer, 2001). It is argued that in the context of crises, adopting the principles of stakeholder theory will lead organizations to engage more frequently in proactive and/or accommodating crisis management behavior, explaining why stakeholder relationships can help organizations prevent crisis escalation and recover more successful from them (Alpaslan et al., 2009). The relationship with stakeholders shapes the perceptions of the crisis and the reputation of the organization and therefore affects the crisis situation (Coombs & Holladay, 2001). Good stakeholder relationships can advance a collective sense-making process among an organization and its stakeholders when faced with a crisis. Such a collective process might enhance the organization's and stakeholders' understanding of the crisis situation (Lee, 2004). This collective understanding will help to minimize confusion, panic, reputational damage for the organization, and crisis escalation (David, 2011). Thus, strong relationships with stakeholders, constructed and nourished by communication, are a condition to limit negative crisis consequences.

To understand the evolution of stakeholder relationships in crisis times, they can be compared to normal circumstances. First, the stakeholder model acknowledges that stakeholders are identified by their interest in the organization (Donaldson & Preston, 1995). Compared to normal times, crises change the salience of affected stakeholders and increase urgency and the degree to which stakeholders call for immediate attention (Alpaslan et al., 2009). Internal and external stakeholders cross over boundaries as they become involved in the crisis. Their involvement increases stakeholders' ability to negatively affect organizational performance (Lerbinger, 1997). Accordingly, many organizations make positive assumptions about their stakeholders only to find they were mistaken when hit by a crisis (Stephens et al., 2005). For example, key stakeholders